



## Introducing a Deposit Return Scheme in England, Wales, and Northern Ireland

### Second Consultation – Viridor Limited Response

Viridor is one of the country's leading waste management companies, with 3000 employees at over 100 sites across the country. This includes operating some of the largest Energy Recovery Facilities (ERFs), recycling facilities and polymer reprocessing facilities.

The UK Government's Resources and Waste Strategy for England set out a bold blueprint for a more sustainable use of material resources, minimising waste and moving towards building a truly circular economy. Viridor supports the Government's commitment to achieve recycling targets of 65% by 2035<sup>1</sup>, however with robust policy we believe there is scope to go further and faster, reaching 68% for households by 2030 as recommended in the Climate Change Committee's Sixth Carbon Budget.<sup>2</sup>

There has been good progress in recycling in England over the last two decades, with the recycling rates quadrupling from 11% to 44% between 2000 and 2011, however since then, progress has largely stalled.<sup>3</sup>

This consultation on the introduction of a Deposit Return Scheme (DRS), as well as the consultations on Extender Producer Responsibility (EPR) and consistent collections, demonstrate the Government's commitment to ensuring the UK meets its ambitious packaging recycling targets of 65% by 2025, and 70% by 2030.

These policies offer a once in a generation opportunity to transform the way we recycle and unlock new investment across the UK waste sector. However, this will only be the case if they are accompanied by the development of a wider policy framework that incentivises long-term investment in UK recycling and reprocessing capacity. High quality infrastructure investment is only achieved with long term predictable revenue streams underpinned by contracts that mitigate the risk associated with large capital investment. Without these long-term stable revenues, this investment will be very limited, have a high cost (due to the need to recover capital quickly). Unprocessed recyclate will continue to be exported abroad and the opportunity to create green jobs across the UK missed.

Due to the significant socio-economic effects of COVID-19, it may be best to delay implementation of DRS until the impact of EPR and consistent collections can be assessed. This will provide the opportunity to ensure DRS integrates effectively with these schemes, allowing it to fill any gaps and ensure more challenging materials are recycled. Pushing back the introduction of DRS would also allow digital DRS options to be fully explored and provide enough time to learn from the operation of the Scottish DRS. Any learnings could then be fed into the design of the DRS in England, Wales and Northern Ireland.

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<sup>1</sup> Resource and Waste Strategy for England, 2018

<sup>2</sup> Sixth Carbon Budget, Waste sector summary, Climate Change Committee, 2020

<sup>3</sup> Resource and waste strategy monitoring progress, 2020



**1. What is your name?**

[REDACTED]

**2. What is your email address? This is optional, but if you enter your email address you will be able to return to edit your consultation on Citizen Space at any time until you submit it. You will also receive an acknowledgement email when you complete the consultation.**

[\[REDACTED\]@viridor.co.uk](mailto:[REDACTED]@viridor.co.uk)

**3. Which best describes you? Please tick only one option. If multiple categories apply to you, please choose the one which best describes you and which you are representing in your response. (Required)**

- **Waste management company**

Viridor is one of the country's leading waste management companies, with 3000 employees at over 100 sites across the country. This includes operating some of the largest Energy Recovery Facilities (ERFs), a number of recycling facilities and polymer reprocessing facilities.

**4. If you are responding on behalf of an organisation, what is its name?**

Viridor Limited

**5. Would you like your response to be confidential? Yes / No If you answered 'Yes' above, please give your reason**

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?**

a.) Support

b.) Neither support nor oppose

**c.) Oppose**

d.) Not sure

**Please elaborate on your answer if you wish.**

The COVID-19 pandemic is still not over and its impact on economic activity and social behaviour may not be fully understood for some time. As DRS has the potential of driving recycling outside of the home and the changes that Covid has had on how people live and work, it is worth learning from this to ensure a DRS will deliver best value increases in recycling rates. Given this potential long-term disruption to behaviour patterns and economic activity, Viridor considers the implementation of DRS should be delayed beyond 2024. This approach will provide the opportunity to assess how best to integrate DRS with EPR, set to be introduced in 2023, and ensure more challenging materials are recycled. Pushing back the introduction of DRS would also allow digital DRS options to be explored in detail and provide time to learn from the operation of the Scottish DRS, which is due to launch in 2022. Any learnings could then be fed into the design of the DRS in England, Wales, and Northern Ireland.



**7. Do you believe the introduction of a deposit return scheme will have an impact on your everyday life?**

a.) Yes, a detrimental impact

b.) No, there will be no impact.

**If you answered yes, the scheme would have a detrimental impact, how significant would this impact be?**

a.) No significant impact

b.) Some impact but manageable

c.) Large impact but still manageable

d.) Large impact and impossible to comply with

**8. Have your views towards implementation of a deposit return scheme been affected following the economic and social impacts of the Covid-19 pandemic?**

a) Yes – because of economic impacts

b) Yes – because of social impacts

c) Yes – because of both economic and social impacts

d) No

e) Not sure

**Please elaborate on your answer if you will:**

While Viridor still supports the introduction of DRS, our view is that its implementation should be delayed. COVID-19 has had a significant impact on both customer behaviour and the economic structure of the retail environment and this has influenced material flow. Delaying the introduction of DRS would allow for a period of review to better understand the long-term implications of the impact of COVID-19 on consumers and retailers. A more informed view of post-Covid economic and social behaviour will allow the design of DRS to maximise the delivery of high-quality recyclable materials that the scheme seeks to obtain.



## Chapter 1 – 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:

- a) Plastic bottle caps on plastic bottles – Yes/No
- b) Aluminium bottle caps on glass bottles – Yes/No
- c) Corks in glass bottles – Yes/No
- d) Foil on the top of a can / bottle or used to preserve some drinks – Yes/No

The inclusion of caps which are recyclable in the scheme is vital to reduce litter risk and reduce contamination. If the cap is recyclable and out of scope, then this could potentially increase customer confusion.

### 10. Do you believe we have identified the correct pros and cons for the all-in and on-the-go schemes described above?

a.) Yes

b.) No

Please elaborate on your answer

### 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 scheme in England and an all-in scheme in Wales.

a) Yes

b) No

Please elaborate on your answer

Viridor's preferred approach would be a unified DRS system across the UK. This approach would avoid creating the confusion for consumers of having to engage with different systems in different parts of the UK and better ensure the aims of DRS are realised – namely, pushing up levels of recycling and increasing the quality and amount of materials for reprocessing.

Delaying the implementation of DRS to allow the benefits of consistent collections and EPR to be realised may also be useful, as this will provide the opportunity to ensure DRS integrates efficiently with these schemes. Putting back the start date of DRS will also be beneficial as it will allow digital DRS to develop and enable valuable lessons to be learned from the Scottish DRS system, set to launch in 2022.

### 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?

a) All-in b) on-the-go Please elaborate on your answer.

A DRS scheme has the greatest potential to impact packaging in on-the-go settings, integrating with well-established kerbside collections. However, the on-the-go proposals based on bottle size mean that any DRS will significantly impact consumers in the home and on the go. As a result, Viridor supports the “all-in” approach to DRS as it is a simpler system for the public to understand than the “on-the-go” scheme. Both these benefits should drive recycling rates upwards and increase the quality and availability of recycled material. However, delaying the implementation of DRS until there is a clear view on the impact of



consistent collections and EPR would allow DRS to fill any gaps in terms of materials collected under these policies and enable the capture of more challenging materials that are not currently being recycled.

An “all-in” system would also have a greater impact on increasing the quantity of recycled material available for reprocessing than the “on-the-go” system. Maximising the quantity of this material available is a critical (but not the only) aspect of the case for new investment in domestic reprocessing capacity. Increasing domestic reprocessing capacity is required to reduce the amount of waste exported, will create green jobs across the UK and crucially build consumer trust in the value of recycling.

**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?**

a) Yes **b) No**

An on-the-go scheme based on bottle volume as proposed will disrupt consumer behaviour in the home as many of these bottles will be consumed in the home. As a result, consumers in the home will have to discern between DRS and non-DRS material and between DRS and non-DRS package sizes. An ‘on-the-go’ scheme is therefore more disruptive in the home and has the same levels of impact outside the home. For this reason, Viridor believes an “all-in” approach to DRS would be significantly less disruptive to consumers as it limits confusion which is key to building and retaining consumer trust – something that is more challenging during significant policy change.

Delaying the implementation in light of Covid will allow an understanding of any gaps that have not been addressed by consistent collections and EPR policies and allow capture of more challenging materials with low recycling rates.

**14. Do you agree with our proposed definition of an on-the-go scheme (restricting the drinks containers in-scope to less than 750ml in size and excluding multipack containers)? If no, how would you change the definition of an on-the-go scheme?**

**a.) Yes** b.) No

Yes, however excluding multipack containers from the scheme may increase risk of producers’ material switching to less recyclable materials.

It is essential the scope of DRS is designed in such a way that, in conjunction with EPR, it creates a consistent landscape for recycling and removes any incentive for producers to switch to less sustainable out of scope formats that reduce the overall proportion and quality of recycled material.

**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?**

a) Yes b) No **c) Difficult to say**

The impact of COVID-19 on consumer behaviour is a continuing process, and the full effects will not be completely understood for some time. The appropriate time should be taken to consider how consumer behaviour has adapted to the challenges of the pandemic. Taking this time will ensure a well-designed DRS scheme is introduced, that targets the correct materials and boosts recycling rates. Given the uncertainties created by COVID-19, implementation of DRS should be delayed until information can be gathered from the operation of the Scottish



DRS to help maximise the effectiveness of the scheme, as well as allowing digital DRS to develop.

**16. Please provide any information on the capability of reverse vending machines to compact glass?**

Not Applicable

**17. Do you agree that the scope of a deposit return scheme should be based on container material rather than product?**

**Yes** / No

**18. Do you agree with the proposed list of materials to be included in scope?**

**Yes** / No

**19. Do you consider there will be any material switching as a result of the proposed scope?**

**Yes** / No

The main risk associated with the proposed scope of DRS is that it may introduce an incentive for manufacturers of drinks containers captured by the scope to switch to out of scope formats.

However, modulated fees under EPR provide an opportunity for the fee to be set at the right level to prevent any switching from recyclable DRS formats to non-recyclable alternatives.

It is essential the scope of DRS is designed in such a way that, in conjunction with EPR, it creates a consistent landscape for recycling and removes any incentive for producers to switch to less sustainable out of scope formats that reduce the overall proportion and quality of recycled material.



## Chapter 2: Targets

**20. Which of the following approaches do you consider should be taken to phase in a 90% collection target over 3 years?**

- a) 70% in year 1, 80% in year 2, 90% in year 3 and thereafter
- b) 75% in year 1, 80% in year 2, 90% in year 3 and thereafter
- c) 75% in year 1, 85% in year 2, 90% in year 3 and thereafter
- d) 80% in year 1, 85% in year 2, 90% in year 3 and thereafter**

Within the first year, it would be best to set an achievable target which can be built upon after the DRS has been established and fully functional. Unified UK-wide targets that are also integrated with EPR and consistent collection would provide the best outcome.

**21. What collection rate do you consider should be achieved as a minimum for all materials after 3 years?**

- a) 80%
- b) 85%
- c) 90% collection rate should be achieved for all materials**

**22. Is it reasonable to assume that the same collection targets could be met with an on-the-go scheme as those proposed for an all-in scheme for in-scope materials?**

**Yes** / No Please provide any evidence to support your answer.

Yes, in principle as for the majority of material formats the targets can be the same. However, the material composition of “all in” containers greater than 750ml will be more likely be skewed toward PET bottles and other plastics, which may affect targets.

**23. 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, and what would be the implications of these obligations?**

- a) The producer/importer** b) The retailer c) Both the producer/importer and retailer

The producer/importer will be best placed to do this due to existing reporting systems within the current packaging regulations. They will also have oversight to where their product is being sold and retailers will have already had significant duties regarding the collection/returning of the material imposed through DRS.

**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?**

The introduction of a DRS should seek to provide a secure long-term supply of materials to domestic reprocessors.

The cost of a DRS scheme is significant and will be borne by UK consumers. One key benefit for consumers is knowing that when they recycle it is processed and used in the UK to drive a circular economy and prevent export with its environmental impact concerns. As a result, the policy should seek to drive maximum UK based reprocessing to ensure that the environmental and economic benefit of local UK based reprocessing is realised. In addition,



the DMO should be explicitly incentivised to issue material supply contracts that are designed to stimulate the capitally intensive infrastructure investment needed to recycle and reprocess in the UK. The DMO should be obligated to report and publicise on the volumes and percentages reprocessed in the UK for each material type. To ensure these materials are reprocessed properly and maximise what is treated, domestically, all export should be notified to both the regulator/ DMO and published.





## Chapter 3 – 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?**

- a) 3-5 years b) 5 – 7 years c) 7 – 10 years **d) 10 years +**

The DMO will need to be in place for a sufficient period to provide long-term supply arrangements for domestic reproprocessors. Long-term contracts, usually 10-15 years in length, are critical to providing stable revenue flows to infrastructure investors that can finance significant upfront capital expenditure in high quality reproprocessors. Without these long-term contracts, this investment will not be possible and domestic reprocessing capacity will not increase, with the sector relying on exporting waste abroad.

A DMO with a 5-year contract will not be able to issue a 10-year offtake contract that underpins infrastructure investment which could be used to secure financing as the 5-year contract would lead to deeming anything beyond those 5 years as unbankable as it would not be contract backed. It is for this reason that a long-term establishment of the DMO is needed to enable it to contract in a way that drives infrastructure investment.

### **26. Do you agree that the above issues should be covered by the tender process?**

- **Yes**
- No

Viridor propose that the scheme administrator should demonstrate its plan to support domestic recycling in its 'tender' proposal. Additionally, the Social Net present value, job creation, carbon impact of full circularity (bottle to bottle) should be included.

### **27. Do you agree that the above issues should be monitored as Key Performance Indicators?**

- **Yes**
- No

Please list any further issues you believe should be covered by Key Performance Indicators

In addition to the KPIs listed above, Viridor believes the DMO should be subject to a KPI that concerns supporting the growth of domestic reprocessing capacity. The Resources and Waste Strategy makes clear Defra supports increasing domestic reprocessing capacity to avoid exporting waste abroad. By introducing a KPI that assesses the DMO on its progress in this area, it will be encouraged to enter the long-term contracts required to expand domestic reprocessing capacity.

Long-term contracts, usually 10-15 years in length, are critical to providing stable revenue flows to infrastructure investors that can finance significant upfront capital expenditure in high quality reproprocessors. Without these long-term contracts, this investment will be severely constrained and domestic reprocessing capacity will be unlikely to grow in line with the targets increasing the sector reliance on exporting waste abroad.

Not only will this approach help fulfil Defra's aim of reducing waste exports, but investment in reprocessing capacity can help create green jobs right across the country, supporting the post-Covid economic recovery.

### **28. 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?**



- Yes
- No

Please elaborate on your answer

A well designed, centralised Digital DRS could benefit the scheme. However, it is important that it is integrated across EPR and consistent collections to ensure a supply of high-quality recyclable materials is obtained. It is also crucial that the digital DRS enables those without easy access to technology to participate.

**29. Government will need to understand the needs of users to build digital services for deposit return scheme. 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?**

- Yes
- No



## Chapter 4 – Financial Flows

### **30. What is an appropriate measure of small producers for the purposes of determining the payment of registration fees?**

- Taxable Turnover
- Drinks containers placed on the market.
- Any other

If other, please specify.

This should be aligned with the de minimis to be decided under the EPR regime.

### **31. Is a high level of unredeemed deposits funding the scheme problematic?**

- Yes
- No.

Please explain your answer

A high level of unredeemed deposits creates an uncertain revenue stream for the DMO and will only be attained when the scheme is not operating effectively. This risks a perverse incentive for the DMO to underperform. Through the tendering process it is important that penalties for the DMO are set for not meeting targets and these are sufficient to outweigh the incentive to maximise/retain more unredeemed deposits

### **32. Which option to treatment of unredeemed deposits do you support?**

Option 1 / Option 2

In both options, unredeemed deposits shouldn't be an incentive for the DMO. Through the tendering process it is important that penalties for the DMO are set for not meeting targets and these are sufficient to outweigh the incentive to maximise/retain more unredeemed deposits.

### **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?**

In both options, unredeemed deposits shouldn't be an incentive for the DMO. Through the tendering process it is important that penalties for the DMO are set for not meeting targets and these are sufficiently large enough to outweigh the incentive to maximise/retain more unredeemed deposits.

### **34. If a floor is set do you consider that this should be set at:**

a) 25% of net costs b) 33% of net costs c) 50% of net costs d) Other

Please provide any evidence to support your response.

We believe this should be a decision taken by the DMO.

### **35. Do you agree that any excess funds should be reinvested in the scheme or spent on other environmental causes?**

- Invested in the scheme.
- Other environmental causes

Viridor believes the handling of excess funds should be agreed during the tender process.



**36. What should be the minimum deposit level set in legislation?**

a.) 10p b.) 15p c.) 20p d.) Other

**37. Do you agree that there should be a maximum deposit level set in legislation?**

- Yes
- No

**If yes, what should be the maximum deposit level set in legislation?**

a.) 30p b.) 40p c.) 50p d.) Other

The DMO should decide on the minimum deposit level to ensure it minimises the impact on the customer and works to mitigate any unintended consequences. If the deposit level is unified across the UK this would avoid creating the confusion for consumers of having to engage with different systems in different parts of the UK and better ensure the aims of DRS are realised – namely, pushing up levels of recycling and increasing the quality and volume of materials for reprocessing.

**38. 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?**

Alignment with EPR in the structure of the modulated fees provides the opportunity to address this issue. Delaying implementation of DRS until after EPR and consistent collections may be beneficial.

**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?**

Please provide evidence to support your answer.

Yes, as the stated criteria of the DMO is that it is comprised of a range of experts and stakeholders, it will be best placed to make an informed decision. The deposit level should be set at level which minimises the impact on the customer and works to mitigate unintended consequences.



## Chapter 5 – 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? Please provide any evidence to further explain your answer.**

- Yes
- No

Viridor believes the network of return points should be as extensive as possible to incentivise consumers to return their containers, which will help deliver a high-quality stream of material. Some exemptions should be granted based on exceptional circumstances e.g., limited floor space or extremely close proximity to another return point. These exemptions should be limited in number and only applied in instances where hosting a return point is truly impractical or inefficient.

**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?**

- Yes
- No

Initially, the scheme will provide some level of inconvenience to consumers which will inevitably cause delay in obtaining material. To better understand customer behaviour, implementation of DRS should be delayed until learnings from the Scottish DRS can be used to improve the scheme's design.

**42. Do you have a preference, based on the 3 options described above, on what the schemes approach to online takeback obligations should be? We welcome views from stakeholders on who this obligation should apply to, including if there should be an exception for smaller retailers or low volume sales. Please explain your answer.**

- Option 1
- Option 2
- Option 3

No comment

**43. Do you agree with the proposed criteria for the calculation of the handling fee?**

- Yes
- No

**44. Please tick which exemptions you agree should be included under the scheme:**

- Close proximity
- Breach of safety

Any further comments you wish to make.

The network of return points should be well spread to incentivise consumers to return their containers which will help deliver a high-quality stream of material.



**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?**

N/a

**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.

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
- No

Please explain your answer

The network of return points should be well spread to incentivise consumers to return their containers which will help deliver a high-quality stream of material.

**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

Three years would reduce unnecessary administrative burden whilst being regular enough to monitor changing retail conditions.

**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?**

- Yes
- No

We believe there are numerous benefits to be gained from digital DRS including customer convenience and accessibility for those who cannot reach physical return points. A well-designed digital DRS would be fully integrated with EPR and consistent collections to ensure a high stream of recyclable material is returned. It is also important that those who do not have access to technology are able to participate.

Delaying DRS implementation until after EPR and consistent collections may allow time for this technology to develop and provide enough time to learn from the Scottish DRS, which is due to launch in 2022.

**50. How could a digital deposit return scheme solution be integrated into existing waste collection infrastructure? Please explain your answer**



Depending on the technology, digital DRS could allow consumers to discard of their containers in household kerbside collections, which would reduce disruption to the system, but would not reduce the risk for contamination.

A separate digital DRS container provided for kerbside may remove some of the contamination concerns but may require source verification and confirmation on contamination and could increase the risk of fraud by consumers claiming deposits but not putting the material in the kerbside.

Delaying DRS implementation provides an opportunity to learn from the Scottish DRS which could be beneficial, allow for a trial at scale and ensure future proofing of the scheme.

**51.What are the potential fraud control measures a digital deposit return scheme could bring? Please explain your answer.**

N/a

**52.Do you think a digital deposit return scheme 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?**

- Yes
- No

Please explain your answer.

It is unlikely that based on proposals to date that a DDRS will create the same high quality, low contamination stream. However, this would depend on the technology and the system put in place. If consumers are given the opportunity to discard DRS containers in their kerbside collection, the level of contamination will be similar to the current system, which should itself be improved by consistency and EPR proposals. If a digital system enables DRS materials to be left in on-the-go bins then the risks of contamination are higher, therefore undermining the scheme.

**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.**

Yes. A separate DRS system will lead to greater levels of duplication, system cost and risks customer confusion which would undermine the scheme. If well designed and executed a digital DRS integrated into existing kerbside infrastructure, the costs could be significantly reduced which would enhance scheme design. Key to adopting DDRS would be ensuring that the risk of fraud had been appropriately mitigated.

**54.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?**

- Yes
- No

Do you have any amendments or additional parameters you would propose are reflected in the permitted development right?

N/a



## Chapter 6 – Labelling

**55. Do you agree that the following should be part of a mandatory label for deposit return scheme products?**

a) an identification marker that can be read by reverse vending machines and manual handling scanners

b) a mark to identify the product as part of a deposit return scheme

c) the deposit price.

**56. Are you aware of further measures that can be taken to reduce the incidence and likelihood of fraud in the system?**

N/a

**57. Do you agree with our proposals to introduce mandatory labelling, considering the above risk with regards to containers placed on the market in Scotland?**

- Yes
- No

Clear and consistent labelling will avoid confusing consumers which will help provide a guaranteed supply of high-quality recyclable materials. DMO should work closely with the EPR scheme administrator to ensure all recycling labelling is developed within an overarching framework.

**58. 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.**

- Yes
- No

Viridor would welcome further quantification of the volumes of the materials entering the markets of England, Wales, or Northern Ireland via Scotland to quantify this risk. Public messaging and clear labelling should allow consumers clarity on what products are in-scope.

These materials will typically be disposed of through kerbside collections; therefore, local authorities and waste management companies will require to be compensated for the collection, sorting, and treatment of the incorrectly labelled products.

**59. Do you consider leaving any labelling requirements to industry to be a better option than legislating for mandatory labelling requirements? Please explain your answer**

- Yes
- No

Clear and consistent labelling will avoid confusing consumers which will help provide a guaranteed supply of high-quality recyclable materials. DMO should work closely with the EPR scheme administrator to ensure all recycling labelling is developed within an overarching framework.

**60. Are you aware of any other solutions for smaller producers who may not currently label their products? Please explain your answer**

N/a





**61. We believe 18 months is a sufficient period of time for necessary labelling changes to be made. Do you agree?**

- Yes
- No

N/a

**62. Will your processes change as a result of mandatory labelling?**

- Yes
- No
- Don't know

Please explain your answer

The waste sector will face a number of process changes as a result of the implementation of DRS including retrieval of DRS target material from kerbside, counting centres and contract changes.

**63. Do you agree that our proposed approach to labelling will be able to accommodate any future changes and innovation?**

- Yes
- No
- Don't know

**Are you aware of any upcoming technology in the field of labelling?**

N/a



## Chapter 7. 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?**

- Yes
- No

**Please explain your answer**

The financial incentive through unredeemed deposits will provide scope for contractual arrangements to be made for majority of local authorities with material recovery facilities.

Sorting infrastructure is already in place and should increase through EPR/consistent collections.

**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?**

- Yes
- No

**Please explain your answer.**

Viridor agree that profit sharing arrangement could be beneficial to both parties.

**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?**

Viridor would welcome further analysis on the both the risk and impact of double payments.

**67. How difficult do you think this option would be to administer, given the need to have robust compositional analysis in place? Please explain your answer.**

Initially, it will be difficult to gain the required granularity in composition. However, improved waste flow data will be integral to the success of DRS, EPR and consistent collections. Compositional analysis will be required for all three reforms, and it will be within the LA's interest to improve analysis methodologies to receive DMO funding.

**68. 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?**

- a. Option 1 b. Option 2 c. Option 3

**Please briefly state the reasons for your response. Where available, please share evidence to support your view.**

Option 3 reduces the risk of double counting, incentivises more returns to the system. Opportunity to align with payments via the funding formula for producer payments under EPR.



## Chapter 8: Compliance Monitoring and Enforcement

### **69. Are there any other producer obligations you believe the Environmental Regulators should be responsible for monitoring and enforcing?**

The EA should be notified pre-export of green list waste to reduce the risk of low quality partially recycled (separated but not reprocessed) materials.

### **70. Are local authorities (through the role Trading Standards and the Primary Authority Scheme) best placed to enforce certain retailer obligations?**

- Yes
- No

**Please give any alternative suggestions.**

**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?**

### **71. 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., reproprocessors or exporters.**

No comment

### **72. Are there any vulnerable points in the system? Please explain your answer?**

No Comment

### **73. Do you see a role for the Deposit Management Organisation to seek compliance before escalating to the Regulator?**

Yes

### **74. Do you agree with the position set out regarding enforcement response options? If not, please expand your answer**

Yes



## Chapter 9: 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?**

Viridor's preferred approach would be to delay implementation of DRS to understand the long-term impact of the pandemic and on the impact this would have on the DRS design. This would also allow two other major reforms, EPR and Consistency in Collections to be deployed and could further inform DRS scheme design.

### **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)**

Due to the significant socio-economic effects of COVID-19, Viridor expect the timing of implementation of DRS across three counties to be challenging for the DMO. Delaying implementation of DRS to allow the outcomes of consistent collections and EPR to be assessed may provide further benefit as well as an opportunity to learn from the Scottish DRS system.

Long-term contracts are critical to providing stable revenue flows to infrastructure investors that can finance significant upfront capital expenditure in high-quality reprocessors. Without these long-term contracts, this investment will not be possible and domestic reprocessing capacity will not be able to grow. This will mean waste continues to be exported abroad and the opportunity to create green jobs at home is missed.

### **77. Depending on the final decision taken on the scope of the scheme in England and Northern Ireland – all-in or on-the-go, what, if any, impact does this have on the proposed implementation period?**

If the DRS systems are not aligned this may impact the implementation period as different systems will need to be put in place. Viridor's preferred approach would be a unified DRS system across the UK. This approach would avoid creating the confusion for consumers of having to engage with different systems in different parts of the UK and better ensure the aims of DRS are realised – namely, pushing up levels of recycling and increasing the quality and amount of materials for reprocessing.



## Chapter 10: Summary of approach to impact assessment

### 78. Do you agree with the analysis presented in our Impact Assessment?

Yes/No

**Please briefly state the reasons for your response. Where available, please share evidence to support your view**

Yes, in principle, but due to Covid-19 these figures may no longer be representative due to the significant impacts on both customer behaviour and the economic structure of the retail environment that has influenced material flow. Further analysis would be welcomed to understand the true impacts of “all in” vs “on the go” post- Covid.

A more informed view of post-Covid economic and social behaviour will allow the design of DRS to maximise the delivery of high-quality recyclable materials that the scheme seeks to obtain.

It is essential the scope of DRS is designed in such a way that, in conjunction with EPR, it creates a consistent landscape for recycling and removes any incentive for producers to switch to less sustainable out of scope formats that reduce the overall amount and quality of recycled material.

The impact assessment does not however consider from an investment perspective how the policy will drive new infrastructure investment. The availability of material on the market is not itself sufficient to invest in new infrastructure. Long-term contracts, usually 10-15 years in length, are critical to providing stable revenue flows to infrastructure investors that can finance significant upfront capital expenditure in high quality reprocessors. Without these long-term contracts, this investment will not be possible and domestic reprocessing capacity will not increase, with the sector relying on exporting waste abroad. Viridor encourages DEFRA to draft adequate legislative scope to ensure that DRS leads to long term contracts that drive high quality infrastructure investment needed to deliver these DRS targets.