

Annexe 2: summary of DRS consultation responses

Overview

DRS does not follow the 'polluter pays' principle. Rather, with DRS the consumer pays. Further, DRS fails to follow the waste hierarchy (reduce, reuse, recycle) because it provides a clear incentive to default straight to recycling. And it promotes increased car journeys and/or online collection rounds.

With the Deposit Return Scheme (DRS) consumers can take certain drinks containers to dedicated return points ('Reverse-Vend Machines', in supermarkets, for example) to get a deposit back (probably 20p per container). Smaller venues, such as corner shops, may not have room for Reverse-Vend machine but could still be obligated (if they sell drinks in DRS-eligible containers) to host small, manual return points.

The scheme is conceived to recycle:

- ✓ Cans
- ✓ Glass bottles
- ✓ PET plastic bottles (clear, crinkly ones such as fizzy drinks bottles)
- ✗ HDPE plastic bottles (opaque, such as milk bottles) are unlikely to be in scope. Government is concerned by the predominance of milk products in HDPE and consequent hygiene issues in Reverse-Vend Machines

Government acknowledges that headline recycling rates for drinks containers are already high (it quotes 70-80%). But these figures do not include 'on-the-go' waste (as opposed to drinks consumed at home). It is suggested that 'on-the-go' recycling may be as little as 7-8% only.

The Litter Strategy for England concluded that DRS would increase drinks container recycling by 20%, which it links with improved litter behaviour. In particular, drinks containers are stated to be a key feature of beach litter (but not generally elsewhere), and Keep Britain Tidy believes that drinks container litter at beauty spots normalises general littering.

Indeed, DRS was originally conceived and developed as an anti-litter, 'on-the-go' strategy. However it has since been re-conceived as a potential 'all-in' scheme as well.

Undoubtedly, DRS will have huge impacts for retailers, in terms of the siting of Reverse-Vend Machines (or manual collection points in smaller shops), waste management, supply chains, labelling, signposting etc.

Scheme options

Government is consulting on two scheme options:

- **'all-in'** (including drinks containers of most sizes consumed at home)
- **'on-the-go'** (restricted to containers and sizes typically consumed away from home)

The Council's response to the first consultation in 2019

In 2019 the Council was equivocal to the idea of DRS as a whole.

DRS will be very expensive and complex to administer, The 'Reverse Vend Machines' at supermarkets etc. will cost around £30,000 each, plus annual servicing costs – and the scheme envisages having 30,000 of them across the UK.

And while government's Impact Assessment suggests high recycling rates (e.g. 85% of in-scope containers shifting from kerbside recycling to DRS) we were concerned that that is unproven in the UK. Most DRS experience is in northern Europe, where kerbside recycling is either not present or not heavily established in the way that it is in the UK.

Consequently:

- We stated that we wished DRS to be piloted in the UK before any commitment is made.
- In any event, if DRS does go ahead, we stated that our preference would be for 'on-the-go' and not 'all-in'. Existing high kerbside recycling rates, and the comments of the Litter strategy and other bodies, suggest that DRS is not needed to stimulate home recycling, and is best-suited as an anti-litter strategy. Indeed, DRS was originally conceived as an anti-litter strategy, and there do not seem to be compelling reasons to extend it further. 'All-in' DRS seems like a big, complex, expensive hammer with which to crack a fairly small nut (i.e. littering, particularly at beaches and beauty spots).

Has that view changed?

These concerns remain. Consequently, officers remain sceptical of DRS in any form without proper piloting (which it is clear will not now happen).

Backing up that view, the Environmental Services Association (ESA), and others, have already called for DRS to be delayed while the effect of EPR and Consistency are understood. The ESA has described DRS as 'the Emperor's new clothes', considering it a big, expensive, high-profile initiative that is likely to provide little benefit – and even add confusion – to consumers. LARAC, the Local Authorities Recycling Advisory Committee, agrees and intends to speak out strongly against DRS.

Is there support for DRS?

The first consultation in 2019 received 208,000 responses, which were overwhelmingly in favour of 'all-in' DRS.

However, 207,000 of those responses were from three campaign bodies: Greenpeace, the Marine Conservation Society and 38 Degrees. Government has noted that the campaign responses did not answer all consultation questions, but targeted only specific questions about scope.

Officers do not consider that the campaigns' overwhelming desire for 'all-in' DRS should lead to avoidance of key questions around the cost, complexity and lack of need for 'all-in' (and perhaps even for any form of DRS at all).

An important issue may be that Scotland has already announced it will launch 'all-in' DRS. Wales has expressed the same preference subject to consideration of England's pending decision. This consultation considers how different systems (e.g. 'all-in' in Scotland and 'on-the-go' in England) might work in border areas. However, the fact that Scotland is going ahead with 'all-in' might be the deciding factor, if government opts for 'all-in' to avoid confusion for border-dwellers and businesses selling UK-wide.

Will residents pay less?

While you may get a deposit back from a Reverse-Vend Machine, you will probably already have paid for it, and for the high scheme operational costs as well, in the original price of your bottle or can. It is unlikely that producers will simply absorb the costs of DRS, so in consumer terms DRS may be something of a perverse incentive for recycling.

And government acknowledges that not all containers will be recycled through DRS. The convenience of kerbside or street bins – or personal choices to litter – will have some influence on behaviour. Therefore, some people will not get the deposit back. That disadvantage may be disproportionately high for those who do not have a car with which to take containers back to the supermarket, creating an element of regressiveness.

There may be some compensation in government's proposal to pay councils for collecting DRS-eligible drinks containers that people still put in their bins (either recycling or refuse). This is designed to reduce the Council Tax burden for that portion of kerbside collections.

However:

- Getting money back will be dependent on collecting containers that are of sufficient quality to be eligible for return into DRS. We do not yet know exactly what that means in practice – it seems likely this may dovetail with the Consistency strategy.
- In any event, there is concern about the ability to reclaim deposits for kerbside-collected glass bottles. The amount of crushing inherent in kerbside collections seems likely to be far more than envisaged in Reverse-Vend Machines, an aspect that is commented on in the consultation.

So we cannot yet say how much money might be reclaimed by councils to offset collection costs.

How will this impact the Council?

Government states that DRS could divert 85% of in-scope drinks containers (cans, glass, PET plastic bottles) that are currently collected in our bins. Whether or not that high level comes true, any change in waste volumes could lead us to re-think how many vehicles and staff we need.

But we cannot consider DRS alone. Extended Producer Responsibility (EPR) and Consistency of Collections (Consistency) will also affect the types and volumes of waste that we will collect in the future, and what options we are permitted for how to collect them. In combination, these strategies are likely to prompt review of how the Council collects waste. But their effects have yet to be fully understood.

In any event, as with EPR, any money that comes in from DRS should not be considered new or additional money. It will simply be money from a different source.

What's in this second consultation?

The index of sections below highlights the subject areas being consulted on.

Much is technical, such as what should be in scope and how it should be managed. Some questions are of low direct relevance to councils, such as how producers interface with the regulator, or assessing the burdens on online marketplaces. But some are of high importance, such as labelling requirements and how councils could be paid for DRS containers in our bins.

The consultation also asks if we believe that the pandemic may have an impact on DRS. DRS, after all, is inherently designed to drive people together at Reverse-Vend Machine points.

Overall, the proposed responses again reflect the concerns about the efficacy and need for DRS. Where questions of a technical or practical nature are asked (such as at what level the deposit should be set), our responses have been focussed on seeking clear, simple-to-understand and research-backed decision. Or, where we simply do not have sufficient knowledge to respond, we have stated so.

Index of question sections

- Chapter 1. Scope of the Deposit Return Scheme
- Chapter 2. Targets
- Chapter 3. Scheme governance
- Chapter 4. Financial flows
- Chapter 5. Return points
- Chapter 6. Labelling
- Chapter 7. Local authorities and local councils
- Chapter 8. Compliance monitoring and enforcement
- Chapter 9. Implementation timeline
- Chapter 10. Summary approach to impact assessment

General themes of the Council's responses

1. We are concerned that DRS will drive people to supermarkets and shops (or any other place with a deposit return point) without the long-term nature of the pandemic yet being fully understood (although experts do seem to agree that Covid will be with us for the long term).
2. We are concerned that government has ignored the success of kerbside collections when considering the pros and cons of 'all-in' versus 'on-the-go'. We have commented that government's Impact Assessment is coy about this, although it does state that *"most qualitative participants came to question the idea of a DRS, which they felt asked*

a lot from consumers with no strong environmental benefit given the existence of kerbside recycling.”

3. We have argued that border issues should not prevent England from making the right, considered decision about which type of DRS to implement (if at all). That Scotland is launching ‘all-in’ DRS does not remove the issues we have highlighted in our responses.
4. If any DRS is implemented, we have argued that it should be on the basis of ‘on-the-go’ only, not ‘all-in’. But we have called again for a UK pilot before any decision is made. And that does not change our essential stance that the case for DRS of any kind is unproven.
5. Within ‘on-the-go’ we have argued for government to raise the proposed maximum bottle size from 750ml to 1 litre. This is in line with statements in previous documents that 1-litre bottles are increasingly consumed on-the-go.
6. We have argued that the scope of DRS should be based on container types, rather than the material they are made of. This is because consumers will find it easier to understand – a crucial aspect of any scheme’s success.
7. We have commented that we hope DRS would promote a move away from cartons (such as TetraPak®) to DRS-eligible containers. That is because cartons are hard to recycle.
8. While government has consulted on targets, we have felt unable to respond because we have no UK data on which to base judgements.
9. We are generally supportive of the principle of DRS under the conditions below:
 - a. We have argued that the Deposit Management Organisation should be independent of producers.
 - b. And we have argued that its functions should be largely dictated by government (as opposed to a heavy reliance on tendered proposals). We have responded that we need to know more before we can comment authoritatively.
 - c. We have argued that the term of the Deposit Management Organisation contract should be long enough to provide certainty for it, producers and councils.
 - d. We have expressed concern that the timeline for setting up the Deposit Management Organisation is highly ambitious.
10. We have expressed concern about councils’ ability to separate DRS-eligible containers from kerbside collections in a way that renders them suitable for acceptance by DRS (and so redeem the deposits to fund council collections).
11. When presented with options re. council funding (DRS-eligible containers in our bins) we have selected that which we feel is most pragmatic and provides stable income flows.

12. Government has asked if we would be concerned by high levels of unredeemed deposits. We think that would be a sign of scheme failure and would represent a regressive tax.
13. We have suggested that any excess fund should be re-invested in the scheme and also contribute towards litter initiatives, so reinforcing the original conception of DRS.
14. We have not commented on how much the actual deposit level should be. Others are better qualified to assess the likely impacts on behaviour of different deposit levels. However, government has said it sees the deposit as being typically between 15 and 25p, depending on container size.
15. We have argued for care in obligating retailers of DRS-eligible drinks to host Reverse-Vend Machines (or manual collection points) if there are genuine reasons such as lack of space (especially in the pandemic context). Note: government may exempt retailers from hosting Reverse-Vend Machines on the grounds of proximity (i.e. there are plenty of others nearby) or health and safety.
16. We are concerned about the potentials for queues and frustration caused by faulty Reverse-Vend Machines.
17. We have argued that online retailers should be obligated for DRS because of their significant market impacts.
18. We are very concerned by the idea of digital DRS (scan, redeem and throw). It seems ripe for fraud and theft (including perhaps from the bins of vulnerable residents), and needs considerable thought before progressing. It has been argued that digital DRS would require every single drinks container to be individually numbered – a mammoth task for producers.
19. We support proposals for mandatory labelling (do/do not recycle) on the proviso that they are consistent across all producers and across the Deposit Return Scheme as well. We have recognised the potential issues of inconsistent labelling between the devolved nations, but have argued that border issues should not define the decision within England.
20. Government has suggested that councils, along with Trading Standards, could be best placed to monitor and enforce producer/retailer compliance with DRS. We have stated that to do so would require the funding of additional resources. Government has stated that any new council costs incurred by the strategy would be covered by its New Burdens doctrine. Additionally, we have stated that we see the Deposit Management Organisation as playing a role in compliance.
21. We are concerned by the launch timeframes. This is a big, complex, infrastructure-heavy project that involves new legislation; significant communications, IT, procurement and logistics; the setting up of a brand-new Deposit Management Organisation, and has many implications for producers, consumers and councils. Government has (understandably) delayed this second consultation by over a year, and has consequently moved DRS launch back from 2023 to 2024, but that still seems a heroically ambitious timeline for such a project.

END.