

Second Consultation on Introducing a Deposit Return Scheme in England, Wales and Northern Ireland

British Beer and Pub Association Response

The British and Beer and Pub Association (BBPA) welcomes the opportunity to respond to the Department for Environment Food and Rural Affairs (DEFRA) second Consultation on introducing a Deposit Return Scheme (DRS) in England, Wales and Northern Ireland. BBPA is the UK's leading organisation representing the brewing and pub sector. Our members are responsible for 90% of the beer brewed in Britain today and we represent around 20,000 of the country's pubs. The BBPA is therefore well-placed to respond to this consultation and provide a valuable insight from those who will implement and feel the effects of the DRS first-hand.

A healthy beer and pub sector is vital for the prosperity of the UK. Pubs are at the heart of many communities, as well as contributing hugely to local economies. Pubs and brewing support 900,000 jobs across the UK, contributing £23 billion to the UK economy. Before the pandemic hit, one-in-fourteen young adults were employed to work in our sector, which generates nearly £13 billion in tax revenues for the Exchequer. It is therefore paramount that the implementation of a DRS does not further hinder pubs, brewers, and producers, but provides them with a platform to play an important role in supporting our environment whilst continuing to operate efficiently and profitably.

Indeed the beer sector will be impacted by DRS to a much greater extent than stronger alcoholic beverage, such as wines and spirits, generally sold in larger containers and in higher priced bottles containing multiple servings. The demand impact from adding a 20p deposit and 3p producer fee (for example) to bottles and cans of beer sold in small single-serve containers, will clearly be much greater as will the costs to brewers in relation to this. Government need to consider how they can mitigate for this additional regulation burden being placed on an important domestic industry at this time, already the most highly taxed business sector in the UK¹.

Finally, we remain concerned at the additional costs and complexities if VAT were to be added to deposits. We believe applying VAT on DRS deposits would run counter to existing VAT guidance on refundable deposits, would lead to increased prices for consumers (further reducing demand) as well as significant cash-flow impacts for retailers, wholesalers and producers. We continue to urge that a refundable deposit rate should be exempt from VAT.

¹ The tax burden faced by the Brewing Industry: Oxford Economics, December 2020

INTRODUCTION

1	What is your name?	[REDACTED]
2	What is your email address?	[REDACTED]@beerandpub.com
3	Which best describes you?	Business representative organisation or trade body
4	What is your organisation?	British Beer and Pub Association (BBPA)
5	Would you like your response to be confidential?	No
6	Given the context of the Covid-19 pandemic we are currently experiencing, do you support or oppose our proposals to implement a deposit return scheme for drinks containers in 2024?	<p>Not Sure</p> <p>Whilst we support the introduction of a DRS, the sector continues to face major challenges due the Pandemic. There must be a minimum 18-month implementation period from when the DMO is in place, ideally 24 months. It is also important to consider the outcome of the review of Scotland DRS timeline as well. Additionally, pre-Christmas should be avoided, therefore early 2025 may be more realistic and practical target, particularly as the sector remains uncertain on how long the covid recovery will take.</p> <p>Alignment with the transition to a new EPR scheme must also be considered. It is vital to ensure DRS materials are not captured twice or companies bear double-costs and onerous reporting obligations, during any crossover period. This is also interlinked with Scotland of course where, DRS may be in force ahead of the rest of the UK and of new EPR regulations. Consideration should be given to delaying EPR reform until 2024.</p> <p>Alignment with Scotland and the ambition to implement a UK wide scheme, or at least full inter-operability between schemes, needs to remain the objective with minimal divergence and supply chain disruption until this can be realised.</p>
7	Do you believe the introduction of a deposit return scheme will have an impact on your everyday life?	<p>Yes</p> <p>A deposit return scheme (DRS) will have a major cost impact on both businesses and consumers. Notably businesses production operations and supply chains will be affected, and consumers will be expected to return containers in order to redeem deposits.</p>

		Upon implementing a DRS consideration must be given to the environmental gain, in comparison to the proportionate economic cost for all stakeholders.
8	Have your views towards implementation of a deposit return scheme been affected following the economic and social impacts of the Covid-19 pandemic?	<p>Yes</p> <p>As per above, it is even more important that sectors impacted by a DRS and Covid-19 are recognised and provided the necessary support elsewhere to offset any additional challenges.</p> <p>The costs and demand of a DRS will impact the sector massively, particularly those producing large volumes in small pack containers and multi-packs. Additionally, the pub and hospitality sector recovery will be long and fragile, therefore it is crucial they are supported and not provided with further difficulties.</p>

SCOPE OF THE DEPOSIT RETURN SCHEME

9	Do you agree that the cap should be included as part of the deposit item in a deposit return scheme for:	<p>a) Plastic bottle caps on plastic bottles – Yes</p> <p>b) Aluminium bottle caps on glass bottles – Yes</p> <p>c) Corks in glass bottles – Yes</p> <p>d) Foil on the top of a can / bottle or used to preserve some drinks – Yes</p> <p>This would mitigate against onerous and complex additional reporting obligations in different schemes for the same containers. It is important, however, that bottle caps and crowns must not be a mandatory requirement for consumers upon returning containers to collection points to redeem deposits.</p>
10	Do you believe we have identified the correct pros and cons for the all-in and On-the-Go schemes described above?	<p>Yes</p> <p>However, coherence with Scotland's DRS is crucial and needs to be added.</p>
11	Do you foresee any issues if the final scope of a deposit return scheme in England and Northern Ireland does not match the all-in decision taken in Wales? E.g. an On-the-Go	<p>Yes</p> <p>There will be very significant issues for businesses and consumers if there is not a consistent and coherent DRS in place across all four nations in the UK. A UK single market must be the aim. We are also aware the Republic of Ireland is consulting on a DRS system currently which will create challenges for</p>

	scheme in England and an all-in scheme in Wales.	businesses operating in the UK (particularly Northern Ireland) and in the Republic if further divergence on design and implementation timings.
12	Having read the rationale for either an all-in or On-the-Go scheme, which do you consider to be the best option for our deposit return scheme?	<p>All-in</p> <p>BBPA originally supported an on-the-go solution for plastic containers as the best way to tackle key environmental concerns around plastic. However, with all beverage container types now in scope of DRS and with Scotland (and Wales) to adopt an all-in route, an on-the-go solution no longer works unfortunately.</p> <p>As both Scotland and Wales are implementing all-in, opting for on-the-go for England and Northern Ireland would create a disunited and fragmented DRS which would create huge operational challenges for DMOs, producers and retailers. It may lead to perverse incentives or unintended consequences such as upsizing of alcoholic beverage and soft drinks containers, or encourages more sales as part of multi-packs. Indeed, some stores may then only sell non-deposited in multipack format to avoid being a return point. It would inevitably be distortive in terms of both supply and demand.</p>
13	Given the impact Covid-19 has had on the economy, on businesses and consumers, and on everyday life, do you believe an On-the-Go scheme would be less disruptive to consumers?	<p>No</p> <p>An 'on-the-go' DRS in England, Northern Ireland and all-in in Scotland & Wales would create even greater consumer confusion than having an all-in scheme UK-wide. These arguments are true irrespective of the additional impacts of Covid-19. There appears to be no substantive benefits for businesses more broadly in England and Northern Ireland that would warrant them choosing an 'on-the-go' scheme in their respective countries, over an 'all-in' solution UK-wide. However, as highlighted elsewhere, the beer industry faces significantly greater impacts from DRS implementation than the wider alcoholic drinks sector which needs to be factored on the scheme design and more broadly in terms of the regulatory burden on brewers of all sizes.</p>
14	Do you agree with our proposed definition of an On-the-Go scheme (restricting the drinks containers in-scope to less than	<p>No</p> <p>We originally supported an on-the-go solution for plastics but now it is clear that all materials are in scope and with Scotland (and Wales) going to an all-in solution, we believe all-in is the only practical</p>

	750ml in size and excluding multipack containers)?	<p>option. However, we do have concerns on multipacks and for the impact on the beer category specifically as we highlight below and this needs to be mitigated for as far as possible.</p> <p>At this point though, having a different DRS in England and Northern Ireland to the DRS in place in Wales and Scotland is not the best way for the DMO to deliver on its legal objectives and achieve the targets set by all four governments.</p> <p>A partial DRS where some materials are returned to producers and some materials via kerbside schemes is not a coherent way forward. Materials going via councils' services is, to quote the consultation on pp75, 'effectively a failure of the DRS system'.</p> <p>The proposed definition would also not deliver the best results on capture and quality of recyclate.</p>
15	Do you agree that the size of containers suggested to be included under an On-the-Go scheme are more commonly consumed out of the home than in it?	<p>No</p> <p>Vast quantities of smaller containers are currently purchased for home consumption and recycled at home in kerbside services. This demonstrates clear indication that the public does not have a fixed view that smaller containers must only be used in out-of-home settings.</p>
16	Please provide any information on the capability of Reverse Vending Machines to compact glass?	<p>We would advocate collecting glass as broken but not crushed. Capability of RVMs should support this</p> <p>This would largely maintain the quality of glass recyclate, provide some protection from fraud and reduce logistical costs for whole containers being transported.</p> <p>Where possible, also it remains important that the glass collected through a DRS allows for different coloured glass to be separated and therefore recycled, so as to not impact the supply of glass.</p>
17	Do you agree that the scope of a deposit return scheme should be based on container material rather than product?	<p>Yes</p>
18	Do you agree with the proposed list of materials to be included in scope?	<p>Yes</p> <p>The overriding priority of producers in our sector is to achieve a UK-wide common scheme on materials and size and ultimately back to a single UK SKU. We have previously raised concerns about the operational challenges of glass within a DRS, and the costs, and many of these remain. However, with Scotland including glass with DRS and the wider support for glass within a DRS, we believe the priority now is for a consistent approach across the UK in terms of materials in scope.</p>

19	Do you consider there will be any material switching as a result of the proposed scope?	<p>Yes, potentially</p> <p>There are risks producers may switch to larger containers, more concentrated beverages, and different materials if the deposit and producer fee elements of the DRS have a greater impact on costs and demand for different products. The DMO will therefore need levers to mitigate this to ensure fairness, as will the Government via other fiscal mechanisms available.</p>
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TARGETS

20	<p>Which of the following approaches do you consider should be taken to phase in a 90% collection target over 3 years?</p> <p>a) 70% in year 1, 80% in year 2, 90% in year 3 and thereafter</p> <p>b) 75% in year 1, 80% in year 2, 90% in year 3 and thereafter</p> <p>c) 75% in year 1, 85% in year 2, 90% in year 3 and thereafter</p> <p>d) 80% in year 1, 85% in year 2, 90% in year 3 and thereafter</p>	<p>Option A - 70% in year 1, 80% in year 2, 90% in year 3 and thereafter</p> <p>This aligns with the approach in Scotland and in itself is significantly more ambitious than recycling targets for these materials within wider EPR proposals.</p>
21	<p>What collection rate do you consider should be achieved as a minimum for all materials after 3 years?</p> <p>a) 80%</p> <p>b) 85%</p> <p>c) 90% collection rate should be achieved for all materials</p>	<p>Option B – 85%</p> <p>85% aligns with the approach in Scotland.</p>
22	Is it reasonable to assume that the same collection targets could be met with an on-the-go (OTG) scheme as those proposed for an all-in scheme for in-scope materials?	<p>No</p> <p>It is not reasonable to assume that the same collection targets could be met with an on-the-go scheme. There is no evidence to support this assumption therefore further analysis would be needed if the decision is taken to pursue an on-the-go route.</p>

		Collections that rely in part on kerbside schemes will severely impede the DMO in delivering the quality of recyclates required.
23	<p>Who should report on the volumes of deposit return scheme material placed on the market in each part of the United Kingdom (England, Wales and Northern Ireland) for the proposed deposit return scheme?</p> <p>a) The producer/importer b) The retailer c) Both the producer/importer and retailer</p>	<p>Option C – Both the producer/importer and retailer</p> <p>Producers will need to notify the DMO of any products placed on the market which will require deposits, and subsequently fees will need to be calculated. However this will present challenges,</p> <p>Producers will often be selling to customers who operate throughout the UK and they will not have access to the final sales at point of purchase or indeed onward sales from wholesalers or retailer distribution systems. Wholesalers and retailers should have an obligation to notify the producer of any changes to products sold to them which will subsequently be sold in a different part of the UK. Only retailers can accurately determine final sales to consumers.</p>
24	What evidence will be required to ensure that all material collected is passed to a reprocessor for the purpose of calculating the rate of recycling of deposit return scheme material?	DMO to provide evidence and a regulator to audit.

SCHEME GOVERNANCE

25	What length of contract do you think would be most appropriate for the successful bidder to operate as the Deposit Management Organisation?	<p>10 years+</p> <p>None of the other options offer an attractive enough period for:</p> <ul style="list-style-type: none"> - Scheme set-up - Initial 3-year operations - Evolving performance - Long-term investment
26	Do you agree that the above issues should be covered by the tender process?	Yes

27	<p>Do you agree that the above issues should be monitored as Key Performance Indicators?</p> <p>Please list any further issues you believe should be covered by Key Performance Indicators?</p>	<p>Some, however not necessarily all. For example the DMO is not responsible for maintenance of reverse vending machines therefore should not be assessed on whether they work or not.</p> <p>It may be worth including Key Performance Indicators that take into account cost controls and the efficiency of the scheme. Additionally, comparisons can be drawn with the Scotland scheme to assess the performance of the DMO.</p>
28	<p>Do you agree that Government should design, develop and own the digital infrastructure required to register, and receive evidence on containers placed on the market on behalf of the Deposit Management Organisation and regulators?</p>	<p>Unsure</p> <p>Collaboration is important here and further discussion is required on role the DMO and other stakeholders play before determining this and if Government best placed to deliver this.</p> <p>We need to understand the implications of this on the relationship between the DMO and each of the three nations and indeed Scotland. The need for integrated systems will require joint working between DMO and the regulator.</p> <p>Powers in the Environmental Bill allow for transfer of financial flows (reconcile deposits returned in other markets) which is also vital looking forwards.</p>
29	<p>Government will need to understand the needs of users to build digital services for DRS. Would you like your contact details to be added to a user panel for deposit return scheme so that we can invite you to participate in user research (e.g. surveys, workshops interviews) or to test digital services as they are designed and built?</p>	<p>Yes</p>

FINANCIAL FLOWS

30	<p>What is an appropriate measure of small producers for the purposes of determining the payment of registration fees?</p> <p>a) Taxable Turnover</p> <p>b) Drinks containers placed on the market</p>	<p>Both</p> <p><i>(to also discuss with BSDA to seek alignment)</i></p>
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	c) Any other	
31	Is a high level of unredeemed deposits funding the scheme problematic?	<p>No</p> <p>Measures put in place by the respective Governments go a long way in ensuring any risks are well-managed. Measures include creating a not-for-profit organisation, setting ambitious collection and recycling targets, creating a vast network of return points, as well as public communications campaigning.</p> <p>It remains important to note that minimising the use of kerbside collections for DRS in-scope materials is vital for the DRS to achieve its desired goals. Of course, consistent and efficient kerbside collections schemes are vital for non-DRS containers</p>
32	Which option to treatment of unredeemed deposits do you support?	<p>Option 1 - Allow unredeemed deposits to part-fund the scheme (preferred option)</p> <p>If governments have concerns around any excess income then contract arrangements should be reviewed with the DMO at set periods, including assessing how well this aspect of the contract is working. It is important to note as well that the envisaged DMO is a not-for-profit organisation so all unredeemed deposits will be invested to ensure a viable scheme that can deliver against some demanding objectives and targets.</p>
33	With option 2, do you foresee any unintended consequences of setting a minimum percentage of the net costs of the deposit return scheme that must be met through the producer fee?	<p>Yes</p> <p>This route is not best option for the DRS, producers, the DMO or the each of the four governments.</p>
34	<p>If a floor is set do you consider that this should be set at:</p> <p>a) 25% of net costs</p> <p>b) 33% of net costs</p> <p>c) 50% of net costs</p> <p>d) Other</p>	<p>Other – 0%</p> <p>Governments and the DMO could review this subject on a defined timescale in case any significant concerns arise.</p>
35	Do you agree that any excess funds should be reinvested in the scheme or spent on other environmental causes?	<p>Reinvested in the scheme (on issues which DMO has responsibility for)</p> <p>There will always be important issues in this space which any additional funds should to be spent on. Notably recycling, littering, CO2, and communications issues. Any additional funding is better placed</p>

		trying to rectify these issues rather than leaving the system and being spent in other areas. Additionally, any funds reinvested in the scheme will help to ensure financial viability and the efficient and effective delivery of the system aims.
36	<p>What should be the minimum deposit level set in legislation?</p> <p>a) 10p b) 15p c) 20p d) Other</p>	<p>Other</p> <p>We don't believe it is necessary for the legislation to specify a figure. It is better off being left to the DMO to decide who can look at what levels are required to deliver the objectives and targets it is accountable for.</p> <p>It is worth noting that this is currently a major concern with the DRS in Scotland where the DMO is tied to fixed rate. If it is necessary for there to be a minimum figure specified in the legislation, then 10p is preferred. It is also important that the selected figure is consistent across the four nations.</p>
37	<p>Do you agree that there should be a maximum deposit level set in legislation?</p> <p>If yes, what should be the maximum deposit level set in legislation?</p> <p>a) 30p b) 40p c) 50p d) Other</p>	<p>Other</p> <p>This ought to be left to the DMO to decide.</p>
38	<p>Recognising the potentially significant deposit costs consumers could pay on a multipack purchase, how best can we minimise the impact of the scheme on consumers buying multipacks?</p>	<p>Provide flexibility for the DMO to mitigate the costs via variable deposit level and producer fees if necessary. In essence, run the well-designed scheme that the governments have agreed as the basis for the DMO winning the contract and that no pack types and formats are unduly disadvantaged.</p> <p>The Government should also consider other ways outside of the DRS to offset the impacts on products sold primarily in multipacks which are likely to be more effected by the scheme. This will have a compounded impact where Minimum Unit Pricing is also in place.</p> <p>One important aspect that has not been considered yet with the scheme is that of reusable and refillable bottles. The Government should be future proofing any scheme to make allowances for producers to collect glass whole, wash and refill. The current scheme in Scotland does not have refillable containers in scope, and this is an opportunity to correct that omission.</p>

		The convenience of being able to return whole crates of empty bottles for refill will be a key part in incentivising consumers to continue to purchase multipacks.
39	Do you agree with our approach to letting the Deposit Management Organisation decide on whether to adopt a fixed or variable deposit level, particularly with regards to multipacks?	<p>Yes</p> <p>This decision is best left to the DMO, rather than it be a political decision with input from several different governments who may not agree.</p> <p>It is important to address the issue of multi-pack concerns and small container disadvantages. We are supportive of a variable fee to ensure multi-packs are not unfairly discriminated against or discouraged.</p>

RETURN POINTS

40	Do you agree that all retailers selling in-scope drinks containers should be obligated to host a return point, whether it is an all-in or on-the-go deposit return scheme?	<p>Yes</p> <p>However, retailers should be able to submit an exemption application to the DMO.</p>
41	Given the proposed extensive distribution and availability of return points for consumers to return bottles to, do you think customers would be likely to experience delays / inconveniences in returning drinks containers? If so, how long or how frequently would such delays be likely to arise for?	<p>No</p> <p>However, consideration must be given to consider the needs of vulnerable citizens.</p> <p>Many citizens have Assisted Collections from their respective local council because mobility issues mean they cannot take their recycling bins from the front door to the kerbside. The DMO bidding process will need to include the needs of vulnerable citizens as part of criteria in the contract.</p>
42	Do you have a preference, based on the 3 options described above, on what the schemes approach to online takeback obligations should be? a) Option 1 b) Option 2	<p>Option 2</p> <p>It is important for small businesses and those with ancillary sales through delivery with meals (pubs etc) that there is not a requirement to takeback these very small volumes which would be impractical and costly. As long as there are suitable mechanisms for consumers (central collection, local return points), this should not be an issue and should also be consistent with Scotland.</p>

	c) Option 3	
43	Do you agree with the proposed criteria for the calculation of the handling fee? Would you propose any additional criteria are included for the calculation of the handling fee?	Yes The DMO will need to agree an exact methodology accounting for criteria set.
44	Please tick which exemptions you agree should be included under the scheme: a) Close proximity b) Breach of safety	Both Both exemptions are in place in the DRS in Scotland and it is important to have a consistent scheme across the four nations. Also to ensure that the fullest possible network of return points is available ahead of the DRS going live in late 2024, consideration needs to be given to the practical issues around the length of time during 2024 retailers can submit exemption applications, as well as the time required to determine the outcomes of these applications.
45	Please can you provide any evidence on how many small and micro sized retail businesses we might likely expect to apply for an exemption to hosting a return point, on the grounds of either close proximity to another return point or on the compromise of safety considerations?	
46	Do you think obligations should be placed on retailers exempted from hosting a return point to display specific information informing consumers of their exemption? If yes, please tick what information retailers should be required to display: a) Signage to demonstrate they don't host a return point;	Yes, to (a) and (b) (excluding closed loop hospitality venues)

	b) Signage to signpost consumers to the nearest return point; c) Anything else?	
47	Do you agree with our rationale for not requiring retailers exempted on the basis of a breach of safety not to be required to signpost to another retailer?	Yes
48	How long do you think exemptions should be granted for until a review date is required to ensure the exemption is still required? a) 1 year b) 3 years c) 5 years or longer	3 Years (as default) The DMO could be given the leeway to offer 1 year, 3 year and 5 year exemptions as befits the merits of each case. Exemptions then become intelligence and evidence led.
49	Do you think the scheme could benefit from technological solutions being incorporated as a method of return, alongside reverse vending machines and manual return points?	No Unique bar codes on 21.7 billion labels, scanned as they leave the brewery/factory and redeemed by consumers via their smart phones is not feasible or cost effective currently. The evidence-base is not there currently. Technology has a role to play in reading EAN codes to confirm a deposit is payable, and potentially where local return points are, but this is very different to a fully digital DRS. We do not believe technological solutions should be considered until they are proven to be cost saving and efficient, whilst still enable the DMO to deliver their targets. Citizen convenience should not interfere with the DMO's legal obligations to deliver in accordance with the contract it has signed with each Government. The consultation document highlights that using kerbside services would be 'a failure of the DRS'. Offering citizens online apps would mean large amounts of recyclates get diverted to kerbside services. If the aim to achieve the best DRS possible, and for all in-scope DRS materials to be collected separately from kerbside services, then this is not the route to take.

50	How could a digital deposit return scheme solution be integrated into existing waste collection infrastructure? Please explain your answer.	<p>If the goal is to achieve a UK DRS that compares with the best in the world, digital use of kerbside should not be contemplated as a solution at this point.</p> <p>The main questions here is not whether a 'digital DRS' could be integrated within current set-ups, but whether current set-ups (e.g. kerbside) could deliver enough high quality recyclates and enable the DMO to deliver the objectives it will be legally required to achieve. The consultation document says kerbside schemes would not.</p>
51	What are the potential fraud control measures a digital deposit return scheme could bring? Please explain your answer.	
52	Do you think a digital DRS could ensure the same level of material quality in the returns compared to a tradition return to retail model, given containers may not be returned via a reverse vending machine or manual return point where there is likely to be a greater scrutiny on quality of the container before being accepted?	No, for the reasons outlined.
53	If the digital deposit return scheme system can be integrated into the existing waste collection infrastructure would its implementation and running costs be lower? Please provide evidence to support your answer.	<p>No</p> <p>The best performing DRS invests in a national network of return points that capture 90%+ of in-scope materials. Kerbside collections of in-scope materials should not be positioned as a solution.</p>
54	<p>Do you support the proposal to introduce a new permitted development right for reverse vending machines, to support the ease of implementation for the scheme?</p> <p>Do you have any amendments or additional parameters you would propose are reflected in the permitted development right?</p>	<p>Yes</p> <p>This aligns with Scotland and reduces administrative burdens on businesses and councils.</p>

LABELLING

55	<p>Do you agree that the following should be part of a mandatory label for deposit return scheme products?</p> <p>a) an identification marker that can be read by reverse vending machines and manual handling scanners</p> <p>b) a mark to identify the product as part of a deposit return scheme</p> <p>c) the deposit price</p>	<p>a) Yes</p> <p>b) No (but provisions for DMO to mandate a marking as required)</p> <p>c) No</p> <p>The DRS in England, Wales and Northern Ireland should all align with Scotland on the above points and ideally evolve to a single UK-wide scheme as soon as is practicably possible.</p>
56	<p>Are you aware of further measures that can be taken to reduce the incidence and likelihood of fraud in the system?</p>	<p>Yes</p> <p>Orchestrate timing alignments and coherence of schemes across the UK. Implement a consistent industry agreed marking for bulk contains and add bar codes to certain recyclates.</p>
57	<p>Do you agree with our proposals to introduce mandatory labelling, considering the above risk with regards to containers placed on the market in Scotland?</p>	<p>Yes – but only for an identification mark/coding to allow RVM and scanners to read.</p> <p>Beyond this in terms of wider DRS markings, this decision should be for the DMO to determine and it should be down to them to assess risks and benefits of wider markings and be able to stipulate these.</p> <p>The aim should be for labelling to be consistent across the four nations. Consideration should be given to labelling and design requirements in the DRS in Scotland to ensure all are aligned.</p>
58	<p>Do you consider the risk of incorrectly labelled products entering the markets of England, Wales or Northern Ireland via Scotland to be a significant risk? Please provide any evidence to support your answer.</p>	<p>Yes – difficult to prove a hypothetical question.</p>
59	<p>Do you consider leaving any labelling requirements to industry to be a better option than legislating for mandatory</p>	<p>No. We believe the DMO could be capable of determining the full labelling requirement if given powers to do so. However, specifically in terms of a unique marking that is readable by RVMs and hand-held scanners, this is crucial for the functioning of the system so a mandatory provision makes sense. Beyond this though flexibility is crucial.</p>

	labelling requirements? Please explain your answer.	We believe all four UK nations need to apply the same labelling solution. The DMO has responsibility for the design of this labelling but ultimately some form of mandatory.
60	Are you aware of any other solutions for smaller producers who may not currently label their products? Please explain your answer.	Stickering if required.
61	We believe 18 months is a sufficient period of time for necessary labelling changes to be made. Do you agree?	<p>18 months is an extremely tight timescale and should be provided as an absolute minimum. Broader cross-Government understanding of wider labelling issues faced by the sector and how these can be considered holistically should be reflected when proposing any labelling changes as multiple changes cost the industry millions of pounds in unnecessary and avoidable costs. Additionally, the minimum 18 months should not start until the specific labelling requirements have been defined and designed, and any artwork should already be issued to producers by the scheme administrators. This approach means packs will start to carry the new labelling requirements up to 18 months before the DRS actually comes into effect.</p> <p>Furthermore, delays to the publication of the consultation document makes this timescale even more challenging. For 18 months to even be considered as possible, the Government need be more efficient on their side.</p> <p>We will also need very clear guidance on the crossover expectations and what if any leeway there is, For example, if the DRS were to come into effect 1st Jan 2025, does this mean all goods sold from this date must be labelled accordingly or all goods produced from this date? Clearly there will be some stock already on the market not labelled for DRS and some beverages with quite long shelf lives.</p>
62	<p>Will your processes change as a result of mandatory labelling?</p> <p>a) Yes b) No c) Don't know</p> <p>Please explain your answer.</p>	<p>Yes</p> <p>The timing of any labelling changes should ideally be timed with any other mandatory requirements as costs are very significant with many thousands of SKUs involved.</p>

63	<p>Do you agree that our proposed approach to labelling will be able to accommodate any future changes and innovation?</p> <p>Are you aware of any upcoming technology in the field of labelling?</p>	<p>Yes (as long as only mandating for a machine-readable code)</p> <p>Additionally, labelling considerations should take into account the possible introduction of refillable containers into the scheme at a later date (see answer to question 38).</p>
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LOCAL AUTHORITIES AND LOCAL COUNCILS

64	Do you agree that local authorities will be able to separate deposit return scheme containers either themselves or via agreements with material recovery facilities to regain the deposit value?	<p>No</p> <p>The default position should be to ensure minimal DRS materials go via local authorities, meaning separating large quantities of materials will not be necessary, nor will time have to be spent drafting agreements with MRFs.</p>
65	Do you agree that local authorities will be able to negotiate agreements with material recovery facilities to ensure gate fees reflect the increased deposit values in waste streams or a profit sharing agreement on returned deposit return scheme containers was put in place?	<p>No</p> <p>The scheme should avoid the need for such agreements by ensuring in-scope DRS materials do not go through the kerbside system. As the consultation document outlines, a kerbside collection is 'a failure of the DRS'.</p>
66	In order to minimise the risk of double payments from the Deposit Management Organisation to local authorities, where should data be collected regarding the compositional analysis to prevent the containers then being allowed to be redeemed via return points?	<p>This situation should be avoided by not using kerbside collections for in-scope materials.</p> <p>If producers capture over 90% of in-scope DRS materials as set out in the targets for the DMO, there is little value in spending a huge amount of additional funding to develop kerbside compositional analyses. Instead of this, steps should be taken to ensure a close and collaborative relationship between the DMO and the EPR Scheme Administrator who can combat any issues that may arise.</p>
67	How difficult do you think this option would be to administer, given the need to have robust compositional analysis in place?	<p>This option would be difficult to administer and is not the way forward.</p> <p>The most effective way forward is to ensure producers capture over 90% of in-scope DRS materials as set out in the objectives and targets agreed by the DMO, and ensuring kerbside collections for in-scope</p>

		DRS materials is avoided as it significantly negates the need for compositional analyses (especially in terms of value for money considerations).
68	<p>What option do you think best deals with the issue of deposit return scheme containers that continue to end up in local authority waste streams?</p> <p>a) Option 1 b) Option 2 c) Option 3</p>	<p>Option 1</p> <p>However, the DRS should minimise the need for payments by producers by aiming to capture over 90% of recyclates at return points and avoiding the use of kerbside collections. Containers ending up in kerbside collections would also cause a significantly lag in the data coming back to a DMO and as highlighted above cause more complications that are already necessary.</p> <p><i>Local Government view is something between Option 2 and 3!</i></p>

COMPLIANCE MONITORING AND ENFORCEMENT

69	<p>Are there any other producer obligations you believe the Environmental Regulators should be responsible for monitoring and enforcing?</p>	<p>Yes</p> <p>Environmental Regulators should enforce spot checks on the different elements of the DRS, as well as overseeing a general enforcement of the scheme to ensure all aspects are being well delivered. These should be targeted though to avoid undue additional burdens on compliant businesses.</p>
70	<p>Are local authorities (through the role Trading Standards and the Primary Authority Scheme) best placed to enforce certain retailer obligations?</p> <p>To what extent will local authorities be able to add monitoring and enforcement work for the deposit return scheme to existing duties they carry out with retailers?</p>	<p>Yes – support could also be provided by the DMO.</p> <p>In order for the scheme to function efficiently, the roles and accountabilities of the regulator and the DMO need to be clearly defined.</p>
71	<p>In addition to those in the table, are there any other types of breaches not on this list that you think should be? If so, what are they? These may include offences for participants not listed e.g. re-processors or exporters.</p>	<p>Yes</p> <p>Any legislation on the DRS must appropriately cover any issues regarding potential fraud across all four nations. Consideration should also be given to any potential issues with handling fees.</p>

72	Are there any vulnerable points in the system? Please explain your answer?	<p>Yes</p> <p>Enforcement issues must be sufficiently dealt with by all involved parties – DMO, regulators, trading standards, and Governments – working cohesively. Further attention also needs to be given to tackling the potential activities of organised crime gangs who may look to exploit the scheme.</p>
73	Do you see a role for the Deposit Management Organisation to seek compliance before escalating to the Regulator?	<p>Yes</p> <p>The DMO is well placed to manage relationships across all parts of the supply chain. It is more practical for the Regulator to receive a case file it can act upon rather than needing to carry out investigations from the start.</p>
74	Do you agree with the position set out regarding enforcement response options? If not, please expand your answer.	<p>Yes</p> <p>However, it is important the activities of organised criminal gangs are sufficiently covered.</p>

IMPLEMENTATION TIMELINE

75	Do you have any comments on the delivery timeline for the deposit return scheme? Please pose any views on implementation steps missing from the above?	<p>We are not happy with the proposed timeline.</p> <p>The proposed timeline has misaligned timescales across different policy areas involved in the DRS and EPR.</p>
76	How long does the Deposit Management Organisation need from appointment to the scheme going live, taking into account the time required to set up the necessary infrastructure? Please provide evidence to support your answer. a) 12 months b) 14 months c) 18 months d) Any other (please specify)	<p>Option C or D</p> <p>Two years is a more realistic target. However, due to the DRS being in place in Scotland and the EPR reform, 18 months should remain the ambition so long as a pre-Christmas implementation is avoided.</p> <p>It is worth noting that it has taken DEFRA more than two years to produce two consultation documents and the scale of what the DMO is proposing it delivers in this period is a great deal more than that. Learnings should also be taken from the timescales witnessed in implementing the DRS in Scotland.</p>
77	Depending on the final decision taken on the scope of the scheme in England and Northern Ireland – all-in or on-the-go –	<p>The decision to implement an all-in scheme or an on-the-go scheme will have a huge impact on the implementation period.</p>

	what, if any, impact does this have on the proposed implementation period?	Implementing a different DRS framework in the different nations will inevitably create longer development timescales, as well as more chaotic and disrupted supply chains.
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SUMMARY OF APPROACH TO IMPACT ASSESMENT

78	Do you agree with the analysis presented in our Impact Assessment? Please briefly state the reasons for your response. Where available, please share evidence to support your view.	<p>We have significant concerns with the Impact Analysis, which we have highlighted in previous DRS consultations, and in representations to the Scottish Government.</p> <p>The first relates to the disamenity of litter estimates. This makes up 90% of the total net benefits of the DRS (Option 2) yet is largely intangible and subject to a significant degree of estimation and uncertainty. This needs to be presented with a larger 'health warning'.</p> <p>More specifically for brewers, though the dismissal of the potential demand impact, seriously downplays the total impact that will be borne by the sector from DRS implementation and is a glaring omission. At 3p per container producer fee and most likely a 20p deposit, BBPA analysis shows the demand impact will indeed be very significant and hit beer sales hard, and significantly more so than stronger alcoholic drinks sold in more expensive multi-serve containers. We've reattached a separate paper highlighting these and ask that they be reflected in any final analysis.</p> <p>The Impact Assessments are also limited to the extent that there is not a clear holistic picture or overall impact across the wider packaging reform element (DRS, EPR, Plastics tax, Consistent collections) to determine overall net costs and benefits for stakeholders impacted, compounded by different implementation timings. This makes it incredibly difficult for businesses to understand and evaluate the full implications of these reforms.</p>
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