

## DRS options

### All-in

This option will include all drinks containers up to 3L in size, made of PET plastic, aluminium and steel cans, and glass.

	All-in DRS (latest estimates)
Total Costs (Present Value)	<b>£6,346m</b> including set-up costs, changes in labelling, logistics costs, handling fees, RVM costs.
Total Benefits (PV)	<b>£12,231m</b> including material revenue to DMO, litter disamenity reduction, greenhouse gas emissions savings, litter clean-up cost reductions.
Net Present Value	<b>£5,885m</b>

#### Key benefits:

- The potential to drive the highest recycling rates for drinks container material, capturing 23.7 billion containers with all sizes covered. A key objective of a deposit return scheme is to produce higher quality recyclate via an uncontaminated waste stream, and an all-in deposit return scheme gives the greatest potential for this.
- Sends a strong message to consumers about recycling drinks containers through a DRS as being ‘the norm’, reducing confusion and complexity of different recycling methods. In Defra consumer research from 2019, 80% respondents preferred this model.
- This option is expected to have less unintended market distortions e.g. consumers choosing greater quantities or producers using different material to avoid a deposit.
- Higher net social benefits, particularly leading to a reduction in litter disamenity and carbon emissions.
  - A litter disamenity reduction of £11,198m compared to £3,614m with an on-the-go model.
  - Net Carbon savings of £6m pa by year 11 of the scheme compared to £1m pa with an on-the-go model.

### On-the-Go

This option will include all drinks containers under 750ml (excluding those sold in multipacks), made of PET plastic, aluminium and steel cans, and glass.

	On-the-Go DRS (latest estimates)
Total Costs (Present Value)	<b>£3,503m</b> including set-up costs, labelling costs, RVM costs, handling costs, logistic costs.
Total Benefits (PV)	<b>£3,785m</b> including net material revenue, reduction in litter disamenity, greenhouse gas emission savings, litter clean-up cost reductions
Net Present Value	<b>£282m</b>

#### Key benefits:

- Lower level of consumer change, with consumers continuing to put larger containers which don’t have a deposit attached to them in their kerbside collections, reducing the inconvenience and change in behaviour required for drinks that may be more likely to be consumed from home.
- An OTG DRS would have lower net costs associated with it, although there is a considerably lower net benefit too.
- The OTG option still targets those containers commonly littered so helps to achieve a key policy aim, although the estimated litter benefits are significantly lower.

### All-in without glass

This option will include all drinks containers up to 3L in size, made of PET plastic and aluminium and steel cans.

	<b>All-in DRS excluding glass (latest estimates)</b>
Total Costs (Present Value)	<b>£5,491m</b> including set-up costs, labelling costs, RVM costs, handling costs, logistic costs.
Total Benefits (PV)	<b>£9,074m</b> including net material revenue, reduction in litter disamenity, greenhouse gas emission savings, litter clean-up cost reductions
Net Present Value	<b>£3,582m</b>

### **Key benefits**

- This option continues to capture a large amount of material, including those containers which are more commonly littered, to provide a strong NPV given the costs of investment required to roll out a DRS.
- Concerns have been raised on the greater burden placed on consumers who would have to return glass containers to return points, including the weight of carrying glass around to return and the added safety risks of breakages etc. By removing glass, these concerns are addressed as consumers continue to use their kerbside recycling for such containers.
- The type of products more typically sold in glass bottles (e.g. alcohol) could be considered more likely to be consumed at home. If we think such material is therefore more likely to be consumed at home, this reduces the burden on the consumer having to then take it to return points.

### **Points of consideration**

- Government manifesto – included a commitment to include plastic and glass.
- Glass industry have consistently lobbied against glass in a DRS and would prefer to focus on EPR/kerbside collection. They are concerned that the way glass is collected in RVMs (breakage/crushing) may result in poorer quality glass for re-melt than the quality of what is currently collected. Broader industry feedback suggests the case has not convincingly been made for glass to be in a DRS.
- Consumer confusion – an all-in scheme is naturally the clearest and most easy to understand scheme. For OTG vs no-glass, there is a question over whether excluding drinks containers based on size is more or less confusing than excluding a material and how that would be perceived.
- Ensures greater coherence around the UK – industry have regularly raised concerns that having a different scheme in England to other nations would break up the GB supply chain and add cost and complexity, disrupting a supply chain that currently serves the UK in one batch. Scotland are already in the process of rolling out an all-in scheme. Wales have expressed a strong preference for an all-in scheme in the consultation. For PET plastic and aluminium and steel cans, an all-in DRS would be welcomed by producers, ensuring alignment with Scotland and Wales and minimal disruption to the supply-chain. To note, the recent EAC inquiry into the introduction of a DRS recommended an all-in scheme, citing the importance of UK interoperability.
- If, at a later date, under the all-in without glass option we decided to then expand the scope of the DRS to subsequently include glass, then this would result in increased costs in terms of having to retrofit or replace reverse vending machines originally installed to collect only plastic bottles and cans. This would also include finding additional space in stores to host these reverse vending machines given the need for additional storage space of the glass. We should therefore be confident in the longevity of the option we decide to go with.

- Impacts on EPR – material that isn't obligated under the DRS will instead be captured under EPR, which is currently proposed to be on a UK wide basis. Different scopes across the DAs makes delivery of UK-wide EPR more complex (including gathering the necessary data on EPR materials that are needed to support EPR payments) and likely delays implementation as this complexity is worked through. The risk of different DRS scopes across the UK also risks inducing higher EPR costs in DAs where there is an all-in DRS, leading to producers and consumers under an OTG DRS subsidising higher costs in other DAs.

#### Annex: Comparison of each option

	All in	OTG	All in (no glass)
Net Present Value	£5,885m	£282m	£3,582m
Benefit Cost Ratio (BCR)	1.927	1.081	1.65
Drinks containers in scope	23.7bn	7.4bn	18.2bn
Benefit: Litter disamenity reduction	£11,198m	£3,614m	£8,086m
Benefit: Greenhouse gas reductions (from 2023 to 2032)	3.52Mt CO2e	0.9Mt	1.67Mt