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# Consultation on introducing a Deposit Return Scheme in England, Wales and Northern Ireland

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Any enquiries regarding this publication should be sent to us at

[DRS@Defra.gov.uk](mailto:DRS@Defra.gov.uk)

[www.gov.uk/defra](http://www.gov.uk/defra)

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## Executive summary

Recent months have seen a rise in the public consciousness when it comes to the need to tackle packaging waste. UK consumers go through an estimated 14 billion plastic drinks bottles, 9 billion drinks cans and 5 billion glass bottles a year<sup>1</sup> and, although plastic bottles are fully recyclable, recent packaging recycling rates demonstrate that there are significant improvements to be made in drinks container recycling, especially in relation to recycling of containers whilst 'on-the-go'. Moreover, drinks container litter is a serious issue which needs targeted policy action to overcome; with disposable drinks containers, or parts of them, regularly featuring among the most commonly found items on UK beaches.<sup>2</sup> Coupled with the growing awareness of plastic waste in our oceans, the importance of encouraging behaviour change to stop littering at source and, ideally, promote the capture of valuable resources is clear.

The UK and Welsh Governments and the Department of Environment, Agriculture and Food in Northern Ireland (DAERA) have high ambitions for the resources and waste sector. The UK government has committed in its 25 Year Environment Plan for England to reform producer responsibility systems (including packaging waste regulations) to incentivise producers to take greater responsibility for the environmental impacts of their products. This consultation forms part of the government's action towards meeting that commitment. The UK government's Resources and Waste Strategy was clear that a DRS could help consumers take more considered action when disposing of products at end of life.

The Welsh Government's 'Towards Zero Waste' Strategy published in 2010, set out the ambition to achieve zero waste by 2050, with an intermediary milestone of 70% recycling by 2025. Following its study on extended producer responsibility options for key food and drink packaging, the Welsh Government has also agreed to consider introducing a DRS, subject to consultation.

The Northern Ireland Waste Management Strategy, published in 2013, sets out objectives aimed at setting a direction towards treating waste as a resource with a value to be used more efficiently, and to make it a key element in developing and promoting a low carbon circular economy. It was followed in 2015 by an Options Paper on the desirability and feasibility of a DRS scheme in Northern Ireland, which concluded that whilst a DRS was desirable and had the potential to increase recycling and influence behaviour on a wider environmental scope, it was not feasible to introduce a scheme on a Northern Ireland only basis. Therefore, DAERA will now consider the possible introduction of a DRS scheme in conjunction with England and Wales, subject to consultation.

## Summary of key content

This consultation seeks views on proposals to introduce a DRS for drinks containers in England, Wales and Northern Ireland, whilst recognising that any DRS should form part of a coherent system across the UK.

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<sup>1</sup> [Voluntary and Economic Incentives Working Group report 2018.](#)

<sup>2</sup> <https://www.mcsuk.org/media/gbbc-2018-report.pdf>.

A DRS would see a deposit added to the price of drinks in in-scope drinks containers at the point of purchase, which would be redeemed when consumers return their empty drinks containers to designated return points. If introduced, we anticipate that a DRS will help reduce the amount of littering in England, Wales and Northern Ireland, boost recycling levels for relevant material, offer the enhanced possibility to collect high quality materials in greater quantities and promote recycling through clear labelling and consumer messaging.

This consultation proposes that the materials included in a DRS could be PET and HDPE plastic bottles, steel and aluminium cans, and glass bottles. We are proposing that a broad range of drinks, including water, soft drinks, juices, alcohol, and milk-containing drinks, where they are sold in containers made of these materials, could be included in a DRS. We would not propose including milk (or plant-based drinks such as soya) within scope of a DRS as it is considered by many as an essential product which is only widely available in containers.

All producers of drink beverage products that would fall within the scope of a DRS would be mandated to join the DRS and be obliged to meet high collection rates set by government. As all items under consideration for inclusion in a DRS are packaging, government would need to ensure that any reformed packaging producer responsibility system takes this into account.

Any DRS would need to have a central body or organisation to manage its operation, which would include overseeing financial and material flows, logistics, infrastructure maintenance, and reporting. We envisage this role to be undertaken by a new not-for-profit body, the Deposit Management Organisation (DMO), which would be established for the purpose of running the DRS. The DMO would be funded by fees paid by producers and revenue obtained from collected DRS material sent on for recycling. We are seeking views in this consultation on whether unredeemed deposits should also be used to part-fund the running of the DRS system.

Drinks containers within a DRS could be returned either via an automated return point using a reverse vending machine (RVM), which could be hosted, for example, by large retailers in supermarkets as well as potentially in areas of high footfall such as transport hubs, or via a manual return point that could be hosted by small retailers and involve containers being returned over-the-counter. Those hosting return points would be paid a handling fee by the DMO to reimburse them for associated costs.

Due to the proposed management of financial flows, a monitoring and enforcement body would be needed to monitor and audit DMO operations to ensure the system is operating fairly and transparently.

Local authorities<sup>3</sup> are important stakeholders for a DRS due to its interaction with their waste collection duties. A DRS may move higher-value recyclable materials away from local authority collections, which will reduce both their income from the sale of these materials as well as their costs of managing these materials. As set out in the Resources and Waste Strategy for England, the UK government will ensure that local authorities in England are resourced to meet new net costs arising from the policies that flow from the Strategy, including upfront transition costs and ongoing operational costs.<sup>4</sup> We also

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<sup>3</sup> For Northern Ireland reference to “local authority” or “local authorities” in this consultation is a reference to a district council or district councils.

<sup>4</sup> <https://www.gov.uk/government/publications/resources-and-waste-strategy-for-england/resources-and-waste-strategy-at-a-glance>.

anticipate that where consumers choose not to return their drinks containers to a designated DRS return point, DRS material would end up in kerbside collections, and the deposit value would fall to local authorities, should they choose to redeem it. We are considering a funding formula whereby local authorities could be paid the deposit amount on drinks containers by the DMO without having to physically return them via a designated return point.

In a well-functioning DRS it would be easy for consumers to return drinks containers and obtain their deposit refund. This may mean that consumers choose to return a drinks container to either the same place, or a different place to where they bought it. We recognise that work will need to be done to ensure that return provisions are as convenient as possible for consumers. Moreover, we would want a DRS to be equally accessible for all, and for no consumers to experience difficulty in returning empty drinks containers to receive their deposit refund. We are therefore seeking views through the consultation on how to ensure provisions are in place so that any consumers who may struggle to return empty drinks containers to a designated return point would still be able to participate in a DRS.

We are considering two options for a DRS, both of which would cover the same materials and drinks outlined above, but would differ in terms of the size of the drinks containers in-scope. We are also seeking opinions on whether there are alternative approaches we could consider.

The first option, known as the **‘all-in’ model**, would not place any restrictions on the size of drinks containers in-scope of a DRS. This would target a large amount of drinks beverages placed on the market. The second option, known as the **‘on-the-go’ model**, would restrict the drinks containers in-scope to those less than 750ml in size and sold in single format containers. This model would target drinks beverages most often sold for consumption outside of the home (while ‘on-the-go’).

An alternative to introducing a DRS would be for all drinks containers to be captured under a reformed packaging producer responsibility system (addressed in the linked consultation on reforming the packaging producer responsibility system).

## Summary of analysis

Alongside the consultation, we are publishing an Impact Assessment (IA) which provides a full analysis of our two proposed DRS options. The IA goes some way to providing a more comprehensive assessment of the costs and benefits of implementing a DRS. The IA compares the economic costs of setting up and running a DRS against the material benefits obtained as a result of implementing the system. It also considers and outlines differential impacts on stakeholders involving transfers of revenue within the DRS system; this includes looking at impacts on Local Authorities and the kerbside recycling system as a result of introducing a DRS. The IA assumes an 85% return rate for DRS material, with both options assumed to start in 2023, and compared against a ‘do nothing’ baseline. If a DRS is not introduced, it is assumed that other recycling policies, in particular a reformed UK packaging producer responsibility system and consistency in household and business recycling collections in England, would proceed (further analysis of this is covered in the IA on reforming the packaging producer responsibility system).

For an **all-in** DRS, the central total cost estimate, discounted with 2018 as the base year, is £7,211 million over the first ten years of the scheme, and the central total benefit estimate, also discounted with 2018 as the base year, is £9,400 million over the first ten years of the scheme. This gives a central **Net Present Value of £2,189 million**.

For an **on-the-go** DRS, the central total cost estimate, discounted with 2018 as the base year, is £2,764 million over the first ten years of the scheme, and the central total benefit estimate, also discounted with 2018 as the base year, is £3,012 million over the first ten years of the scheme. This gives a central **Net Present Value of £249 million**.

We recognise that there are still evidence gaps in our analysis, and are seeking contributions to address these as part of the consultation so that a more comprehensive analysis can be developed for a final Impact Assessment on any DRS policy.

Your responses to this consultation will help us to consider the merits of introducing a DRS. The aim of the UK and Welsh Governments and DAERA is to ensure that, should a DRS be introduced, it will be easy for consumers to return drinks containers, leading to increased recycling rates and a reduction in littering.



# About you

**1. Would you like your response to be confidential?**

Yes / No

If you answered 'Yes' above, please give your reason:

**2. What is your name?**

**3. What is your email address?**

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

**4. Please provide information about the organisation/business you represent.**

Which of the following 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)

- Business representative organisation/trade body
- Product designer
- Manufacturer
- Distributor
- Retailer
- Waste Management Company
- Local Authority
- Reprocessor
- Community group
- Charity
- Social enterprise
- Independent consultancy
- Academic or researcher
- Individual
- Other

If you answered 'Other' above, please provide details:

What is the name of the organisation/business you represent? (Required. If you are responding on behalf of yourself please write 'individual')

What is the approximate number of staff in your organisation? (If applicable)

**5. Please provide any further information about your organisation or business activities that you think might help us put your answers in context. (Optional)**

- 6. Does your organisation have any recent experience of a DRS or related policy schemes? If so, can you please briefly explain your experiences?**
- 7. Are you content for the UK government, or in Wales, the Welsh Government, or in Northern Ireland, DAERA to contact you again in relation to this consultation?**

# Background

## What is a deposit return scheme (DRS)

By ‘deposit return schemes’, we mean those where consumers pay an up-front deposit on an item – such as a sealed drink – at point of purchase, which is redeemed on return of the empty drinks container. ‘Reward and return’ schemes describe a similar but broader concept, not necessarily involving an up-front deposit, in which consumers are rewarded for return of the empty drinks container (this could be monetary or based on vouchers, loyalty points, or prize draws, for example). This consultation refers solely to deposit return schemes (for drinks containers explicitly) and not reward and return schemes.

The objective of a well-designed DRS is to make it easy for consumers to return drinks containers, which can then be reused or recycled, and to receive the deposit refund. A more detailed explanation of DRS model components and material and financial flows can be found later in this consultation.

Producer responsibility is about making sure businesses that manufacture, import and sell certain products are responsible for their end of life environmental impact<sup>5</sup>. The current regulations require businesses to<sup>6</sup>:

- Minimise waste arising from certain products and promote their re-use
- Ensure the covered waste products are treated and meet recovery and recycling targets for the waste materials
- Design certain products by reducing material use and enhancing reusability and recyclability

While the current packaging producer responsibility system has been successful in meeting existing packaging recycling targets, we believe more can be done to drive more sustainable design decisions, make it easier for consumers to make more informed choices, and for producers to fully fund end-of-life management costs associated with their products.

## The case for action

The UK and Welsh Governments and DAERA want to achieve more ambitious recycling targets and reduce littering. The only way we will achieve these is with a step-change in behaviour. If introduced, the aim of a DRS is to reduce the amount of littering in England, Wales and Northern Ireland, boost recycling levels for relevant material, offer the enhanced possibility to collect high quality materials in greater quantities and promote recycling through clear labelling and consumer messaging. Additionally, introducing a DRS could help incentivise moves to push more material up the waste hierarchy and move towards a more circular economy.

## The Litter Strategy for England and the Voluntary and Economic Incentives Working Group

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<sup>5</sup> <https://www.gov.uk/government/collections/producer-responsibility-regulations>.

<sup>6</sup> <https://www.gov.uk/government/collections/producer-responsibility-regulations>.

As part of the Litter Strategy for England, published in April 2017, the UK government established the Voluntary and Economic Incentive Working Group to look at different incentives to improve recycling and reuse of packaging, and to reduce the incidence of commonly littered items. Following a call for evidence, the Working Group recommended that government further investigates the potential for using a well-designed DRS alongside a reformed packaging waste producer responsibility system.

The main conclusions of the group were that<sup>7</sup>:

- There is some evidence from other countries that deposit return schemes can deliver an estimated increase of around 20% in the reported amount of drinks containers collected for recycling.<sup>8</sup>
- A DRS could be a mechanism to deliver additional collection of high-quality material for recycling from consumers outside their homes, particularly in areas of high consumer traffic.
- Changing behaviour in relation to recycling outside the home is also an area that, arguably, could have a large impact on reducing litter.
- The general consensus of the report is that receiving a monetary or other reward will encourage consumers to deposit drinks containers at a collection point instead of littering, and/or individuals/groups will be incentivised to collect 'in-scope' litter to claim the refund.
- Introduction of a DRS is thought likely to reduce costs to local authorities associated with clearing litter, but further modelling would be needed, based on specific DRS designs, in order to better understand the potential relationships between any proposed DRS and local authority costs associated with litter clearance.
- Defra should further investigate the potential for using a well-designed DRS to encourage increased collection and recycling of drinks containers and that particular attention be paid to considering how to capture material that is consumed 'on-the-go'.

The report can be found at: [www.gov.uk/government/consultations/drinks-containers-reducing-litter-and-increasing-recycling-call-for-evidence](http://www.gov.uk/government/consultations/drinks-containers-reducing-litter-and-increasing-recycling-call-for-evidence). Following this report, the government confirmed that it will introduce a DRS for drinks containers in England, aimed at boosting recycling rates and reducing littering, subject to consultation.

## **The Wales study on extended producer responsibility (EPR) options for key food and drink packaging**

In September 2017 the Welsh Government commissioned a study on EPR options for key food and drink packaging types in order to reduce waste, increase recycling and reduce litter. This included drinks containers and a DRS scheme was one of the options considered. The study included consultation with key stakeholders through a series of workshops. It concluded it would be preferable for the Welsh Government to work together with other UK nations in order to bring about a DRS for drinks containers. The Welsh Government subsequently agreed to consider a DRS, taking account of the risks and

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<sup>7</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/694916/voluntary-economic-incentives-working-group-report-drinks-containers-final.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/694916/voluntary-economic-incentives-working-group-report-drinks-containers-final.pdf).

<sup>8</sup> To note the report also highlighted that there are differing opinions on exactly how much we can read across from international DRS models to England/the UK, due to the differences in the design of the DRS systems, the time and context in which they were introduced, what the reported data on collection/recycling rates actually represents, the exact way in which wider waste management systems work, and the cultural differences between countries. We therefore acknowledge that we need further evidence in this area.

benefits to existing provisions and recycling levels and to build on the progress in recycling already achieved in Wales.

## **Northern Ireland waste management strategy and options paper on DRS**

The Northern Ireland Waste Management Strategy, published in 2013, sets out objectives aimed at setting a direction towards treating waste as a resource with a value to be used more efficiently, and to make it a key element in developing and promoting a low carbon circular economy. The Strategy adheres to the principles of the waste hierarchy and has a renewed focus on waste prevention, including re-use, preparing for re-use and recycling in order to move towards resource efficiency.

In 2015 a DAERA Departmental paper was commissioned on options on the desirability and feasibility of a DRS scheme in Northern Ireland. The paper looked at various aspects of the introduction of a DRS scheme including its impact on littering and its effect on waste management in general. The paper concluded that whilst DRS was desirable and had the potential to increase recycling and influence behaviour on a wider environmental scope, it was not feasible to introduce a scheme on a Northern Ireland only basis.

Keep Northern Ireland Beautiful (KNIB) has also provided recommendations in their 2017/2018 Cleaner Neighbourhoods Report<sup>9</sup> including the adoption of a container deposit return scheme, citing the effectiveness of such schemes in the reduction of container litter. This recommendation, in conjunction with the conclusion of the Options Paper on the desirability of DRS, has been recognised and DAERA will now consider the possible introduction of a DRS scheme in conjunction with England and Wales, subject to consultation.

## **Litter statistics and litter disamenity**

Drinks container litter and the associated litter disamenity, which is a broad term used to describe the negative impacts of litter, are serious issues which need targeted policy action to overcome.

The most recent Local Environmental Quality Survey of England (2017/18)<sup>10</sup> found alcoholic drinks related<sup>11</sup> litter at 25% of the sites surveyed, up from 19% in 2014/15,<sup>12</sup> and non-alcoholic drinks related<sup>13</sup> litter was found at 52% of the sites surveyed.<sup>14</sup> Data recorded on the Love Clean Streets App during the Great British Spring Clean (March 2017) showed that 22% of the total number of items collected were alcoholic drinks related litter and 20% were non-alcoholic drinks related litter.<sup>15</sup>

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<sup>9</sup> <http://www.keepnorthernirelandbeautiful.org/keepnorthernirelandbeautiful/documents/007330.pdf>.

<sup>10</sup> [http://www.keepbritaintidy.org/sites/default/files/resource/National%20Litter%20Survey%20201718\\_0.pdf](http://www.keepbritaintidy.org/sites/default/files/resource/National%20Litter%20Survey%20201718_0.pdf).

<sup>11</sup> Taken from the LEQSE 2017/18 glossary: Alcoholic drinks-related – all items associated with alcoholic drinks. This includes cans, bottles, wine cartons, identifiable bottle tops and ring pulls etc.

<sup>12</sup> [http://www.keepbritaintidy.org/sites/default/files/resource/National%20Litter%20Survey%20201718\\_0.pdf](http://www.keepbritaintidy.org/sites/default/files/resource/National%20Litter%20Survey%20201718_0.pdf). Although the data from the two surveys might not be exactly comparable, looking at the results it is reasonable to assume that there was probably some increase in the proportion of litter that was alcoholic drinks related between the two years.

<sup>13</sup> Taken from the LEQSE 2017/18 glossary: Non-alcoholic drinks related – all items associated with non-alcoholic drinks, including cans, bottles, cartons, identifiable bottle tops and ring-pulls etc.

<sup>14</sup> <http://www.keepbritaintidy.org/sites/default/files/resource/National%20Litter%20Survey%20201718.pdf>.

<sup>15</sup> <https://www.gov.uk/government/publications/litter-and-littering-in-england-2016-to-2017/litter-and-littering-in-england-2016-to-2017>. Alcoholic drinks-related: All items associated with alcoholic drinks; this includes cans, bottles, wine cartons, identifiable bottle tops and ring pulls, labels from bottles and beer/spirit/shot glasses.

The Marine Conservation Society Great British Beach Clean 2017 Report showed drinks container litter was part of three of the top ten item categories found on beaches (plastic/polystyrene pieces (0-50cm), glass, and caps and lids).<sup>16</sup> It also showed that litter from eating and drinking 'on-the-go' accounted for 20% of the litter on beaches.<sup>17</sup>

In Wales, the 2017/18 Local Environmental Audit and Management System report recorded drinks litter on 43.3% of the streets surveyed with the majority of these being cans (13.8%) and plastic bottles (11.7%).<sup>18</sup>

Keep Northern Ireland Beautiful (KNIB) has published a number of reports highlighting the impact of littering in Northern Ireland. Their studies have concluded that the total average spend on street cleansing across Northern Ireland in 2015-16 was £43,285,212. With a total of 744,800 households in Northern Ireland this means that on average a rate payer was charged £58.12 for cleaning the streets, even if they are not personally a litterer. Since 2012 KNIB has also published an annual Marine Litter Report<sup>19</sup> based on information collected about marine litter washing up on ten beaches (60 kilometres) around Northern Ireland. Four surveys are carried out each year and have established an average of 510 items of litter per 100m. From 2012 to 2017 the majority of this litter was plastic bottles, cans and other examples of a 'throw-away consumer' lifestyle.

Responses to the recent HM Treasury call for evidence on using the tax system or charges to address single-use plastic waste also highlighted drinks containers often used 'on-the-go' as commonly littered items.<sup>20</sup>

Keep Britain Tidy's Beacons of Litter research suggests that the presence of large items of litter (or 'beacons') such as drinks containers in an area may have a normative effect on littering, and that the presence of 'beacon' items at a site appears to encourage others to litter those same items, increasing the likelihood that other 'beacons' will accumulate.<sup>21</sup> The research found that littering of drinks containers rose drastically in sites with many 'beacons' of litter (in most cases drinks containers can be classified as 'beacons' as they are fairly large, often brightly coloured or branded).<sup>22</sup>

As mentioned above, litter disamenity refers to the negative impacts of litter. The Litter Strategy for England<sup>23</sup> highlights the significant burden that dealing with litter places on Local Authorities, and ultimately the taxpayer, at the expense of other local services. Responses to the HM Treasury call for evidence on using the tax system or charges to address single-use plastic waste (which ran from 13 March to 18 May 2018) also highlighted the disamenity of litter on public spaces and the financial burden of dealing

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Non-alcoholic drinks-related: All items associated with non-alcoholic drinks for example cans, bottles, cartons, identifiable bottle tops and ring-pulls, straws and labels from bottles. This excludes those items arising from fast food outlets, which should be classified as fast food litter.

<sup>16</sup> [https://www.mcsuk.org/media/GBBC\\_2017\\_Report.pdf](https://www.mcsuk.org/media/GBBC_2017_Report.pdf).

<sup>17</sup> [https://www.mcsuk.org/media/GBBC\\_2017\\_Report.pdf](https://www.mcsuk.org/media/GBBC_2017_Report.pdf).

<sup>18</sup> <https://www.keepwalestidy.cymru/surveys>.

<sup>19</sup> <https://keepnorthernirelandbeautiful.etinu.net/keepnorthernirelandbeautiful/documents/007295.pdf>.

<sup>20</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/734837/Plastics\\_call\\_for\\_evidence\\_summary\\_of\\_responses\\_web.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/734837/Plastics_call_for_evidence_summary_of_responses_web.pdf).

<sup>21</sup> [http://www.keepbritaintidy.org/sites/default/files/KBT\\_CFSI\\_Beacons\\_Of\\_Litter\\_2017.PDF](http://www.keepbritaintidy.org/sites/default/files/KBT_CFSI_Beacons_Of_Litter_2017.PDF).

<sup>22</sup> [http://www.keepbritaintidy.org/sites/default/files/KBT\\_CFSI\\_Beacons\\_Of\\_Litter\\_2017.PDF](http://www.keepbritaintidy.org/sites/default/files/KBT_CFSI_Beacons_Of_Litter_2017.PDF).

<sup>23</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/607747/litter-strategy-for-england-2017.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/607747/litter-strategy-for-england-2017.pdf).

with litter on local authorities.<sup>24</sup> Living in a littered environment can have negative consequences on people's mental and physical health, creating further strain on local services.<sup>25</sup> Poor local environmental quality can also discourage inward investment and may suppress property prices, damaging local economic growth.<sup>26</sup> Responses from Local Authorities to the Voluntary and Economic Incentives Working Group Report also broadly supported these points and added the potential pollution risk (for example litter reaching marine and fresh water bodies).<sup>27</sup>

The independent Call for Evidence held by the Voluntary and Economic Incentives Working Group, on measures to reduce littering and increase recycling of drinks containers, explained that it is important to encourage behaviour change to stop littering at source, and to ideally also promote the capture of valuable resources that can be recycled.<sup>28</sup> In order to create a change in people's behaviour and deliver a long-term reduction in the amount of litter that is dropped, we also need to reduce the amount of visible litter and address the perception of England, Wales, and Northern Ireland as being littered countries, because we know that people drop less litter in a clean environment.<sup>29</sup>

## Packaging recycling rates

Recent packaging recycling rates demonstrate that there are significant improvements to be made in drinks container recycling rates, especially in relation to recycling 'on-the-go'.

Data obtained by the Voluntary and Economic Incentives Working Group suggested that in 2016, 74% of plastic drinks bottles in the UK were collected for recycling.<sup>30</sup> This figure includes milk containers but does not include data from vending machines or other situations where drinks are consumed 'on-the-go'.<sup>31</sup> It also does not account for the potential rejection of contaminants from the collected material tonnages. For these reasons, the stated figure of 74% may be higher than overall actual recycling rates for plastic drinks bottles. Further data obtained by the Working Group estimated that in 2016, 70% of glass drinks bottles were collected for recycling. This figure does not include data from vending machines or hospitality. Alupro, the aluminium packaging industry body, state that in 2017 the recycling rate of aluminium drinks cans in the UK was 72%.<sup>32</sup>

The Valpak 2018 report on consumption, recycling and disposal of 'on-the go' drinks containers in the UK estimated that 65% of PET plastic drinks bottles; 59% of drinks cans;

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<sup>24</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/734837/Plastics\\_call\\_for\\_evidence\\_summary\\_of\\_responses\\_web.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/734837/Plastics_call_for_evidence_summary_of_responses_web.pdf)

<sup>25</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/607747/litter-strategy-for-england-2017.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/607747/litter-strategy-for-england-2017.pdf)

<sup>26</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/607747/litter-strategy-for-england-2017.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/607747/litter-strategy-for-england-2017.pdf)

<sup>27</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/694916/voluntary-economic-incentives-working-group-report-drinks-containers-final.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/694916/voluntary-economic-incentives-working-group-report-drinks-containers-final.pdf)

<sup>28</sup> <https://consult.defra.gov.uk/waste-and-recycling/call-for-evidence-drinks-containers/>

<sup>29</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/607747/litter-strategy-for-england-2017.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/607747/litter-strategy-for-england-2017.pdf)

<sup>30</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/694916/voluntary-economic-incentives-working-group-report-drinks-containers-final.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/694916/voluntary-economic-incentives-working-group-report-drinks-containers-final.pdf)

<sup>31</sup> This figure does not refer to non-consumer containers, which would include food service, schools, hospitals and offices, plus vending machines and cafes/restaurants/canteens where it is possible to take away a drink.

<sup>32</sup> <https://alupro.org.uk/aluminium-packaging-real-recycling-aluminium-drinks-cans-hit-72-recycling-rate-data-shows-almost-100-recycled-within-europe/>



and 51% of glass drinks bottles consumed 'away from home' are recycled.<sup>33</sup> However, Valpak suggested that recycling rates for on-the-go drinks could be as low as 7% for plastic drinks bottles; 8% for drinks cans; and 8% for glass drinks bottles consumed 'on-the-go'. Valpak's knowledge of disposable hot drinks cups placed on the market (POM) and recycling showed that for coffee cups the Away From Home (which includes 'on-the-go') levels of recycling were over-stated by 85% in consumer self-reporting. Due to the scale and availability of on-the-go recycling infrastructure, Valpak judged that it is reasonable to assume this level of over-stating also exists for plastic, metal and glass drinks containers consumed on the go, and so these lower figures are an adjustment based on assuming similar levels of over-stating.

In the 2017/18 financial year, all English local authorities collected metal drinks cans as part of their kerbside collections, 99% collected plastic drinks bottles,<sup>34</sup> and 89% collected glass drinks bottles<sup>35</sup>. The UK government is also consulting on [consistency in household and business recycling collections in England](#).

The Welsh Government published its Collections Blueprint for consistency in Local Authority recycling services in 2011. In the 2017/18 financial year all Welsh local authorities offered kerbside collection for plastic drinks bottles, glass drinks bottles and metal drinks cans.

The RECOUP 2018 UK Household Plastics Collection Survey found that only 49% of the 391 local authorities in the UK provide recycling 'on-the-go' collection units in public spaces.<sup>36</sup> Where 'on-the-go' recycling bins are provided, contamination of the material collected is often an issue, meaning it is difficult to process for recycling. The Voluntary and Economic Incentives Working Group report on drinks containers highlighted a comment from the Local Authority Recycling Advisory Committee (LARAC) that the quality of material from 'on-the-go' or street bin recycling schemes is very low.<sup>37</sup>

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<sup>33</sup> <http://www.wrap.org.uk/content/consumption-recycling-and-disposal-go-drinks-containers> These figures are based on consumer survey of drinks consumption and disposal undertaken in July 2018. Figures include drinks containers disposed of by respondents and includes both consumer (retail) and non-consumer (hospitality) consumption.

<sup>34</sup> <http://www.wrap.org.uk/sites/files/wrap/Composition%20of%20plastic%20waste%20collected%20via%20kerbside.pdf>.

<sup>35</sup> Via the WRAP LA portal <http://laportal.wrap.org.uk/Statistics.aspx>.

<sup>36</sup> <http://www.recoup.org/p/324/uk-household-plastics-collection-survey-2018>.

<sup>37</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/694916/voluntary-economic-incentives-working-group-report-drinks-containers-final.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/694916/voluntary-economic-incentives-working-group-report-drinks-containers-final.pdf).



## Our approach

Although waste and recycling policy is devolved, we want to ensure that any DRS could form part of a coherent system across the UK. The UK government and Devolved Administrations are therefore working closely together on this policy area and this consultation is being undertaken jointly by England, Wales and Northern Ireland.

Proposals which follow from this consultation will take account of the future relationship we negotiate with the EU on environmental matters.

## Basic principles for a DRS

English, Scottish and Welsh environment ministers agreed on the below principles for co-operation on a DRS, should one be introduced<sup>38</sup>:

1. Such schemes should seek to change behaviour of consumers, producers and retailers to deliver both a step change in the capture for recycling of empty drinks containers and reduce litter.
2. DRS should form part of a coherent system for improving recycling and reducing use of virgin materials, alongside producer responsibility obligations, kerbside collection and consideration of other appropriate fiscal measures. These measures should work effectively together in a way that is understandable and fair for consumers and industry.
3. Schemes should be underpinned by legislation in order to maximise their effectiveness.
4. The system should be clear and understandable for consumers, and provide convenient means of returning drinks containers and reclaiming deposits.
5. There should be a clear definition of materials to be included within the schemes.
6. The design of schemes should take into account the need to effectively serve different topographies such as urban and remote and rural communities, and disabled people, and should also address any other access challenges to make it as fair and equitable as possible.
7. Schemes should ensure producers and retailers of products take responsibility for the material they put onto the market, while not creating unfair or unreasonable costs of compliance.
8. Schemes should be underpinned by strong measures to promote compliance and limit the opportunities for fraud.

## Other DRS principles which industry stakeholders have suggested and the UK and Welsh Governments and DAERA support

- Schemes should be transparent in reporting on performance
- Schemes should be incentivised to manage costs and efficiencies

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<sup>38</sup> In the absence of a NI Minister, NI officials have worked with UK colleagues to consider DRS in a UK context, and are content with these principles which maintain the historic direction of Ministerial travel for a UK wide producer responsibility regime.

- The organisation managing the operation of the DRS should be not-for-profit
- Schemes should be operationally workable for those running return points

## 8. Do you agree with the basic principles for a DRS?

Yes

No

I neither agree nor disagree

I don't know / I don't have enough information

Please briefly state the reasons for your response. Where there are principles you do not agree with, please outline them here. Where available, please share evidence to support your view

## Proposed models for a DRS system

### Materials in scope

As described earlier, a DRS could provide the opportunity to reduce the littering of and increase recycling rates for in-scope materials. This consultation proposes that the materials included in a DRS could be polyethylene terephthalate (PET) and high density polyethylene (HDPE) plastic bottles, steel and aluminium cans, and glass bottles. All of these materials are covered by various deposit return schemes in operation in other countries.

The PlasticFlow 2025 report estimates that in 2017, there were 443k tonnes of plastic drinks packaging placed on the UK market, with only approximately 8k tonnes of these being from non-PET and non-HDPE sources; 317k tonnes was from PET drinks containers and 118k tonnes from HDPE drinks containers.<sup>39</sup> Soft drinks are mostly sold in PET drinks containers and milk is mostly sold in HDPE drinks containers.

We are consulting on two options for a DRS relating to size of containers, an 'all-in' DRS that would include containers of any size, and an 'on-the-go' DRS that would include containers smaller than 750mls. This is further explained later in the document. Our current thinking is also to exclude drinks containers containing milk from a DRS (explanation in the 'drinks in scope' section).

## 9. Should the following materials be-in scope of a DRS:

a. PET bottles

Yes

No

Neither

I don't know / I don't have enough information

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

b. HDPE bottles

<sup>39</sup>

<http://www.wrap.org.uk/sites/files/wrap/PlasticFlow%202025%20Plastic%20Packaging%20Flow%20Data%20Report.pdf>.

Yes  
No  
Neither  
I don't know / I don't have enough information

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

c. Aluminium cans

Yes  
No  
Neither  
I don't know / I don't have enough information

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

d. Steel cans

Yes  
No  
Neither  
I don't know / I don't have enough information

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

e. Glass bottles

Yes  
No  
Neither  
I don't know / I don't have enough information

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

f. Other (please specify)

Items such as cartons, pouches, and energy gel sachets are not generally included in international DRS systems. We are seeking views on whether it would be practical or cost-effective to include these types of material in-scope of a DRS. If they were not included in scope of any potential DRS, they would be captured under a reformed UK packaging producer responsibility system, which addresses packaging waste regulations more broadly.

**10. Should the following materials be-in scope of a DRS:**

a. Cartons e.g. Tetrapack

Yes  
No  
Neither  
I don't know / I don't have enough information

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

b. Pouches and sachets, e.g. for energy gels

Yes

No

Neither

I don't know / I don't have enough information

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

In some international DRS systems, certain glass bottles<sup>40</sup> are washed and refilled again after they are returned by consumers, rather than recycled in the same way as other DRS material, as a way to reduce the environmental impacts of recycling glass. This requires additional facilities, such as bottle-cleaning centres, as well as the designing and production of purpose-made re-useable glass bottles, and streamlined bottle use among producers. The bottles have a limited number of reuses before they must be recycled.

**11. If a DRS were to be introduced, should provisions be made so that glass bottles can be re-used for refills, rather than crushed and re-melted into new glass bottles?**

Yes

No

Neither

I don't know / I don't have enough information

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

## Drinks in scope

International DRS systems commonly cover a broad range of drinks including soft drinks (water and juice) and alcoholic drinks. It is less common for international schemes to include milk or milk containing beverages (although possible, for example milk and milk containing products in some Canadian provinces, or flavoured milk in parts of Australia<sup>41</sup>). An overview of international DRS systems can be found in the Reloop 2018 report *Deposit Systems for One-Way Beverage Containers: Global Overview*. A copy of the report is available here: <https://reloopplatform.eu/wp-content/uploads/2018/05/BOOK-Deposit-Global-27-APR2018.pdf>

If introduced, it would make sense for a DRS to be as ambitious as possible, so that it might facilitate litter reduction and increase recycling rates. We would therefore propose including all soft drinks (including water and juices), alcoholic drinks and drinks containing milk and plant-based drinks e.g. smoothies, milkshakes, ready-to-drink coffee, flavoured milk and yoghurt drinks (though not standalone milk or plant-based drinks – see below).

The Valpak report on consumption, recycling and disposal of on-the-go drinks containers in the UK<sup>42</sup> found that the majority of glass drinks bottles contain alcoholic drinks, with

<sup>40</sup> In Oregon, USA, for example, refillable bottles are specially designed for and used by local brewers – <https://www.bottledropcenters.com/Refill>.

<sup>41</sup> Reloop 2018 report on Deposit Systems for One-Way Beverage Containers: Global Overview <https://reloopplatform.eu/wp-content/uploads/2018/05/BOOK-Deposit-Global-27-APR2018.pdf>.

<sup>42</sup> <http://www.wrap.org.uk/content/consumption-recycling-and-disposal-go-drinks-containers>.

85% of glass bottles (by unit) containing alcoholic drinks. In order to target increased recycling of glass bottles, along with other drinks containers, we would propose to include drinks containers containing alcohol in a DRS. Alcoholic drinks containers are included in many international DRS systems, indicating that it is feasible to include in-scope of a DRS.

We do not propose including milk (dairy) as it is considered by many as an essential product which is only widely available in containers. Of the 118K tonnes of HDPE drinks containers used in 2017, 104K tonnes (88.1%) of this contained fresh milk, leaving only 14K tonnes (11.9%) of HDPE drinks containers containing other drinks.<sup>43</sup> Plant-based drinks such as soya are often not sold in the drinks container materials we have asked about in the previous section, though for instances where they are, we do not propose including them in scope due to them being considered the alternative essential product for those unable to consume milk.

	<b>Drinks proposed to be in scope for DRS (where sold in the materials listed above)</b>
<b>Water</b>	Yes
<b>Soft drinks (excluding juices)</b>	Yes
<b>Juices (fruit and vegetable)</b>	Yes
<b>Alcoholic drinks – all/some/none</b>	Yes (all)
<b>Milk containing drinks – all/some/none</b>	Yes (all)
<b>Plant-based drinks such as soya, rice, almond and oat drinks</b>	No
<b>Milk (dairy)</b>	No
<b>Other (please state which)</b>	

## 12. Should the following drinks be in-scope of a DRS:

a. Water

Yes

No

Neither

I don't know / I don't have enough information

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

b. Soft drinks (excluding juices)

Yes

No

Neither

I don't know / I don't have enough information

<sup>43</sup> Figures provided to Defra from Valpak August 2018.

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

c. Juices (fruit and vegetable)

Yes

No

Neither

I don't know / I don't have enough information

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

d. Alcoholic drinks

Yes (some)

Yes (all)

No

Neither

I don't know / I don't have enough information

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

e. Milk containing drinks

Yes (some)

Yes (all)

No

Neither

I don't know / I don't have enough information

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

f. Plant-based drinks (such as soya, rich almond and oat drinks)

Yes

No

Neither

I don't know / I don't have enough information

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

g. Milk

Yes

No

Neither

I don't know / I don't have enough information

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

h. Other (please state which):

## Disposable, single-use cups

Many of those who responded to the government's call for evidence on using the tax system or charges to tackle single use plastic waste specifically highlighted disposable cups containing plastic as a problematic item, highlighting that they are difficult to recycle due to their plastic lining and are often littered. The government recognises that this is a problem. At Budget 2018, the government concluded that a levy on all cups – for both hot and cold drinks - would not at this time be effective in encouraging a decisive shift from disposable to reusable cups across all beverage types. Businesses are already taking steps to limit their environmental impact, but the government expects industry to go further and will return to the issue if sufficient progress is not made. In the meantime, the government is considering alternative options to tackle the environmental impact of cups.

The government is exploring, in our linked consultation on reforming the packaging producer responsibility system, measures to reduce the environmental impacts of disposable cups through strong incentives for businesses to provide cups that are easy to recycle, and targets to encourage higher levels of recycling for disposable cups. This consultation seeks evidence on whether disposable cups (drinks containers filled at the point of sale), which are often littered and difficult to recycle, should be included in scope of a DRS.

There are a number of reprocessing facilities that can recycle disposable cups in the UK, with enough capacity and facilities to recycle all plastic lined paper cups for coffee currently used in the UK.<sup>44</sup> It is unclear if this capacity could cover paper cups used for other beverage types. Disposable cups, however, are not routinely collected for recycling, though some businesses are beginning to take steps to increase facilities for collection. There is therefore justification for including disposable cups in a DRS and it would be possible to do so, which could see recycling rates of these containers increase.

Disposable cups are not collected as part of most international DRS systems and further analysis is needed to assess the additional infrastructure, and associated cost, that would be required to include these containers in a DRS.

### **13. Do you think disposable cups should be in the scope of a DRS?**

- a. Disposable cups made from paper with a plastic lining (such as those used for coffee)

Yes

No

Neither

I don't know / I don't have enough information

- b. Disposable cups made of plastic (such as those used in vending machines)

Yes

No

Neither

I don't know / I don't have enough information

Please briefly state the reasons for your response. Where available, please share evidence to support your view. The government is particularly interested in any

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<sup>44</sup> [http://www.pccrg.uk/uploads/3/1/9/1/31915573/pccrg\\_year\\_two\\_report.pdf](http://www.pccrg.uk/uploads/3/1/9/1/31915573/pccrg_year_two_report.pdf).

evidence on whether or not it would be practical or cost effective to include disposable cups in the scope of a DRS.

## Material and financial flows in a DRS

The diagram and text below describes the material and financial flows in what we consider to be a well-designed DRS system.

In the below diagram, a drinks container within the scheme would need to be labelled during manufacture to show that it falls within the DRS system and include a means to indicate its '**deposit value**' (e.g. through a code), and any additional markings for fraud prevention. The deposit value is added on top of the price of the drink, and this cost would be passed through the supply chain (consumer, retailer, distributor, producer).



# MATERIAL AND FINANCIAL FLOW DIAGRAM

The diagram illustrates the material and financial flows within a Deposit Return System (DRS). It features six main entities: Producers/Importers, Deposit Management Organisation (DMO), Recycler, Distributors, Return points/Retailers, and Consumers. The flows are categorized into three types: Material (dashed green arrows), Deposits (solid red arrows), and Cost/Revenue (dotted orange arrows).

- Material Flows (dashed green arrows):**
  - From Producers/Importers to Distributors.
  - From Distributors to Return points/Retailers.
  - From Return points/Retailers to Collection system.
  - From Collection system to Counting center.
  - From Counting center to Recycler.
  - From Recycler back to Producers/Importers.
- Deposit Flows (solid red arrows):**
  - From Producers/Importers to DMO (labeled 'Deposit passed to Deposit Management Organisation').
  - From DMO to Producers/Importers (labeled 'Producer fee paid to Deposit Management Organisation').
  - From DMO to Return points/Retailers (labeled 'Deposit paid on redemption').
  - From Return points/Retailers to Distributors (labeled 'Deposit paid on purchase').
  - From Distributors to Consumers (labeled 'Deposit paid on purchase').
  - From Consumers to Return points/Retailers (labeled 'Deposit paid on return\*').
- Cost/Revenue Flows (dotted orange arrows):**
  - From Recycler to DMO (labeled 'Material revenue').
  - From DMO to Recycler (labeled 'Expenses paid').
  - From DMO to Collection system (labeled 'Expenses paid').
  - From Collection system to DMO (labeled 'Handling fee paid on redemption').

**\*Where drinks containers covered by the DRS are not returned by consumers for reimbursement of the deposit value, this deposit value is automatically retained by the DMO. This is known as an 'unredeemed deposit'.**

## What would I be required to do under a DRS?

### Customer

As a customer, when purchasing a drink that is in-scope of the DRS, such as a bottle of water or a fizzy drink, you would be required to pay a deposit in addition to the cost of the drink. This deposit would be included in the price of your drink. The deposit amount can then be redeemed on returning the drinks container to a collection point. A collection point would either be an automated return point using a reverse vending machine or a manual return point, hosted by a shop for example, where drink containers are returned over-the-counter. You would not be expected to return the drinks container to the same place that you bought the drink.

### Producer

If you are a producer that is placing drinks beverage products in drinks containers within scope of the DRS on the market in England, Wales or Northern Ireland, you would be required to join the DRS. Any such drinks container would need to be labelled to show that it falls under the DRS and to prevent fraud in the system. You would be required to add the deposit amount to the price of your products, to be paid by the distributor, retailer or consumer purchasing them from you. This ensures that the paying of the deposit amount is transferred through the supply chain from producer to distributor, retailer, and then consumer. The deposit amount would then be passed into the central body operating the DRS (the Deposit Management Organisation (DMO)) to be refunded to the customer (via the collection points within the DRS). You would also be required to pay an annual producer fee to the DMO, to fund on-going operational costs, and you would be responsible for funding the set-up costs of a DRS.

### Retailer

As a retailer, when you purchase drinks from a distributor or producer, you would pay the price of the product plus the deposit amount. You would be required to add the deposit amount to the price of the drinks you are selling. Consumers would then pay you this deposit amount. This ensures that the paying of the deposit amount is transferred through the supply chain from producer to distributor, retailer, and then consumer.

If you are a retailer above a certain size (to be determined following this consultation) you would be required to take back drinks containers in scope of a DRS and refund the deposit amount to the customer. This could either be done by hosting a reverse vending machine (RVM), or for small retailers, by hosting manual over-the-counter return points. The amount you refund to the customer would be reimbursed to you by the central body operating the system (the DMO), allowing you to take back drinks containers even if they were not sold by you. Costs associated with taking back drinks containers that you incur (for example capital and labour costs, opportunity cost of housing take-back) would also be refunded to you through a handling fee paid to you by the central body operating the system. Containers collected through RVMs or manual collection return points would need to be stored somewhere safe on your premises. The DMO would then ensure that these stored containers are collected from you to be sent on for recycling.

We propose that the producer would pay the deposit value to the DMO. This could then be passed on to retailers/those running return points to directly match the amount being refunded to consumers when they return empty drinks containers. This would allow consumers the flexibility to return their drinks container to a return point of their choice, and not necessarily the same place they bought the drink, to obtain the refund. The DMO would manage and track the flow of deposits through the system transparently. Where drinks containers covered by the DRS are not returned by consumers for reimbursement of the deposit value, this deposit value would be automatically retained by the DMO. This is known as an '**unredeemed deposit**'. A well-functioning DRS should have a low number of unredeemed deposits as it should be easy for consumers to return drinks containers.

In most international DRS systems, consumers can return drinks containers to an automated return point using a reverse vending machine (RVM) or a manual return point (for example handing drinks containers back over the counter of a small shop). Those hosting return points are paid a '**handling fee**' by the DMO to reimburse them for the associated costs. Maintenance of RVMs would fall to the DMO.

Once consumers have returned drinks containers, they fall under the ownership of the DMO. In some international schemes, drinks containers returned through manual return points are then taken to counting/sorting centres so that their collection can be accurately recorded and they can be sorted into separate material types, before they are then sent on to recycling centres. In some schemes the counting and sorting of manual returns is done by those operating the return point. If drinks containers have been returned through automated return points, an RVM could transmit collection data back to the DMO and a counting centre stage is not necessarily needed before the drinks containers are sent to a recycling centre. The DMO would ensure reimbursement for the company(ies) transporting drinks containers to the counting centre (where relevant) and transportation to the recycling centre.

Drinks container material collected through a DRS is generally of a high quality and sought after by recycling centres due to the low levels of contamination. Recycling centres (ideally domestic ones) would therefore pay the DMO for their collected drinks containers. These payments are known as '**material revenue**'.

The recyclers will then be able to sell material back to producers for inclusion in new drinks containers – e.g. rPET (recycled PET plastic). The DRS system therefore aims to create a circular economy.

Budget 2018 announced the introduction of a world leading new tax on the production and import of plastic packaging from April 2022. Subject to consultation, this tax will apply to all plastic packaging which does not contain at least 30% recycled content. The tax will provide a clear economic incentive for businesses to use recycled material in the production of plastic packaging, which in turn will create greater demand for this material. To ensure a coherent approach, the government will consult on this alongside the consultation on a reformed packaging producer responsibility system as outlined in the linked consultation. Together these measures will transform the financial incentives for manufacturers to produce more sustainable packaging, ensuring that far more packaging can be recycled, and that more recycled plastic is used in their packaging.

**14. Do you agree with the proposed material flows as described above?**

Yes

No

I neither agree nor disagree

I don't know / I don't have enough information

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

**15. Do you agree with the proposed financial flows as described above?**

Yes

No

I neither agree nor disagree

I don't know / I don't have enough information

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

## **Overlap with the packaging producer responsibility system**

As all items under consideration for inclusion in a potential DRS are packaging, there will be a need to ensure that any future packaging regulations take this into account.

One option to avoid a 'double-charge' on producers would be for producers obligated under a DRS to not also be obligated under a reformed packaging producer responsibility system for the same packaging items. Companies would still be required to register under the packaging regime for all other types of packaging handled (and possibly still provide data on 'DRS items') but would only be expected to meet the compliance costs for the non-DRS packaging placed on the market.

In a similar way to the proposed reforms of the packaging producer responsibility system, the producer fee, which would be decided by the DMO, would vary based upon the recyclability of drinks containers placed on the market. This would mean that fees would be higher for containers that are more difficult to recycle, e.g. non-clear PET or those in plastic sleeves, and lower on those that are more readily recyclable and use recyclable designs. Fees would also be paid based on net costs e.g. choosing materials with poor end markets would also affect the amount producers pay. In this way, the DRS would act as its own Extended Producer Responsibility System. For analysis purposes, this is the current position set out in our accompanying Impact Assessment.

An alternative option would be for producers obligated under a DRS to also be obligated under a reformed packaging producer responsibility system. The aim of this would be to ensure producers obligated under a DRS would also be incentivised to change manufacturing processes and product design as a result of being obligated under the reformed packaging producer responsibility system. In this case, provisions would need to be made to ensure that producers obligated under a DRS would not be unfairly disadvantaged by a 'double-charge' under both systems.

**16. Should producers obligated under a DRS be:**

- a. Exempt from obligations under the reformed packaging producer responsibility system for the same packaging items?
- b. Also obligated under the reformed packaging producer responsibility system for the same packaging items?
- c. Other (please explain)
- d. I don't know/I don't have enough information

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

**17. If producers were obligated under both a DRS and a reformed packaging producer responsibility system for the same packaging items, how could we effectively ensure that they would not be unfairly disadvantaged by a 'double charge'?**

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

## **Deposit Management Organisation (DMO)**

**Explanation:** The DMO is the central body whose role is to manage the operation of the DRS, including financial flows (deposit values, unredeemed deposits, producer fees, handling fees and material revenue from recycling), logistics (ensuring collected material reaches the recycler), some DRS infrastructure (e.g. maintenance of RVMs) and reporting to government on collection rates.

The DMO would be responsible for meeting high collection targets<sup>45</sup> set by government for drinks containers within scope of the DRS and report evidence of meeting these. This would be monitored and enforced by a separate body (see monitoring and enforcement section later in the document). High collection targets would ensure there is a stream of high quality material which should, as a result, ensure higher levels of recycling. This would be coupled with obligations on producers to meet ambitious recycling targets under a reformed packaging waste producer responsibility system, which would take into account any collection target set for drinks containers under a DRS. This is considered in our linked consultation on reforming the packaging producer responsibility system, in a section looking at future higher UK packaging recycling targets post-2020.

**18. Do you agree that the DMO should be responsible for meeting high collection targets set by government?**

- Yes
- No
- I neither agree nor disagree
- I don't know / I don't have enough information

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

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<sup>45</sup> The EU Directive on Single Use Plastics proposes member states collect, by 2025, 77% of the single-use plastic bottles placed on the market by weight, and 90% by 2029.

**19. Should the DMO also be responsible for meeting high recycling targets set by government?**

- Yes
- No
- I neither agree nor disagree
- I don't know / I don't have enough information

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

We think it is vital that the DMO is transparent in managing financial flows and run on a not-for-profit basis. We propose that the costs to the DMO are financed by DRS producer fees and material revenue (from recycling). We are seeking views in this consultation on whether unredeemed deposits should also be used to part-fund the DRS system, as is the case in many international DRS systems, or whether unredeemed deposits should instead be passed to the Exchequer.

If proposed financial streams do not lead to the DMO 'breaking-even' in a given year then producers would be liable for making up this cost through higher producer fees. As return rates for drinks containers in a DRS increase, and therefore the recycling rate also increases (the DRS is operating well), unredeemed deposits decrease. In a well-functioning DRS, and with high collection targets required by government, the level of unredeemed deposits should be low.

The DMO would be the central body managing the operation of the DRS day-to-day and so would be best placed to co-ordinate these financial elements.

**20. Should unredeemed deposits be used to part-fund the costs of the DRS system?**

- Yes
- No
- Neither
- I don't know / I don't have enough information

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

**21. If unredeemed deposits are not used to part-fund the costs of the DRS system, do you agree they should be passed to government?**

- Yes
- No
- Neither
- I don't know / I don't have enough information

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

**22. Do you have alternative suggestions for where unredeemed deposits could be allocated?**

The leadership of the DMO would need to be representative of and trusted by drinks producers and by retailers, as well as by consumers. In some countries government runs this organisation (or is involved in it to some degree), whereas in others it is industry-led by an organisation made up of individual companies or trade associations which can represent all/some of the following industries included in the DRS: drinks producers, importers, retailers and logistics.

As a DRS is a method of producer responsibility for drinks beverage producers, our preference would be for a DMO administrated and operated by relevant trade associations for the producers covered by the scope of the DRS. It may also be necessary to have trade associations representing those hosting return points for drinks containers to be represented on the leadership of the DMO.

In our view an industry-trade association-led DMO would be best placed to set producer fees in order to reflect the cost of running the system. However, we propose that it should be for government to set the deposit level/s, on advice from the DMO. The deposit would need to be set at an appropriate level to not affect consumer purchasing habits (as far as possible), but also incentivise consumers to return empty drinks containers. Trade associations representing producers would be close to the drinks market (through their membership) and therefore well-placed to consider the appropriate deposit level/s. We propose that the deposit level should be reviewed and approved by government before it is applied (outlined further in the 'Deposit' section). High collection targets (and any associated consequences of not meeting these) would incentivise the DMO to operate efficiently and meet producer responsibility principles.

We also envisage that the DMO would be responsible for ensuring that there are appropriate return provisions for drinks containers in place, and that these are accessible. We would also envisage the DMO being responsible for setting the 'handling fee' and then paying this to those hosting a return point, reimbursing those that transport drinks containers from return points to recyclers (and counting/sorting centres where these are needed) and funding the counting/sorting centres as appropriate.

We propose that the material returned by consumers should remain under the ownership of the DMO for ease of operation of the DRS, and to ensure the material revenue from this being recycled easily reaches the DMO.

**23. If the scheme is managed by the DMO, which of the following bodies should be represented on the management board:**

- a. Industry (drinks producers)?
- b. Government
- c. Trade associations representing those hosting return points (e.g. retailers, small shops, transport hubs)?
- d. Companies representing those hosting return points (e.g. retailers, small shops, transport hubs)?
- e. Other (please specify)

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

**24. Should there be government involvement in the set-up/running of the DMO body?**

Yes

No

Neither

I don't know / I don't have enough information

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

**25. Do you agree with the government's proposals that a DMO would:**

- a. Advise government on the setting of the deposit level/s

Yes

No

I neither agree nor disagree

I don't know / I don't have enough information

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

- b. Set producer/importer fees

Yes

No

I neither agree nor disagree

I don't know / I don't have enough information

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

- c. Be responsible for tracking deposits and financial flow in the DRS – and ensuring those running return points are paid the deposits they refund to consumers

Yes

No

I neither agree nor disagree

I don't know / I don't have enough information

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

- d. Set and distribute the handling fees for return points

Yes

No

I neither agree nor disagree

I don't know / I don't have enough information

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



- e. Be responsible for ensuring that there are appropriate return provisions for drinks containers in place, and that these are accessible?

Yes

No

I neither agree nor disagree

I don't know / I don't have enough information

- f. Be responsible for maintenance of reverse vending machines (RVMs) and provision of bags/containers to those running manual return points

Yes

No

I neither agree nor disagree

I don't know / I don't have enough information

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

- g. Own the material returned by consumers

Yes

No

I neither agree nor disagree

I don't know / I don't have enough information

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

- h. Reimburse those transporting returned drinks containers to recyclers/counting/sorting centres – and manage these contracts

Yes

No

I neither agree nor disagree

I don't know / I don't have enough information

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

- i. Fund counting sorting/centres – and manage the contracts for counting/sorting centres

Yes

No

I neither agree nor disagree

I don't know / I don't have enough information

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

- j. Be legally responsible for meeting the high collection targets set by government for drinks containers within scope of the DRS.

Yes

No

I neither agree nor disagree

I don't know / I don't have enough information

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

k. Measure and report recycling rates to government

Yes

No

I neither agree nor disagree

I don't know / I don't have enough information

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

l. Run communications campaigns to aid consumer understanding of the DRS

Yes

No

I neither agree nor disagree

I don't know / I don't have enough information

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

## Producers

We propose that all producers of drink beverage products that would fall within the scope of a DRS would be mandated to join the DRS via a fee paid to the central body managing the operation of the DRS (the Deposit Management Organisation (DMO)). This is known as the '**producer fee**'. We define producers as those who are placing on the market drink beverage products in drinks containers within scope of the DRS. This would include those who import drink beverage products to put onto the market in England, Wales and Northern Ireland. We would not propose the inclusion of those who manufacture the physical containers; these are currently being considered in the linked consultation on the reform of the packaging producer responsibility system. We would not class retailers as producers under this definition, unless they place own-branded drinks on the market, and address retailers separately later in the document.

### **26. Do you agree with our proposed definition of a producer?**

Yes

No

I neither agree nor disagree

I don't know / I don't have enough information

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

**27. Should there be a de minimis which must be crossed for producers and importers of drinks in-scope of a DRS to be obligated to join the scheme?**

Yes

No

Neither

I don't know / I don't have enough information

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

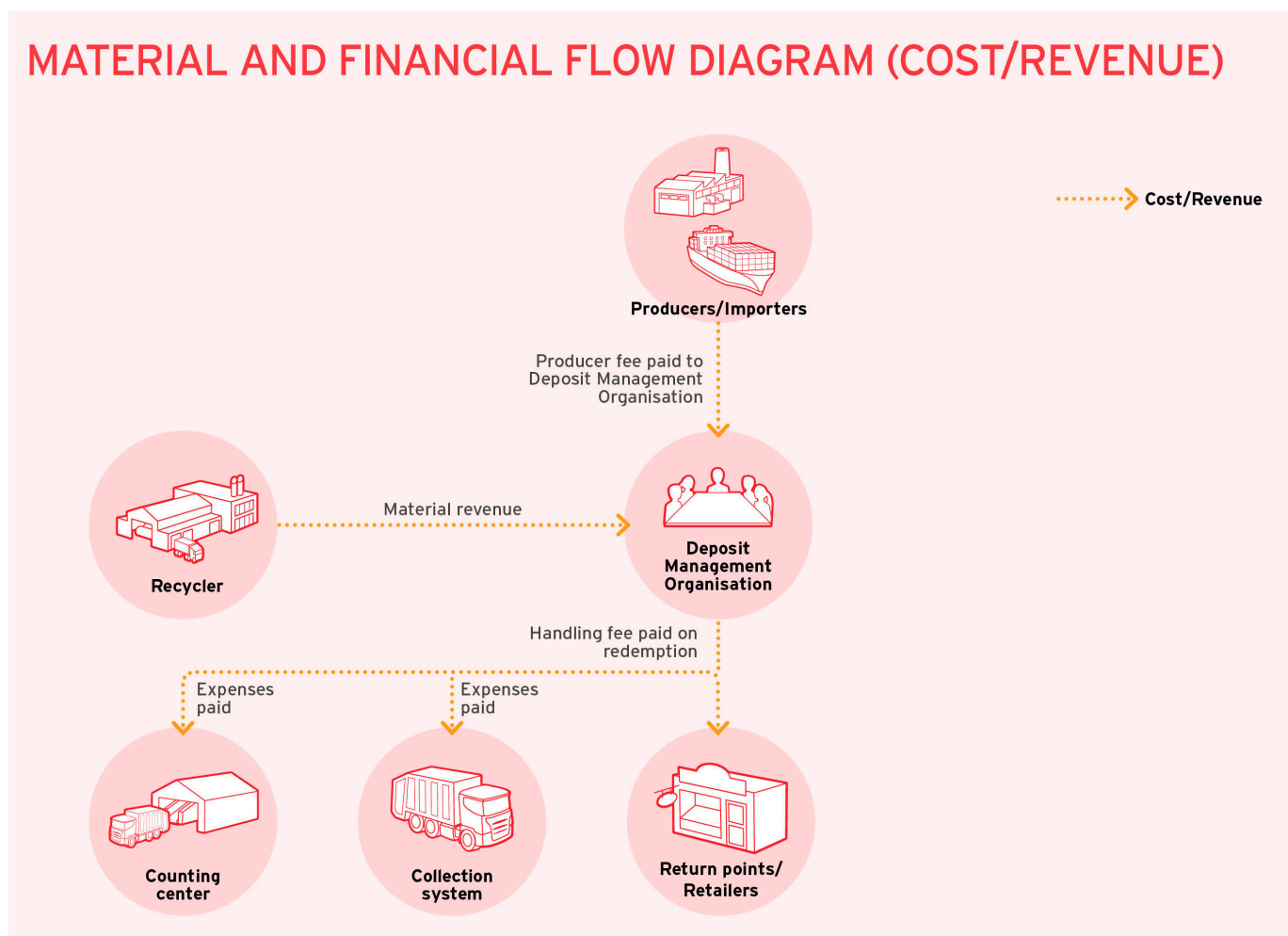
**28. Should a de minimis be based on:**

- a. Number of employees
  - i. If yes, how many employees?
- b. Sales figures
  - ii. If yes, what figure?
- c. Volume/weight of drinks put on the market
  - iii. If yes, what volume/weight?
- d. None of these
- e. Other

After drinks container material collected through a DRS is sent to a recycler, our preference would be for this to then be recycled back into drinks containers where possible. Producers who initially put a certain number of tonnes of (for example) PET onto the market may wish to have the first rights to 'buy back' the same amount of recycled PET for use in their own drinks containers.

**29. If there is a buy back scheme for recycled materials, do you have evidence for how this could be effectively run?**

Figure 2



## Set-up costs

**Explanation:** As government, we endorse the principle of full-net cost recovery, meaning that producers cover the net cost (taking account of revenue from the sale of materials) of managing their products at end-of-life. This is also explained in the linked consultation on packaging producer responsibility reform. The set-up of a DRS would be subject to the same principle. That is, were a DRS to be introduced, producers would meet their full-net cost recovery obligations for in-scope drinks containers by being part of a DRS.

The DMO would be the central body managing the operation of the DRS day-to-day and we propose would be best placed to co-ordinate the set-up of the DRS. The fair distribution of associated set-up costs among obligated producers could also be the role of the DMO.

One notable set-up cost would be related to the provision of Reverse Vending Machines (RVMs). The DMO, in consultation with those who would be hosting return points (see section on retailers/return provisions), would need to make a decision on the specification of RVMs for the DRS as they would technically be the 'owner' of returned drinks container material (i.e. if metal cans, glass bottles and plastic bottles are in scope, should RVMs be able to accept all three materials be the standard, and should these RVMs be compacting). Similarly, the DMO would need to set the protocol for those running manual return points and provide the bags/containers for storage of returned drinks containers.

Retailers and those hosting return points for drinks containers would need to be consulted by the DMO in making these decisions. There would also need to be a decision on whether RVMs are owned by the DMO, or whether those hosting return points source RVMs to the specification/s agreed with the DMO direct from the RVM manufacturers. As mentioned above, those hosting return points would be paid a handling fee by the DMO to reimburse them for associated costs. The DMO may also be best placed to set up the associated IT system for running the system.

The set-up period would also need to cover the infrastructure and logistics of the DRS (for example calculating how many return points (manual/automatic) are needed and siting these, setting up counting/sorting centres as appropriate and tendering contracts for these if needed, and the transport of collected material from return points through to recyclers).

**30. In line with the principle of full net cost recovery, the government proposes that producers would cover the set up costs of the DMO? Do you agree with this proposal?**

Yes

No

I neither agree nor disagree

I don't know / I don't have enough information

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

**31. Should the DMO be responsible for co-ordinating the set-up of the DRS, including buying RVMs and an IT system?**

Yes

No

Neither

I don't know / I don't have enough information

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

## **Operational costs**

**Explanation:** Following the principle of full net cost recovery, we believe that packaging producers and importers should be responsible for funding the collection, transport, sorting and treatment of packaging waste. Additionally, they should be responsible for funding consumer communication campaigns and the clean-up costs of littered packaging items. Local authorities are currently funding the majority of these activities (please see the local authority section later in this document). Were a DRS to be introduced, producers would meet their full-net cost recovery obligations for in-scope drinks containers by being part of a DRS.

As explained above, producer fees and material revenue (from selling on collected drinks containers for recycling) would be the main financial inputs to the DMO operating the DRS. We propose that all producers of drinks using containers within scope of a DRS would be

mandated to join the DRS via a producer fee paid to the DMO managing the operation of the DRS. If producers were not mandated to be involved with the scheme it could lead to decreased participation and therefore a decrease in the positive environmental outcomes that a DRS would be able to achieve.

**32. Should producers of drinks within a DRS be responsible for DRS operational costs?**

Yes

No

Neither

I don't know / I don't have enough information

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

## **Retailers / return provisions**

In a well-functioning DRS it will be easy for consumers to return drinks containers and obtain their deposit refund. This may mean that consumers choose to return a drinks container to either the same place, or a different place to where they bought it. This could be via a reverse vending machine (RVM) or manually via over-the-counter take-back provisions in smaller retail stores.

We propose that all retailers would be obligated to provide a return point unless they fall below a potential de minimis which would exempt them from the obligation to host a return point. As mentioned earlier, those hosting return points are paid a '**handling fee**' by the DMO to reimburse them for the associated costs. This 'handling fee' may be different depending on whether the return point is manual ('over-the-counter' returns) or automatic (through a reverse vending machine (RVM)), or could relate to factors such as the floor space taken up by an RVM (which if in a shop, for example, could have otherwise been used for sales) or the storage space taken up by manually returned drinks containers before they are collected. We envisage determination of this handling fee to be a role for the DMO. Financing the maintenance of RVMs and provision of bags/containers to store manually returned drinks containers would fall to the DMO.

To provide consumers with convenient options for returning empty drinks containers while 'on-the-go', we would envisage not only return points in/near shops where drinks containers can be purchased, but also in other places with high footfall. For example, potentially in transport hubs (such as railway stations), leisure facilities (such as gyms), and event locations (such as stadiums) though we are aware that in certain locations, such as those outdoors, planning permission may be required to site an RVM. In rural communities with fewer places where drinks containers can be purchased, and where there is lower footfall, it could perhaps be logistically more feasible for a return point / RVM to service a number of small shops. We propose that the practical details relating to the siting of specific return points (manual/automatic via RVMs) would be the responsibility of the DMO, who would take into account any potential de minimis under which a retailer would not be obligated to host a return point. Where necessary, the DMO may need to discuss their proposals with the local planning authority.

The DMO, in conversation with those hosting return points, may wish to set specifications for RVMs and would need to agree the manual return process (for example the method for refunding deposits and storing returned drinks containers).

We would want a DRS to be equally accessible for all, and for no consumers to experience difficulty in returning empty drinks containers to receive their deposit refund. We would also want a DRS to avoid increasing carbon emissions due to consumers using cars to transport their drinks beverage containers to return points where they previously would not have used cars for visiting these locations. If drinks containers are consumed 'on-the-go' we would expect consumers to be able to readily access return points. For any drinks containers consumed in the home which would be in scope of a DRS and where consumers would find it difficult to store and return these to a return point (for example consumers who may have certain medical conditions or mobility limitations, older people, those in rural areas without access to a car and/or without a return point within reachable proximity by foot or public transport, and those who would receive their drinks in drinks beverage containers in-scope of a DRS via an online shopping delivery), there would need to be provision which would allow these consumers to return drinks containers and receive their deposit refund. For example, we will explore possibilities for pick-up services for in-scope DRS material in remote and rural areas and for those who would not otherwise be able to access a return point; RVMs could be located in areas of high footfall such as transport hubs, so that they are more easily accessible than if only placed within retail points; online retailers selling drinks in in-scope drinks containers could be obligated to pick up and refund DRS material. As mentioned above, we envisage it being the responsibility of the DMO to ensure that there are appropriate return provisions for drinks containers in place, and that these are accessible.

For retailers whose business is solely online through sales direct to consumers, there may need to be a take-back (return) obligation placed upon them to maintain fairness between them and retailers with a physical presence. The implications on delivery vehicles providing a 'reverse haul' service is discussed later in this document.

**33. Which of the following should be obligated to host a return point?**

- a. Retailers who sell drinks containers in scope
- b. Transport hubs
- c. Leisure centres
- d. Event venues
- e. None of these
- f. Other (please specify)

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

**34. What might the impacts be on those hosting:**

- (a) Reverse vending machines? Where available, please share evidence to support your view.
- (b) Manual return points? Where available, please share evidence to support your view.

**35. Are there any Health and Safety-specific implications that may be associated with hosting return points?**

**36. Is there a de minimis level under which businesses who sell drinks in scope should be exempt?**

Yes

No

Neither

I don't know / I don't have enough information

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

**37. Should a de minimis be based on:**

- a. Floor size
  - i. If yes, what floor size?
- c. Sales figures for drinks in scope
  - ii. If yes, what figure?
- d. Number of employees
  - iii. If yes, how many employees?
- e. None of these
- f. Other (please specify)

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

**39. Do you have alternative suggestions for return provisions that could be used to accept the return of drinks containers? Please provide details.**

**40. For consumers who would have difficulty returning empty drinks containers, what provisions could be put in place so that these consumers are able to return drinks containers and receive their deposit refund?**

**41. What provisions could be put in place for rural areas where there may be few small retail outlets spread over a wider area, in order to ensure that there are adequate return and collection facilities?**

**42. Do you have evidence that would help inform us about whether there is potential for siting RVMs outdoors e.g. in parks, at existing outdoor recycling centres, on highstreets?**

**43. Should online retailers selling drinks in in-scope containers be obligated to pick up and refund DRS material?**

Yes

No

Neither

I don't know / I don't have enough information



Please briefly state the reasons for your response. Where possible, please provide supporting information.

**44. Should there be a de minimis under which online retailers would not be obligated to pick up and refund DRS material?**

Yes

No

Neither

I don't know / I don't have enough information

If yes, should a de minimis for online retailers be based on:

- a. Sales figures for drinks in scope
- b. Number of employees
- c. None of these
- d. Other (please specify)

**45. Should certain businesses which sell drinks in in-scope drinks containers host return points, e.g. pubs, hotels, cafes? Please provide details.**

Yes

No

Neither

I don't know / I don't have enough information

Please briefly state the reasons for your response. Where possible, please provide supporting information.

**46. Should there be an opportunity for retailers that don't stock drinks / those who may not be obligated to provide a return point to 'opt-in'?**

Yes

No

Neither

I don't know / I don't have enough information

Please briefly state the reasons for your response. Where possible, please provide supporting information.

**47. Do you have any further views, comments or evidence in relation to retailers not already covered above?**

## **On-trade Sales**

There will be occasions where drinks in scope of a DRS are sold on the premises of 'on-trade' businesses such as hotels, bars and restaurants, and tend to be drunk on site. Often these businesses collect and sort empty drink containers themselves through waste contracts, which can be costly. In countries such as Norway that operate a DRS, these costs can be reduced whereby businesses receive a small 'handling fee' for drink

containers returned through the system. Businesses pay the deposit, redeeming this when they return the empty drink containers. On occasions where customers remove drinks from the premises, premises can decide to charge and return the deposit to customers if empty bottles are returned.<sup>46</sup> This is one example of how a DRS can accommodate on-trade businesses, and we welcome your thoughts on this option and any other options you should think we should consider.

#### **48. How should a DRS account for 'on-trade' sites such as bars and restaurants**

### **The deposit**

The deposit forms the incentive for customers to return containers. In other parts of Europe, this varies between 6p and 35p.<sup>47</sup>

There are various considerations associated with the deposit level. For example, a 'flat rate' where the deposit level is the same across all containers would be the most straightforward approach. A variable deposit level could reflect the different values of container materials, but might influence people's buying habits and cause market shifts between certain drink formats and materials. It is possible the deposit for glass could be higher to reflect the injury risk it poses if littered and broken.

We propose that government would be responsible for setting the deposit level. As this would be part of the mechanism that allows the DMO to reach high collection rates, the DMO would be able to advise government on what an appropriate deposit level should be.

Alongside this consultation, we are also conducting consumer research to inform design of an effective deposit return scheme. This will include looking at the likely impact of different deposit levels on consumer behaviour, and include insights from people of different socio-economic grades, ages and levels of rurality.

#### **49. What do you consider to be the optimum deposit level to incentivise return of drinks containers?**

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

#### **50. Should the deposit level be a flat rate across all drinks containers covered by the DRS?**

Yes

No

Neither

I don't know / I don't have enough information

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

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<sup>46</sup> [http://www.parliament.scot/S5\\_Environment/General%20Documents/20170530\\_Have\\_you\\_got\\_the\\_bottle.pdf](http://www.parliament.scot/S5_Environment/General%20Documents/20170530_Have_you_got_the_bottle.pdf).

<sup>47</sup> <https://reloopplatform.eu/wp-content/uploads/2018/05/BOOK-Deposit-Global-27-APR2018.pdf>.

**51. Should there be an alternative deposit level for drinks containers in a multipack, rather than each container carrying the same deposit?**

Yes

No

Neither

I don't know / I don't have enough information

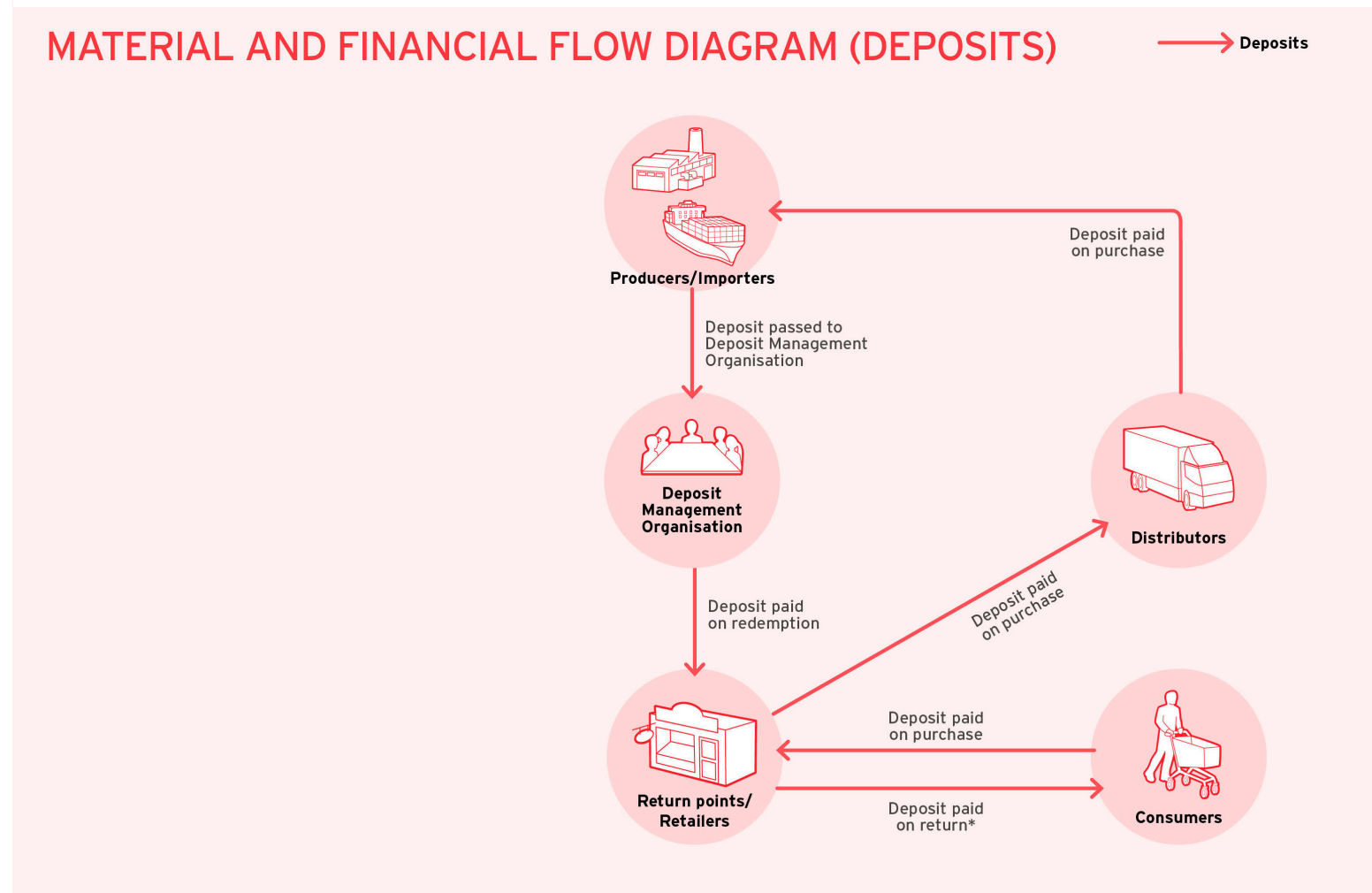
Please briefly state the reasons for your response. Where available, please share evidence to support your view

**52. How do you think deposits should be redeemed? Please tick all that apply.**

- a. Voucher (for deposit value, printed by the reverse vending machine or by the retail assistant at manual drop-off points)
- b. Digitally (for example a digital transfer to a smartphone application)
- c. Cash
- d. Return to debit card
- e. Option to donate deposit to charity
- f. Other (please state)
- g. None of the above

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

Figure 3



\*Where drinks containers covered by the DRS are not returned by consumers for reimbursement of the deposit value, this deposit value is automatically retained by the DMO. This is known as an 'unredeemed deposit'.

## **Sending material on for recycling and data recording**

Once consumers have returned drinks containers, these fall under the ownership of the DMO and it is therefore the responsibility of the DMO to ensure these are collected from the return points. International experience demonstrates that drinks container material collected through a DRS is generally of a high quality and sought after by recycling centres due to the low levels of contamination. Recycling centres (ideally domestic ones) would therefore pay the DMO for their collected drinks containers. These payments are known as 'material revenue'.

In some international schemes, drinks containers returned through manual return points are then taken to counting centres so that their collection can be accurately recorded and they can be sorted into separate material types, before they are then sent on to recycling centres. In some schemes the counting and sorting of manual returns is done by those operating the return point. If drinks containers have been returned through automated return points then the RVM machine can transmit collection data back to the DMO and a counting centre stage is not necessarily needed before the drinks containers are sent to a recycling centre.

We propose that the DMO would be responsible for arranging for the collection and transportation of returned drinks containers. The DMO would ensure the company/ies transporting drinks containers to the counting centre (where relevant), work of the counting centre (where relevant) and transportation to the recycling centre are reimbursed.

The DMO would also be responsible for ensuring accurate data collection through both manual return points and RVMs and reporting this to government.

### **53. Should the DMO be responsible for ensuring that there is evidence that drinks containers have been recycled?**

- Yes
- No
- Neither
- I don't know / I don't have enough information

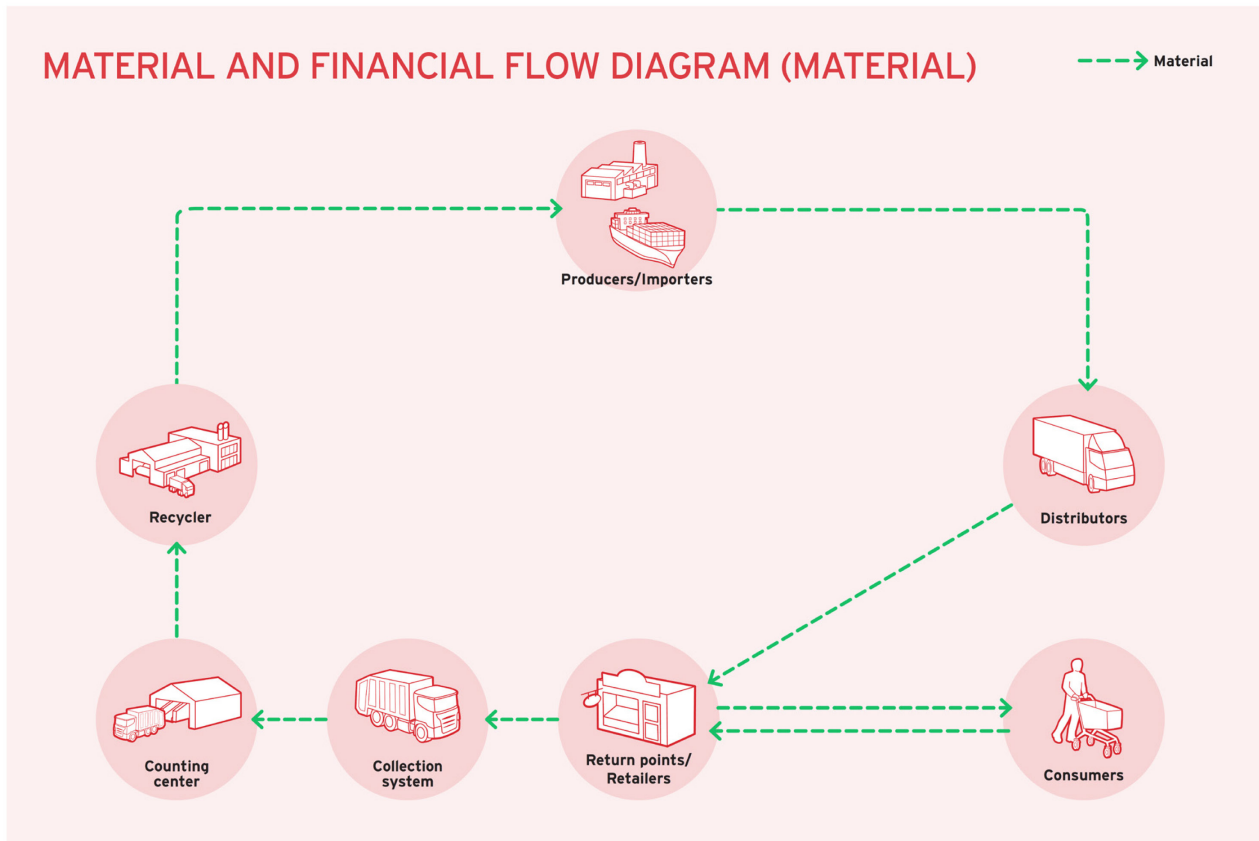
Please briefly state the reasons for your response. Where available, please share evidence to support your view.

### **54. In addition to reporting on collection rates, should the DMO also be obliged to report on recycling rates of in-scope drinks containers?**

- Yes
- No
- Neither
- I don't know / I don't have enough information

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

Figure 4



## Transparency

As explained in previous sections, we would envisage the DMO being responsible for the financial flows in a DRS and it being vital that these are fairly managed and transparent to all stakeholders.

### **55. How do you think transparent financial flows in a DRS could be achieved most effectively?**

Please explain your answer, providing evidence where available.

# Monitoring and enforcement

## The DMO

The DMO would be responsible for the operation of the DRS including the material and financial flows, meeting collection targets set by government for drinks containers within scope of the DRS, and reporting evidence of meeting these. As the DMO would be responsible for coordinating the financial elements of a DRS, the DMO's functioning would need to be transparent and subject to regular and rigorous audit.

There would need to be monitoring/enforcement body(ies) to:

- Ensure fairness in the system (including for those contributing financially)
- Audit and inspect the operation of the DRS (including participation of producers/importers, management of financial and material flows, setting of the deposit level/s (if this is done by the DMO))
- Ensure reported collection rates and the financial accounts of the DMO are accurate (for example that the DMO is being run as not-for-profit)
- Handle complaints against the DMO

If targets/requirements were set for recycling of DRS collected material then this would also need to be monitored/enforced.

This monitoring/enforcement body would be independent from the DMO, producers and those involved in the operation of the DRS and likely connected to government. This function could be covered by the Environment Agency(ies) which has fulfilled a similar role under the PRN system and therefore has experience in this area. It may be that more than one body would be required to monitor and enforce the DMO. The linked consultation on reforming the packaging producer responsibility system details possible changes to compliance/monitoring/enforcement under wider producer responsibility reforms.

If the DMO fails to meet collection targets for in-scope DRS materials we propose there would be a penalty in the form of a fine on the DMO. It would then be the responsibility of the DMO to apportion this fairly to producers. If producers/importers were mandated to 'join' the DMO and did not meet any of their obligations then they could also receive a penalty in the form of a fine.

Alongside regular reviews of the DRS, there may be a place for spot checks of various elements of the scheme.

### **56. Would Environment Agencies in England, Wales and Northern Ireland be best placed to monitor/enforce a DRS covering England, Wales and Northern Ireland?**

If no, why and is there another body that would be better suited to perform this function?

Yes

No

Neither

I don't know / I don't have enough information

Please explain your answer.

**57. How frequently should the DMO be monitored?**

(This monitoring would look at, i.e., financial accounts, material flows, proof of recycling rates, setting of deposit level (if done by the DMO))

- a. Annually
- b. Bi-annually
- Other (please specify)

**58. How often should producers be checked for compliance with the DRS (if compliance is obligated)?**

- a. Annually
- b. Bi-annually
- Other (please specify)

**59. Should enforcement focus on:**

- a. A sample of producers?
- b. All producers?

**60. Should any penalties (fines) on the DMO or producers/importers be set by the regulator appointed to monitor the DMO?**

Yes

No

Neither

I don't know / I don't have enough information

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

## Retailers

Where retailers are required to participate in a DRS by providing a return point, enforcement action would also need to be taken if retailers do not comply with any obligations within a DRS, such as not providing a return point if obliged to do so.

## Fraud

It is essential that a DRS would be as fraud proof as possible to achieve its aims of genuinely meeting ambitious recycling targets for drinks containers in scope and causing a reduction in littering and hence litter disamenity.

Manual return points, or alternative collection provisions such as any potential pick-up services or returns through online retailers, may be more susceptible to fraud than automated return points using RVMs. RVMs can scan drinks containers to confirm they are included in the DRS scope before accepting them and, once material is within the machine, it can be more difficult to tamper with (especially if it has been compacted) than manually returned drinks container material stored in, for example, a bag in a shop store room. Those accepting drinks container material returned manually could check for DRS labelling when taking back containers. Barcode scanning using handheld scanners could be implemented as part of the return process, which would confirm a drinks container is in



scope and reduce incidences of fraud. If this is done in a store it will take the time of the staff member accepting drinks containers away from other tasks. Impacts of manual return points on stores are covered in our accompanying impact assessment.

As mentioned above, the UK government and the Devolved Administrations have agreed a set of principles on DRS policy and agree that there should be measures to limit the opportunities for fraud (outlined further in the 'Our approach' section).

It is essential that government has the ability to monitor and enforce against any risk of fraud, which would constitute obtaining money by false pretences and in violation of the Fraud Act 2006. As this will be a matter for the police to investigate and prosecute against, we will complete a Justice Impact Test to assess the impact that the introduction of a DRS in England, Wales and Northern Ireland would have on the justice system.

In international DRSs, a variety of approaches have been taken to deal with incidences of fraud. As an example, Germany and Denmark have both implemented an anti-fraud system to prevent or minimise cases of fraud. A special printing technique is used to print the logo (security mark) on beverage containers or on special labels only including the bar code and security mark, which cannot be copied. Every beverage container in Germany must carry this security mark. In contrast, the combination of markings and enforcement was not seen as necessary in Finland, which has, however, issued guidance on fraud prevention to all retailers.

**61. Are there any points in the system which you think would be particularly susceptible to fraud? Please state**

**62. Which labelling/markings on drinks containers in scope would best protect against fraud?**

Please select all that apply:

- a. Deposit value amount
- b. Marking indicating inclusion in DRS
- c. Existing product barcode (containing DRS information when scanned)
- d. Other (please specify)
- e. None of the above

Please explain your answer. We are particularly interested in evidence of effective fraud prevention in existing DRS systems.

**63. How could return via reverse vending machines (RVMs) best be protected against fraud? We are particularly interested in any evidence you may have to support suggestions.**

**64. How could the process of manual returns best be protected against fraud? We are particularly interested in any evidence you may have to support suggestions.**

**65. How could a DRS best protect against fraud across Devolved Administrations in the event of similar schemes with common underlying principles (but not one uniform scheme)?**

## DRS Options – ‘all-in’ and ‘on-the-go’

We are consulting on two different options for a DRS, both of which have the common elements described until this point in the consultation.

### ‘All-in’ option

The first DRS option is an ‘all-in’ DRS. This option could cover PET and HDPE plastic bottles, aluminium and steel cans, and glass bottles as mentioned above, but there would be no restriction on the size of drinks containers in-scope. However, we recognise that certain containers, such as beer kegs or those used for water coolers, may need to be excluded from an all-in DRS due to their larger size, as they would not be suitable for return via a RVM or via small retailer manual take-back. These types of containers are not generally included in international DRSs. Where larger containers over a certain size are excluded from a DRS, they would be included in reformed packaging producer responsibility system as outlined in the linked consultation. Multipack containers would be included in an all-in DRS.

Under this option more return points would be needed to accommodate the larger numbers and larger sizes of drinks containers in scope. Drinks containers in-scope of the DRS which are currently collected for recycling through kerbside would therefore need to be returned by consumers to DRS return points for the deposit refund to be reclaimed. If consumers chose not to return their drink container to a designated return point, they could still place this in their kerbside collection for recycling but they would forfeit their deposit value. (Local authority impacts and considerations related to those with medical conditions which may make accessing a DRS return point more difficult are covered in the ‘Further detailed questions’ and ‘Retailers / return provisions’ section respectively).

Some groups argue that, for greatest behaviour change (litter reduction and increased recycling rates), participation in a DRS has to become the ‘norm’ for consumers regardless of where they consume the drink and regardless of the size/format of its drinks container. One risk with this option is that valuable material would be removed from kerbside collections. This must be considered alongside reforming the packaging producer responsibility system covered in the linked consultation, including the principle of full-net cost recovery which we seek to see producers bear – which will also affect local authorities.

**66. Should drinks containers over a certain size, for example beer kegs and containers used for water coolers, be excluded from an all-in DRS?**

Yes

No

Neither

I don’t know/I don’t have enough information

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

**67. If drinks containers over a certain size were excluded from an all-in DRS, what should the maximum cut-off size be?**

- > 3 Litres
- > 4 Litres
- > 5 Litres
- Other
- There should be no maximum size cut-off

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

## **‘On-the-go’ option**

The second DRS option is an ‘on-the-go’ DRS. An ‘on-the-go’ DRS would cover the same materials as the ‘all-in’ DRS option (described above) but would restrict the drinks containers in-scope to less than 750ml in size and would exclude multipack containers, to target those most often sold for consumption outside of the home (‘on-the-go’).

Producers of out-of-scope drinks containers would be covered by wider producer responsibility and would be subject to producer fees under a reformed UK packaging producer responsibility system, as described in the linked consultation reforming the packaging producer responsibility system.

The Voluntary and Economic Incentives Working Group in their report which covered DRS stated “...the scope of a DRS could focus on smaller drinks containers more likely to be used outside the home. Changing behaviour in relation to recycling outside the home is also an area that, arguably, could have a large impact on reducing litter”.<sup>48</sup> This could also minimise the potential impacts of a DRS on kerbside collections for recycling as people may more commonly dispose of drinks containers within this scope outside of their homes and therefore these drinks containers may not previously have been collected via the kerbside service (local authority impacts are outlined in the ‘Further detailed questions’ section).

This option would therefore mean that consumers would dispose of different drinks containers in different ways – some would have a deposit and be eligible for a refund on return and some would not. An on-the-go DRS would mean that larger containers, that are not subject to a deposit, would continue to be recycled through household recycling. Drinks containers under an all-in DRS (mentioned above) could still be placed in household recycling, however consumers would not be able to claim back their deposit if they choose to do so.

**68. Do you agree with our definition of ‘on-the-go’ as less than 750mls in size?**

- Yes
- No
- Neither
- I don’t know/I don’t have enough information

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<sup>48</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/694916/voluntary-economic-incentives-working-group-report-drinks-containers-final.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/694916/voluntary-economic-incentives-working-group-report-drinks-containers-final.pdf).

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

**69. Do you agree with our definition of ‘on-the-go’ as excluding multipack containers?**

Yes

No

Neither

I don't know/ I don't have enough information

Please briefly state the reasons for your response, including in which cases multipack containers should not be excluded from our definition of ‘on-the-go’. Where available, please share evidence to support your view

**70. Based on the information above, and where relevant with reference to the associated costs and benefits outlined in our [impact assessment](#) (summarised below), which is your preferred DRS option?**

All-in

On-the-go

Neither

I don't know / I don't have enough information

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

## Summary of approach to Impact Assessment

Alongside this consultation, we have published an early stage Impact Assessment (IA) which provides a full analysis of our two proposed DRS models (all-in and on-the-go). The IA goes some way to providing a more comprehensive assessment of the costs and benefits of implementing a DRS and looks at the impact across the UK as a whole. However, we recognise that there are still evidence gaps in the analysis, including data that more specifically addresses Wales and Northern Ireland, and welcome your contributions to addressing this as part of this consultation. **The Impact Assessment should be considered when responding to the questions in this section.**

The Regulatory Policy Committee (RPC) is an independent advisory non-departmental public body that provides scrutiny on the evidence and analysis supporting estimates of costs and benefits in regulatory proposals. RPC scrutiny is optional at consultation stage, and we have not sought formal RPC opinion for the impact assessment at this stage. However, we have shared it with the RPC informally to seek their advice on how to improve our analysis.

Beyond this consultation, the impact assessment will be revised to account for the consultation responses, underpinning evidence that is still being developed and any feedback received from the RPC. A formal consultation stage impact assessment will then be developed as part of further formal consultation on specific DRS regulatory measures and will be submitted to the RPC for a formal opinion on the analysis used.

The IA analyses the material costs and benefits associated with the introduction of a DRS, and as such, there may be some costs/benefits that are not fully captured within the IA. For example, the environmental benefits from reducing plastic pollution are likely to be partially captured within litter disamenity estimates (as some consumers factor environmental reasons into preferences to reduce litter). However, the full benefits of this, and of collecting higher quality material for recycling, are difficult to quantify and have not been monetised at this time. The net benefit figures in the IA therefore only partially capture the true benefits of a DRS.

## On-the-go sizes

For the purpose of the impact assessment analysis, we have restricted the drinks beverage containers to those below 750ml and single format containers for the on-the-go option. This would result in multipacks not being under the scope of an on the go deposit scheme. This was decided based on data from Valpak's On The Go report,<sup>49</sup> which indicated that the majority of drinks consumed on the go were in containers of <750ml.

### UK Single Format Drinks Packaging POM 2017

Packaging Type	Single Format by Size – Units (bn) <sup>50</sup>				
	All Sizes	<500ml	500-749ml	750-999ml	1000ml+
Plastic Bottles (PET)	7.5	1.1	3.4	0.3	2.7
Plastic Bottles (HDPE) <sup>51</sup>	3.0	0.2	0.3	0.0	2.4
Metal Cans (aluminium and steel)	1.3	1.2	0.1	0.0	0.0
Glass bottles	3.1	0.7	0.9	1.3	0.2

## Development of the Impact Assessment

The IA uses figures of drinks containers placed on the market (POM)<sup>52</sup> in order to calculate costs and benefits of both DRS options.

Option 1 is a 'do-nothing' scenario. A DRS would not be introduced, whilst other recycling policies, particularly reforms of producer responsibility for packaging and consistency of

<sup>49</sup> <http://www.wrap.org.uk/consumption-recycling-and-disposal-go-drinks-containers>.

<sup>50</sup> Excludes multipack containers.

<sup>51</sup> As mentioned earlier in the document, most HDPE bottles contain fresh milk. The majority of these containers would therefore not be in scope of a DRS.

<sup>52</sup> Figures contained in a Waste and Resources Action Programme (wrap) Report: Drinks Recycling On-the-Go. <http://www.wrap.org.uk/consumption-recycling-and-disposal-go-drinks-containers>.

municipal recycling collections, would proceed. Please see Scenario 1 in the 'Reforming Packaging Producer Responsibility' IA for an assessment of the costs and benefits of this. An alternative option to introducing a DRS would be for all drinks containers to instead be captured under the reformed packaging producer responsibility system.

Option 2 is to introduce an 'all-in' DRS, to be implemented in 2023. This would remove drinks containers from packaging producer responsibility reform, and the majority of drinks containers in scope would be expected to be collected via the DRS. This IA looks at the direct costs and benefits of introducing a DRS above baseline recycling and litter rates for these materials. Please see Scenario 2 in the 'Reforming Packaging Producer Responsibility' IA for an assessment of the impact on kerbside collection of an 'all-in' DRS interacting with parallel reforms of packaging producer responsibility and consistency of municipal recycling collection.

Option 3 is to introduce an 'on-the-go' DRS in 2023. The IA looks at the direct costs and benefits of introducing a DRS of more limited scope against baseline recycling and litter rates for these materials. Please see Scenario 3 in the 'Reforming Packaging Producer Responsibility IA' for an assessment of the interaction of an 'on-the-go' DRS with parallel reforms of packaging producer responsibility and consistency of municipal recycling kerbside collection.

For the purpose of the IA, for both considered DRS options the assumed deposit level is 15p, with an 85% collection rate. This is based on average deposit rates in other DRSs and on the assumption of meeting a 90% collection rate by 2030 (this would be 85% collected through a DRS, with an additional 5% expected to be recovered through kerbside collection).

In addition we have also analysed the costs of a lower return rate for both DRS options, taking into account the uncertainties of directly applying international findings. These results are included in the annex section of the IA for reference.

## **Economic costs**

The following key costs associated with implementing a DRS were estimated within the impact assessment:

1. Set up and re-labelling costs
2. Reverse vending machines (RVMs)
3. Manual take back
4. Logistics
5. Counting Centre and Central Administration

## **Benefits**

The following key material benefits associated with implementing a DRS were estimated within the impact assessment:

1. Net incremental Material Revenue to the DMO
2. Greenhouse gas emissions (GHG) reductions and savings

3. Reduction in litter cleaning costs
4. Reduction in disamenity value/cost of litter

## Differential impacts on stakeholders

Differential impacts on stakeholders refers to the transfer of revenue within the DRS system that is neither a cost of running the DRS system nor a material benefit of its implementation. The following differential impacts on stakeholders were considered as part of the impact assessment:

1. Contribution of producers
2. Impact on Local Authorities and the kerbside recycling system
3. Unredeemed deposits

## Summary of impact for an all-in DRS

The total economic costs of running the DRS are £1,018 million in year 1 and £814 million per annum thereafter. This cost is covered by a transfer from producers in the form of producer fees, and the material revenue gained from selling materials to be recycled. This gives a central total cost estimate, discounted with 2018 as the base year, of **£7,211 million** over the first ten years of the scheme (assumed to be starting in 2023).

The economic benefits of running a DRS are gained from a number of sources. With an 85% return rate, the net incremental material revenue is estimated at £37 million per annum; the reduction in disamenity of litter is estimated at approximately £986 million per annum; greenhouse gas emissions savings are estimated to be around £12 million in year 1, rising to £28 million by year 10; the reduction in the cost of cleaning litter is estimated at approx. £50 million per annum.

This gives a central total benefit estimate, discounted with 2018 as the base year, of **£9,400 million** over the first ten years of the scheme (assumed to be starting in 2023). This gives an NPV of **£2,189 million**.

## Summary of impact for an on-the-go DRS

The total economic costs of running the on-the-go DRS are **£466 million** in year one, and **£302 million** per annum thereafter. This cost is covered by a transfer from producers in the form of producer fees, and the material revenue gained from selling materials to be recycled.

This gives a central total cost estimate, discounted with 2018 as the base year, of **£2,764 million** over the first ten years of the scheme (assumed to be starting in 2023).

The economic benefits of running a DRS are gained from a number of sources. With an 85% return rate, the net material revenue is estimated at £10 million per annum; the reduction in disamenity of litter is estimated at approximately £321 million per annum; greenhouse gas emissions savings are estimated to be around £4 million in year 1, rising to £9 million in year 10; the reduction in the cost of cleaning litter is estimated at approx. £13 million per annum.

This gives a central total benefit estimate, discounted with 2018 as the base year, of **£3,012 million** over the first ten years of the scheme (assumed to be starting in 2023). The gives a central Net Present Value of **£249 million**.

## Outcome

Overall summary of Net Present Value for both DRS options:

	Net present value best estimate (£million)
<b>‘All-in’ DRS</b>	<b>2,189</b>
<b>‘On-the-go’ DRS</b>	<b>249</b>

Based on the findings of the Impact Assessment, an ‘all-in’ DRS provides a greater net social benefit.

**71. Do you agree with our impact assessment?**

Yes  
No  
I neither agree nor disagree  
I don't know / I don't have enough information

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

**72. Do you think more data is needed? If yes, please state where.**

Yes  
No  
Neither  
I don't know / I don't have enough information

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

**73. Are there other costs and benefits which we have not covered in our impact assessment?**

**74. Do you have further comments on our impact assessment? Please be specific.**

**75. The dual objectives of a DRS are to reduce litter and increase recycling. Do you wish to suggest an alternative model that would be more effective at achieving these objectives? If so please briefly describe it, making reference to any available evidence**



**76. A potential option for introducing a DRS could be to start with the ‘on-the-go’ model, and then expand/phase roll-out to ‘all-in’. Do you think this would be an effective way to introduce a DRS?**

Yes

No

I neither agree nor disagree

I don’t know / I don’t have enough information

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

## Outcomes of what we are hoping to achieve

If introduced, we anticipate that a DRS will help us to achieve the following outcomes:

- Reduction in litter and litter disamenity
- More recycling of drinks containers in scope of a DRS, especially those disposed of ‘on-the-go’
- Higher quality recycling
- Greater domestic reprocessing capacity through providing a stable and high-quality supply of recyclable waste materials<sup>53</sup>

**77. Do you think a DRS would help us to achieve these outcomes? Please briefly state the reasons for your response. Where possible, please share evidence to support your view:**

- a. Reduction in litter and litter disamenity (include expected % decrease where possible)

Yes

No

Neither

I don’t know / I don’t have enough information

- b. More recycling of drinks containers in scope of a DRS, especially those disposed of ‘on-the-go’

Yes

No

Neither

I don’t know / I don’t have enough information

- c. Higher quality recycling

Yes

No

Neither

I don’t know / I don’t have enough information

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<sup>53</sup> RWS end of life chapter.

- d. Greater domestic reprocessing capacity through providing a stable and high-quality supply of recyclable waste materials
- Yes  
No  
I don't know / I don't have enough information

**78. Do you think a DRS, as set out in this consultation, is necessary in helping us achieve the outcomes outlined above?**

- Yes  
No  
I neither agree nor disagree  
I don't know / I don't have enough information

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

## Alternative approaches

In international DRSs, a variety of approaches are taken to achieve similar outcomes. In Norway, a DRS has been designed and implemented by industry as a result of a high, mandatory environmental tax on beverage containers set by government, which is reduced proportionately with the return rate. It can be avoided all together if the return rate is over 95%.<sup>54</sup> In Finland, a beverage packaging tax is collected for the packaging of certain alcoholic beverages and soft drinks, however beverage manufacturers are exempt from this tax if they become a member of an approved and operational return scheme or organise a new return scheme of their own. This has led to the formation of a large DRS administrator owned and administered by Finnish retail chains and the drinks industry, which runs a large-scale DRS system across Finland, as well as a series of smaller beverage return systems operating across the country.<sup>55</sup> In Germany, the introduction of legal requirements of a compulsory deposit for certain one-way drinks packaging together with collection obligations on distributors of this drinks packaging led to the formation of a nationwide standardised organisation founded by the German Retail Federation and the Federation of German Food and Drink Industries to establish and run a DRS across Germany.<sup>56</sup>

Alongside this consultation, we are also consulting on reforming the packaging producer responsibility system (see section on 'other linked consultation'). While we are seeking views in this consultation on introducing a DRS for drinks containers, an alternative option to introducing a DRS would be for all drinks containers to instead be captured under the reformed packaging producer responsibility system.

**79. Do you think the outcomes of what we are hoping to achieve could be reached through an alternative approach?**

- Yes  
No

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<sup>54</sup> <https://reloopplatform.eu/wp-content/uploads/2018/05/BOOK-Deposit-Global-27-APR2018.pdf>.

<sup>55</sup> <https://www.palpa.fi/beverage-container-recycling/deposit-refund-system/>.

<sup>56</sup> <http://www.dpg-pfandsystem.de/index.php/en/>.

I neither agree nor disagree  
Other (please state)  
I don't know / I don't have enough information

Please explain your answer, providing evidence where available.

**80. Do you think an alternative approach would be a better way of achieving the outcomes?**

Yes  
No  
I neither agree nor disagree  
Other (please state)  
I don't know / I don't have enough information

Please explain your answer, providing evidence where available.

## **How will we know when we've been successful?**

The main indicator of success would be an increase in the annual collection rate for drinks in scope, and a reduction in littering for containers in scope.

We expect other indicators of success to include an increase in the annual recycling rate for drink containers in scope, as well as detailed information on the flow of material within the system. As a DRS will guarantee a supply of high quality material, sought after by recycling centres, we would also expect a DRS to allow us to process more waste in the UK, playing a role in decreasing the amount of waste that the UK exports.

# Further detailed questions

## Local authorities

Local authorities are important stakeholders for a DRS due to its interaction with their waste collection duties. These duties, and how a DRS may interact with them, are described by the following section in more detail. As set out in the Resources and Waste Strategy for England, the UK government will ensure that local authorities in England are resourced to meet new net costs arising from the policies in this Strategy, including upfront transition costs and ongoing operational costs.<sup>57</sup>

Since 2010 significant financial support has been provided to Northern Ireland District Councils. Over £19 million has been allocated to improve and introduce new recycling services and infrastructure. Current policy continues to provide central government support to District Council recycling services.

## Littering

Local authorities fund the management of litter in their areas. Some bodies are responsible for litter on all or parts of their own land, such as the Crown Estate, educational institutions, Network Rail, and water companies. Businesses are also responsible for the management of litter on or around their premises.

Although evidence tends to be anecdotal, there is a suggestion that DRS would reduce littering from targeted materials.<sup>58</sup> The impact assessment covers both direct costs from litter as well as indirect e.g. disamenity costs. Studies also suggest that a DRS might reduce the costs to local authorities from clearing litter.<sup>59</sup>

However, we recognise that there may be incidences where littering of certain items could increase as a result of the introduction of a DRS as in-scope containers that have ended up in kerbside or litter bins could be targeted by those who wish to redeem deposits, causing the dispersal of litter. However, a well-designed DRS should lead to a minimal amount of DRS containers ending up in kerbside collection.

## Waste collection

Local authorities who are legally designated as Waste Collection Authorities have a statutory duty to collect waste generated from households within their area, in line with the requirements of the Environmental Protection Act 1990 (EPA1990) and the Waste and Contaminated Land (Northern Ireland) Order 1997. They also have a duty to collect from commercial premises within their area, if requested to do so by the occupier.

When local authorities remove waste this incurs a cost. The costs could be high for non-recycled waste, or lower for waste like mixed recyclables. These costs tend to be partially offset by the income generated from the sale of dry recyclables, such as paper, plastics, glass and metals. This income is also used to contribute towards the costs of managing

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<sup>57</sup> <https://www.gov.uk/government/publications/resources-and-waste-strategy-for-england/resources-and-waste-strategy-at-a-glance>.

<sup>58</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/694916/voluntary-economic-incentives-working-group-report-drinks-containers-final.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/694916/voluntary-economic-incentives-working-group-report-drinks-containers-final.pdf).

<sup>59</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/694916/voluntary-economic-incentives-working-group-report-drinks-containers-final.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/694916/voluntary-economic-incentives-working-group-report-drinks-containers-final.pdf).

less valuable waste streams, including residual waste e.g. “black bag” waste, which goes to energy-from-waste or landfill. A DRS may move some of the more valuable recyclable materials away from local authority kerbside and on-the-go collections, instead placing them under the ownership of the DMO, meaning a reduction in the income usually used to offset waste management costs for local authorities. The UK government will ensure that local authorities in England are adequately resourced to meet new net costs arising from policies in this consultation.

In cases where consumers choose not to return their drink container to a designated return point, they could still place this in their kerbside collection for recycling, but they would forfeit their deposit value which would instead fall to the local authority, should they choose to redeem it. We are considering a funding formula whereby local authorities could be paid the deposit amount on drinks containers by the DMO without having to physically return them via a designated return point. Local authorities could then use this money for the benefit of the environment, or other wider priorities.

DRS is expected to minimise littering of materials that will be within the scope of a DRS. This could result in local authorities achieving savings from avoided litter clearance, litter bin emptying, and litter disposal costs. For some local authorities, DRS could have a net positive financial impact i.e. the savings from avoided disposal costs could be higher than the lost income from materials which have been captured under the DRS.

As DRS material will be removed from local authority collections, it is possible that local recycling rates reported by local authorities could appear to have dropped. However, data on material returned through a DRS would be recorded through the scheme’s IT system and it would therefore be possible to see information on recycling rates of DRS materials at a local level. This combined with kerbside recycling rates, could then be used to gain a fuller picture of overall local recycling rates.

## Commercial waste collections by Local Authorities

Many local authorities provide some form of collection systems for commercial properties within their area, especially those located in town centres or along the usual household collection rounds. Local authorities are able to apply reasonable charges to commercial waste collections. In cases where these commercial collections can be integrated seamlessly with existing household waste collection rounds, this allows local authorities to achieve improved operational efficiency and economies of scale.

A growing number of local authorities have identified commercial waste collections as an important part of their collection services and compete actively with private waste collection companies for this service provision. Examples of commercial facilities from which collections are made by local authorities include offices, small corner shops, restaurants, pubs, and hotels.

Under a DRS, where local authorities could collect commercial waste containing DRS material from designated DRS return points, those local authorities could compete with private collectors to service designated DRS return points and would be compensated by the DMO for providing these services.

## Long term contracts

Local authorities either use their own workforce to collect waste, or they contract out the service to a private or community sector provider. It is understood that many local authority waste collection contracts are based on a forecast amount of recyclables income; various income/risk sharing approaches exist between local authorities and their waste collection contractors. If a DRS diverts eligible materials away from the control of local authorities, then this may potentially impact on the viability of collection contracts. As indicated above, it is also expected that local authorities would achieve cost savings from the avoided disposal of the litter, following the implementation of a DRS. For future collection contracts, it is important that the likely waste composition following the implementation of DRS will have to be factored into forecasts for dry recyclables and potential income streams, as well as anticipated reduction in litter management costs. Government is interested in finding out more about the likely impacts of a DRS on existing or emerging local authority waste collection contracts.

## Statutory local authority recycling targets in Wales

Local Authorities in Wales have to meet statutory recycling targets set in section 3 of the Waste (Wales) Measure 2010. The Welsh Government recognises that DRS materials are a key part of the dry recyclables most targeted by local authorities to help them meet their recycling targets.

Initial analysis demonstrates that the introduction of a DRS in Wales will reduce local authority recycling rates by around 1%. Further analysis will need to be undertaken to provide more detail and to help inform possible actions that can be taken to mitigate the impact of a DRS on Welsh local authorities' ability to meet the statutory recycling targets.

**81. Are there particular local authority considerations that should be taken into account when considering whether to implement either an “all-in” or “on-the-go” model?**

**82. Are there specific considerations associated with your local authority that DRS policy makers should consider?**

*(Specific examples and any cost estimates, where applicable, would add value to this response).*

**83. What benefits and/or disadvantages can a DRS provide to your local authority?**

*(Specific examples and any cost estimates, where applicable, would add value to this response).*

**84. Are there any specific considerations associated with local authorities that collect waste from designated DRS return points that we should consider?**

*(Specific examples and any cost estimates, where applicable, would add value to this response).*

## Design of drinks containers

As set out in the 25 Year Environment Plan, Resources and Waste strategy (England) and the Towards Zero Waste strategy (Wales) and 'Delivering Resource Efficiency' the NI Waste Management Strategy, the UK and Welsh Government and DAERAs aim is to reduce waste, promote markets for secondary materials, and incentivise producers to design better products.<sup>60</sup> A DRS scheme offers a way to tackle these issues.

The consultation has described how a DRS aims to reduce waste and promote markets for secondary materials but a DRS should also, in line with principles for reforming the packaging producer responsibility system, drive better design of packaging. Any DRS should take steps to incentivise the design of packaging to make it easily recyclable and hence lower the cost to manage at end of life. This is important because the design of packaging plays a key role in how easy it is to recycle, and therefore, the cost of managing it at end of life.

**85. How should a DRS drive better design of packaging? Please select all that apply:**

- a. Varying producer fees that reflect the environmental cost of the products that producers are placing on the market
- b. An additional producer fee for producers using unnecessary and/or difficult to recycle packaging
- c. Other (please specify)
- d. None of the above

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

**86. Who should be involved in informing and advising on the environmental cost of products? Select all that apply**

- a. Government
- b. Reprocessors
- c. Producers
- d. Local Authorities
- e. Waste management companies
- f. Other (please specify)

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

## DRS and other waste legislation

The introduction of a DRS (either model) would have implications for several existing regulatory regimes and we may need to review possible amendments to other legislation to ensure the coherent functioning of any DRS.

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<sup>60</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/693158/25-year-environment-plan.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/693158/25-year-environment-plan.pdf).

As mentioned earlier in the document, all items under consideration for inclusion in a DRS are packaging, and there will be a need to ensure that any future packaging regulation take this into account. Depending on the final model adopted, there may also be a need to review the regulations on storage of waste and for waste carriers. The current environmental permitting regulations contain an exemption for temporary storage of waste at a collection point before disposing of the waste elsewhere (NWFD 4).<sup>61</sup> This allows for the storage of waste at a collection point in a secured container as well as certain other conditions. This may be suitable without amendment, though the volume limit may be an issue for certain larger sites and proposed changes to the time limit for storage of waste at such a site may need to be taken into account.

It has been suggested that due to the large number of collections sites associated with a DRS, delivery vehicles could be used to 'reverse haul' material from remote locations to bulking stations. Under current legislation all vehicles transporting waste, including waste that would be part of a DRS system, would need to hold the appropriate waste carriers licence. The cost of a licence is £150 per organisation (legal entity) and is valid for 3 years. They would also need to comply with the Duty of Care legislation<sup>62</sup> to ensure that all waste is handled correctly and only passed to authorised persons. Depending on the specifics of the system, this may require appropriate Transfer Notes.

**87. Do you agree or disagree with our assessment of other waste legislation that may need to be reviewed and amended?**

Agree

Disagree

Neither agree nor disagree

I don't know / I don't have enough information

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

**88. Do you have evidence to suggest that we might need to revise any other waste-related regulations as part of introducing a DRS? Please specify.**

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<sup>61</sup> <https://www.gov.uk/guidance/waste-exemption-nwfd-4-temporary-storage-at-a-collection-point>.

<sup>62</sup> <https://www.gov.uk/government/publications/waste-duty-of-care-code-of-practice>.



## Further comments

In addition to this consultation, we are also carrying out social research with the public and other analytical research to support our evidence base for decision making.

**89. Is there anything else we should be considering related to drinks container recycling and litter reduction which has not been covered by other questions?**

## Purpose of the consultation

Your responses to this consultation will help us to consider the merits of introducing a DRS. The aim of the UK and Welsh Government and DAERA is to ensure that, should a DRS be introduced, it will be easy for consumers to return drinks containers, leading to increased recycling rates and a reduction in littering. Following the passage of DRS-related legislation, there will be a short period of further formal consultation on specific regulatory measures in early 2020.

## Geographical extent and definitions

While waste policy is a devolved responsibility, and the Scottish, Welsh and Northern Ireland Administrations can decide policy separately, we want to ensure as far as possible that our approach to DRS forms part of a coherent UK-wide system. The UK government and Devolved Administrations are therefore working closely together on this policy area. This consultation is being undertaken jointly by the UK and Welsh Governments and DAERA.

Wales is a high recycling society. Since 2002, there has been significant investment in kerbside collection of materials including drinks containers which has seen around 75% of plastic bottles captured for recycling. The Welsh Government is keen to increase this but wants to understand whether introducing a DRS is the most appropriate way of doing this. We may undertake some additional targeted engagement in Wales to understand more about how a DRS will impact on local authority collection of materials, how it will impact on citizens grocery bills and in particular those from lower socio-economic groups as well as other issues such as carbon emissions from increased transport and movement. We would be keen to hear from respondents about the impacts of a DRS in Wales.

The Welsh Government will consider the responses to this consultation, as well as undertaking further impact assessment work, before deciding on whether and how to implement a DRS in Wales. In Wales, the Wellbeing of Future Generations (Wales) Act became law on 29th April 2015. This means that public bodies, including the Welsh Government, will need to ensure that when making their decisions they take into account the impact they could have on people living their lives in Wales in the future.

The Scottish Government launched a consultation on the options for distinct elements of a DRS on beverage containers, which closed on 25 September 2018.

As the Northern Ireland Assembly is not currently sitting, the UK government, in discussion with DAERA, is consulting on their behalf because of the historic UK-wide approach to packaging producer responsibility. Officials in DAERA have informed Defra that they have

no evidence that Northern Ireland stakeholders or Ministers would not wish to participate in a consultation on options for a DRS.

## Audience

This consultation is primarily aimed at:

- Businesses that produce, sell or import drinks in single use containers.
- Organisations involved in the management and recycling of packaging waste including local authorities, waste management companies, brokers and exporters and UK reproprocessors.
- Packaging compliance schemes.
- Other organisations such as professional and membership organisations, NGOs, consultants and charitable/voluntary bodies who have an interest in packaging and how packaging waste is managed in the UK.
- The public.

## Responding to this consultation

The UK government is managing the consultation process on behalf of the Welsh Government and DAERA.

Please respond to this consultation in one of the following ways:

Online using the citizen space consultation hub at Defra <https://consult.defra.gov.uk/>.

By email to: [DRS@defra.gov.uk](mailto:DRS@defra.gov.uk).

If you would like to send a copy of your response to the Welsh Government, this can be sent to [wastestrategy@gov.wales](mailto:wastestrategy@gov.wales).

If responding from Northern Ireland please copy your response to [wslpr@daera-ni.gov.uk](mailto:wslpr@daera-ni.gov.uk).  
Or in writing to:

Deposit Return Scheme Team  
Department for Environment, Food and Rural Affairs,  
Ground Floor, Seacole Block,  
2 Marsham Street,  
London, SW1P 4DF

## Duration

This consultation will run for 12 weeks. This is in line with the Cabinet Office's 'Consultation Principles' which advises government departments to adopt proportionate consultation procedures. The consultation opens 18 February 2019. The consultation closes 13 May 2019.

## After the consultation

A summary of the responses to this consultation will be published and placed on the government websites at [www.gov.uk/defra](http://www.gov.uk/defra), [www.gov.wales](http://www.gov.wales) and [www.daera-ni.gov.uk/consultations](http://www.daera-ni.gov.uk/consultations).

The summary will include a list of names and organisations that responded but not personal names, addresses or other contact details. However, information provided in response to this consultation document, including personal information, may be subject to publication or release to other parties or to disclosure in accordance with the access to information regimes e.g. Freedom of Information Act 2000 (FOIA) and the Data Protection Act 2018.

If you want information, including personal data that you provide to be treated as confidential, please say so clearly in writing when you send your response to the consultation and explain why you need these details to be kept confidential.

If we receive a request for disclosure under the FOIA, we will take full account of your explanation, but due to the law we cannot provide an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as a confidentiality request.

Defra is the data controller in respect of any personal data that you provide, and Defra's Personal Information Charter, which gives details of your rights in respect of the handling of your personal data, can be found at:

<https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs/about/personal-information-charter>

## Compliance with the consultation principles

This Consultation is being conducted in line with the Consultation Principles set out in the Better Regulation Executive guidance which can be found at:

<https://www.gov.uk/government/publications/consultation-principles-guidance>.

Information provided in response to this consultation, including personal data, may be published or disclosed in accordance with the access to information regimes these are primarily the Environmental Information Regulations 2004 (EIRs), the Freedom of Information Act 2000 (FOIA) and the Data Protection Act 2018 (DPA). We have obligations, mainly under the EIRs, FOIA and DPA, to disclose information to particular recipients or to the public in certain circumstances.

If you want the information that you provide to be treated as confidential, please be aware that, as a public authority, the Department is bound by the Freedom of Information Act and may therefore be obliged to disclose all or some of the information you provide. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Department of Environment Food and Rural Affairs will process your personal data in accordance with the law and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

After the consultation, a summary of the responses to this consultation will be published and placed on the government website at [www.gov.uk/defra](http://www.gov.uk/defra).

If you have any comments or complaints about the consultation process, please address them to:

By e-mail: [consultation.coordinator@defra.gov.uk](mailto:consultation.coordinator@defra.gov.uk)

Or in writing to:

Consultation Co-ordinator, Defra,  
1C, Nobel House,  
17 Smith Square,  
London SW1P 3JR

## Other linked consultations

**Alongside this consultation there are three parallel consultations taking place:**

- **A reformed UK packaging producer responsibility system** that includes incentivising the recyclability of packaging and uses the money raised through the system to fund better collections, recycling infrastructure and communications; encourages domestic recycling; has tighter compliance monitoring and enforcement including of export regulations; and makes it easier for consumers to recycle packaging materials. The consultation includes **higher UK packaging recycling targets post-2020**.
- **Consistency in Household and Business Recycling Collections in England** that includes measures to achieve consistent collections and recycling from households and businesses in England. The measures include the requirement for local authorities to collect a core set of dry recyclable materials, to introduce separate food waste collections and free garden waste collections. For businesses, we will consult on measures such as a requirement for eligible businesses to segregate their dry recycling from residual waste so that it can be collected, and for food producing businesses to have arrangements for separate food waste collection. **This consultation covers England only.**
- **Plastic packaging tax** in which HM Treasury is seeking views on the design of a brand new tax on the production and import of plastic packaging that doesn't include at least 30% recycled content. This was announced at Budget 2018, and will be implemented in April 2022.

We recognise that any potential DRS would need to work alongside the wider producer responsibility and recycling systems in operation in this country (including any potential changes to them). We have considered the overlaps between these policy areas and have chosen to consult *at the same time* to reflect this. You may wish to respond to these linked consultations which can be found as follows:

- [Reforming the UK Packaging Producer Responsibility System](#).

- [Consistency in Household and Business Recycling Collections in England consultation.](#)
- [Plastic Packaging Tax](#)

As mentioned, one alternative to introducing a DRS would be for all drinks containers to instead be captured under a reformed packaging producer responsibility system.

The Welsh Government's guidance on consistency in high quality Local Authority recycling collections was included in the Collections Blueprint published in 2011. It plans to consult in 2019 on options for new regulations that will include a requirement for businesses to present dry recyclables and food waste separately, using powers provided in the Environment (Wales) Act 2016 – Part 4.