

Consultation on Deposit Return Scheme (England, NI, Wales)

Word template to help organisations formulate responses internally with colleagues.

Information included in the consultation document but not in the DEFRA Citizen Space.

Introduction

1. What is your name?

Emma Beal, as Chair of the National Association of Waste Disposal Officers (NAWDO).

2. What is your email address?

If you enter your email address then you will automatically receive an acknowledgement email when you submit your response.

admin@nawdo.org.uk

3. Which best describes you?

- ☐ Academic or researcher
- ☐ Business representative organisation or trade body
- ☐ Charity or social enterprise
- ☐ Community group
- ☐ Consultancy
- ☐ Distributor
- ☐ Exporter
- ☐ Individual
- ☐ Local government
- ☐ Non-governmental organisation
- ☐ Product designer/ manufacturer/ pack filler
- ☐ Packaging designer/ manufacturer/ converter
- ☐ Operator/ Reprocessor
- ☐ Retailer including online marketplace
- ☐ Waste management company
- ☒ Other

If other, please specify.

Local Authority Officer Association: National Association of Waste Disposal Officers (senior officers working full-time on waste disposal matters, representing 80% of the waste disposal and unitary authorities in the UK). Please refer to <https://nawdo.org.uk/about-nawdo> for further information.

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

5. Would you like your response to be confidential?

No

If you answered 'yes' please provide your reason.

6. Given the context of the Covid-19 pandemic we are currently experiencing, do you support or oppose our proposals to implement a deposit return scheme for drinks containers in 2024?

- ☐ Support
- ☐ Neither support nor oppose
- ☒ Oppose
- ☐ Not sure

Please elaborate on your answer if you wish.

NAWDO's advice to Government is that it should delay the implementation of a DRS beyond 2024 to allow for new consumer and public behaviours and practices to be established as part of the Covid-19 recovery, and then once those are established evaluate the implications of those for future options around reuse and recycling.

This much need re-evaluation may lead to a conclusion that a DRS should only be considered as a supplement to and part of EPR and only implemented if EPR fails to deliver the anticipated outcomes for specified materials.

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

- ☒ Yes, a detrimental impact
- ☐ No, there will be no impact

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

- ☐ No significant impact
- ☐ Some impact but manageable
- ☐ Large impact but still manageable
- ☒ Large impact and impossible to comply with

NAWDO recognises that a DRS of any scope and type would be expected to have a very large impact on the quality and quantity of the materials in scope that are dealt with by local authorities, with a consequential very large impact on the usage of existing infrastructure, equipment and vehicles. Foreseeable large impacts on local authorities also include: lost revenues, increased costs, underutilised facilities and contract change implications.

In terms of complains, NAWDO's view from a local authority perspective is that just from a purely practical consideration it would be impossible for local authorities to ensure that all materials in

the scope of a DRS that ended up in the waste and recycling streams that local authorities manage would be returned via DRS.

The impact of reverse vending machines of up to 80m2 being allowed as permitted developments also creates a real prospect of large detrimental impacts in many community settings.

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

- ☐ Yes - because of economic impacts
- ☐ Yes - because of social impacts
- ☒ Yes - because of both economic and social impacts
- ☐ No
- ☐ Not sure

Please elaborate on your answer if you wish.

NAWDO believes there is a credible need to allow for new consumer and public behaviours and practices to be established as part of the Covid-19 recovery, and then once those are established evaluate the implications of those for future options around reuse and recycling.

Chapter 1: Scope of the Deposit Return Scheme

9. Do you agree that the cap should be included as part of the deposit item in a deposit return scheme for:

- ☒ Plastic bottle caps on plastic bottles
- ☒ Aluminium bottle caps on glass bottles
- ☒ Corks in glass bottles
- ☒ Foil on the top of a can/ bottle or used to preserve some drinks

A cap or foil should not be required to be present as part of an item being returned in to a DRS, but where they are present they should be included as part of the deposit item.

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

- ☐ Yes
- ☒ No

Please elaborate on your answer if you wish.

NAWDO believes that EPR is the centrepiece of the Resources and Waste Strategy and should be implemented first, and recognises that if a DRS is delayed to reevaluate the effects of the recovery from Covid-19 this may actually be the resulting sequence, ie EPR first. DRS should be part of EPR, and one that is only implemented to address any limitations of EPR that are established once that EPR has been operational and its impact reviewed. It is that reordering of initiatives which would then define the nature and type of any DRS, if any.

In terms of scope NAWDO notes that the placement of coffee cups is included in EPR as opposed to DRS, and suggest that as a main goal of DRS is addressing litter this is an issue to revisit to ensure the placement of coffee cups is made for the right reasons with the right expectancy.

11. Do you foresee any issues if the final scope of a deposit return scheme in England and Northern Ireland does not match the all-in decision taken in Wales? E.g. an On-the-Go scheme in England and an all-in scheme in Wales.

- ☒ Yes
- ☐ No

Please elaborate on your answer if you wish.

NAWDO recognises that it is not ideal for misalignment in the precise scope of DRS in neighbouring nations, but does not believe that an approach in England and or Northern Ireland should be led by copying decisions taken about the approach in Wales or Scotland, as they may have been taken with different considerations and priorities in mind.

12. Having read the rationale for either an all-in or On-the-Go scheme, which do you consider to be the best option for our deposit return scheme?

- ☐ All-in
☒ On-the-go

Please elaborate on your answer if you wish.

NAWDO is fully aware, and believes that Government is too, that across the sector there are polarised views on all-in versus on-the-go, and that breadth of views is reflected within NAWDO's membership too. On that basis NAWDO thinks it is advisable for a fundamental review of the merits of any role for DRS in relation to EPR and the Consistency agendas before decisions about implementation are made.

This is particularly the case as NAWDO recognises that if Covid-19 did understandably lead to a delay to any DRS beyond late 2024, then that could mean that EPR as the centrepiece of the Resources and Waste Strategy would be implemented first, and the scope of any subsequent DRS could then be best defined by any limitations of EPR that are established once EPR has been operational and its impact reviewed.

It is this foreseeable potential sequence of events that makes establishing a preference between all-in and on-the-go now less relevant; however, if those considerations are disregarded then NAWDO is currently of the view that it would be preferable for the scope of any DRS to be on-the-go with a primary focus given to the connection with litter.

13. Given the impact Covid-19 has had on the economy, on businesses and consumers, and on everyday life, do you believe an On-the-Go scheme would be less disruptive to consumers?

- ☒ Yes
☐ No

NAWDO's view is that from a purely practical consideration it reasonable to conclude that an on-the-go DRS would be less disruptive, on the grounds it would have fewer materials and therefore less tonnage in scope, the footprint of DRS would be smaller, the installation and up keep costs of DRS would be lower, and the logistics of managing closed loop systems would be smaller.

14. Do you agree with our proposed definition of an On-the-Go scheme (restricting the drinks containers in-scope to less than 750ml in size and excluding multipack containers)?

- ☐ Yes
☒ No

If no, how would you change the definition of an On-the-Go scheme?

NAWDO sees an upper limit of 750ml for drinks containers as reasonable for on-the-go, but does not believe that multipack items should be excluded.

15. Do you agree that the size of containers suggested to be included under an On-the-Go scheme are more commonly consumed out of the home than in it?

- ☐ Yes
☐ No
☒ Difficult to say

NAWDO is not sure, as many items within that scope are consumed within households and workplaces and it does not have access to comprehensive data on consumer behaviours that would fully validate any view.

16. Please provide any information on the capability of Reverse Vending Machines to compact glass?

NAWDO is not in a position to answer authoritatively on this technical aspect of reverse vending machines.

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

- ☐ Yes
☒ No

NAWDO thinks that an approach based on product is preferable, to prevent packaging changes being made by producers to avoid a product being in the scope of any DRS.

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

- ☐ Yes
☒ No

NAWDO recognises that if DRS is delayed beyond late 2024 by Covid-19, then that could mean that EPR would be implemented first, and the scope of any subsequent DRS could then be best defined by any limitations of EPR that are established once EPR has been operational and its impact reviewed.

However, if that consideration is disregarded, and ignoring a NAWDO preference for a DRS based on product then NAWDO supports the inclusion of PET bottles, steel and aluminium cans and glass bottles, and the exclusion of HDPE, cartons, sachets and pouches based on the reasons given in the consultation document. However, with reference to the main goal of reducing litter NAWDO questions the omission of disposable single-use cups, unless it is on the basis that they are not readily and consistently recyclable and that this is why they are included within the scope of EPR with associated recycling targets.

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

☒ Yes

☐ No

Please provide evidence to support your response.

To NAWDO it seems inevitable that there would be some material switch by some producers as a response to the implementation of a DRS of any scope, which is why NAWDO prefers a DRS based on product and not material.

Chapter 2: Targets

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

☒ 70% in year 1, 80% in year 2, 90% in year 3 and thereafter

☐ 75% in year 1, 80% in year 2, 90% in year 3 and thereafter

☐ 75% in year 1, 85% in year 2, 90% in year 3 and thereafter

☐ 80% in year 1, 85% in year 2, 90% in year 3 and thereafter

NAWDO is concerned that these targets specify collection rates and not recycling rates and suggest that this is an issue that needs to be addressed. However, in relation to collection rates the timing of the targets and the levels they are set at should be refined with regards to the scope and type of DRS and the timing of its introduction in relation to the implementation of EPR and the Consistency agenda.

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

☐ 80%

☐ 85%

☒ 90% collection rate should be achieved for all materials

In NAWDO's view for a DRS scheme to be considered worthwhile it should achieve a 90% collection rate of the materials in scope after three years.

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

☐ Yes

☒ No

Please provide evidence to support your response.

NAWDO believes it is not just the scope of a DRS that could lead to a need for different collection targets, but also the timing of its introduction in relation to the implementation of EPR and the Consistency agenda, due to the variable scale of behaviour change required by producers and consumers that they generate.

23. Who should report on the volumes of deposit return scheme material placed on the market in each part of the United Kingdom (England, Wales and Northern Ireland) for the proposed deposit return scheme?

- ☒ The producer/ importer
- ☐ The retailer
- ☐ Both the producer/ importer and retailer

What would be the implications of obligations to report on volumes of deposit return scheme material for producers/ importers and retailers? Please provide evidence to support your answer. NAWDO believes producers, importers and retailers are best placed to report on the implications for them of reporting. However, an approach based on producer / importer would appear to align the design of a DRS more closely with EPR principles of operation and therefore could facilitate easier incorporation of any DRS within EPR.

24. What evidence will be required to ensure that all material collected is passed to a reprocessor for the purpose of calculating the rate of recycling of deposit return scheme material?

NAWDO thinks that existing process to record the movement of materials could be a good basis to calculate the rate of recycling, derived from knowing the amount of any material placed on the market compared with how much is collected and passed to a reprocessor, and consequently the levels of evidence should come from sources with similarly high levels of confidence and scrutiny.

Chapter 3: Scheme Governance

25. What length of contract do you think would be most appropriate for the successful bidder to operate as the Deposit Management Organisation?

- ☐ 3 - 5 years
- ☐ 5 - 7 years
- ☒ 7 - 10 years
- ☐ 10 years +

NAWDO thinks that DRS should be a part of EPR from the outset or structured to be absorbed in to EPR at a later date if justifiable. However, in the context of the options given NAWDO suggest that consideration is given to a longer initial term to oversee the initial delivery of a DRS and development of associated reporting infrastructure, followed by shorter operational periods for a DMO thereafter of between seven and ten years.

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

- ☒ Yes

☐ No

Please list any further issues you believe should be covered as part of the tender process?

NAWDO's view is that the approach taken to securing a DMO should be as part of EPR or in a way to allow future incorporation of the DMO within EPR. However, focussing on the actual process of procurement, NAWDO suggest that the procurement should be preceded by soft market testing to help inform the process, and then the procurement undertaken in a more agile manner allowing for the benefit of competitive dialogue, to help arrive at the best overall outcome as opposed to the best package.

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

☒ Yes

☐ No

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

28. Do you agree that the Government should design, develop and own the digital infrastructure required to register, and receive evidence on containers placed on the market on behalf of the Deposit Management Organisation and regulators?

☐ Yes

☒ No

Please elaborate on your answer if you wish.

NAWDO sees this requirement as one to be placed on the initial DMO, which would also justify the initial DMO contract being longer than any subsequent contract period.

29. Government will need to understand the needs of users to build digital services for deposit return scheme. Would you like your contact details to be added to a user panel for deposit return scheme so that we can invite you to participate in user research (e.g. surveys, workshops interviews) or to test digital services as they are designed and built?

☒ Yes

☐ No

NAWDO is happy to offer any support it can based on its members experiences of using digital services to record waste and recycling data.

Chapter 4: Financial Flows

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

- ☐ Taxable Turnover
- ☒ Drinks containers placed on the market
- ☐ Other

If other, please specify.

NAWDO thinks that using the amount of containers placed on the market is an appropriate and transparent measure to ensure that any involvement is proportionate to the amount of containers placed on the market.

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

- ☒ Yes
- ☐ No

Please explain your answer.

NAWDO's view is that a high level of unredeemed deposits is problematic, as it would evidence that the scheme is not working as envisaged, and unless there is a tension for the DMO around correcting that failure it could persist and reflecting inequitable outcomes for different parts of the community.

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

- ☐ Option 1
- ☒ Option 2

NAWDO sees Option 2 as offering more potential for innovation through competition, and at a point when the scope of the DRS is established and its timing in relation to EPR and the approach to EPR is clearer.

33. With option 2, do you foresee any unintended consequences of setting a minimum percentage of the net costs of the deposit return scheme that must be met through the producer fee?

Are there any unintended consequences of option 2?

NAWDO thinks that having producer fees set at a certain minimum percentage of net costs could lead to stakeholders trying to drive down the cost of a system to reduce their exposure, but if appropriate performance measures are a feature for a DMO, then that commercial tension may be effective in driving efficient processes and elevating accountability for the DMO.

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

- ☐ 25% of net costs
- ☐ 33% of net costs
- ☐ 50% of net costs
- ☒ Other

Please provide evidence to support your response.

NAWDO finds it hard to form a view on the limited information provided, but if a percentage approach is to be used then consideration should be given to some sort of variable figure based on the operational aspects of the DRS over time.

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

- ☒ Reinvested in the scheme
- ☒ Environmental causes

NAWDO thinks that unredeemed deposits should also be included as subset of EPR, unless EPR will fully fund the costs of dealing with the cost of materials in the scope of DRS that are not collected.

The use of excess funds for any environmental causes should linked to themes allied to the purpose of the DRS as set out by Government, namely *'to reduce the amount of littering, boost recycling levels for relevant material,to collect high quality materials in greater quantities.....promote recycling through clear labelling and consumer messaging.....incentivise moves to push more material up the waste hierarchy and move towards a more circular economy.'*

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

- ☐ 10p
- ☐ 15p
- ☐ 20p
- ☒ Other

If other, please specify.

NAWDO suggests that a distinction should be made between rates applied to materials for reuse (lower rate) and those for recycling (higher rate). However, if a single figure is to be used then that should be established by the DMO. However, from the figures provided NAWDO is inclined to support 20p, although any figure should be variable over time and the ability to modulate fees by material should not be overlooked.

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

- ☒ Yes
- ☐ No

This is required to ensure that the impact of a DRS is not allowed to create an effect of packaging poverty.

- ☐ 30p
- ☐ 40p
- ☐ 50p
- ☒ Other

If other, please specify.

From the figures provided NAWDO is inclined to support 30p, although any figure should be variable over time and the ability to modulate fees by material should not be overlooked including a distinction considered for a lower cap on reusable items. If a single figure is to be used then that could be influenced by the materials in the scope of the DRS, ie whether it was full-scope or on-the-go, and should be established by the DMO.

38. Recognising the potentially significant deposit costs consumers could pay on a multipack purchase, how best can we minimise the impact of the scheme on consumers buying multipacks?

NAWDO thinks that despite inherent difficulties there should be no differentiation made between the rate for a single or multipack purchase. This would also prevent inequitable pricing effects, which would allow some parts of society to benefit more greatly from bulk purchases when their financial capacity allows it, whilst others unable to purchase in bulk, or without the same need to, would be disadvantaged.

39. Do you agree with our approach to letting the Deposit Management Organisation decide on whether to adopt a fixed or variable deposit level, particularly with regards to multipacks?

- ☐ Yes
- ☒ No

Please provide evidence to support your response.

NAWDO thinks that despite inherent difficulties there should be no differentiation made between the rate for a single or multipack purchase. The end point of the material is a key consideration in a DRS and it is unrealistic to expect that all items in a multipack would be returned together, and even if they were they may be presented as individual units of the same size with the equivalent considerations that would generate.

Chapter 5: Return Points

40. Do you agree that all retailers selling in-scope drinks containers should be obligated to host a return point, whether it is an all-in or on-the-go (OTG) deposit return scheme?

- ☐ Yes
☒ No

Please provide evidence to support your response.

NAWDO suggest that for the first generation of DRS there should not be an absolute requirement for the ideal of a return point at every point of sale, but instead a de minimis trigger based on a combination of turn over of materials in scope of the DRS and the footprint of premises; this consideration becomes an even stronger one for a DRS that is not on-the-go but is instead all-in.

41. Given the proposed extensive distribution and availability of return points for consumers to return bottles to, do you think customers would be likely to experience delays / inconveniences in returning drinks containers?

- ☒ Yes
☐ No

If so, how long or how frequently would such delays be likely to arise for?

NAWDO's view is that these considerations need to be considered as part of a reappraisal of consumer and public behaviours and practices established as part of the Covid-19 recovery and in relation to the type of DRS and the density of return points envisaged, for example whether a role for the Post Office network was envisaged . But whatever, it is inevitable that customers would experience delays and inconvenience by participating in a DRS of any type and scope as it requires additional and or different actions and processes to those currently practiced by consumers.

Importantly, NAWDO draws attention to the probability that this level of inconvenience may be more pronounced in some parts of the community than others, for example: rural and remote areas of lower density populations, areas with seasonality of population sizes, and those with home delivery services, mobility issues, lack of access to easy transport, lack of storage space etc.

Unpredictable usage patterns, for example linked to weather or social and sporting events could create logistic issues for the capacity of a reverse vending machine based DRS to cope with spikes in demand where a system rolled out has a defined capacity that may be overload at a return point in totality or just for some materials.

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

- ☐ Option 1
☒ Option 2
☐ Option 3

Please explain your answer.

NAWDO believes that use of a de minimis keeps the impact of a DRS obligation on a retailer proportionate to the impact it has of selling products to consumers.

And whilst a take back option should be considered as part of an on line shop with home delivery, a DRS scheme should not overlook the fact that some household behaviours may lead to DRS materials in the household not being retained for that mode of return, but instead included in a household's recycling or waste collection or by a return to a reverse vending machine where that is viewed as a convenience of choice, as is recognised in option 2 in relation to in-scope materials from restaurant / takeaway outlets.

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

☐ Yes

☒ No

Would you propose any additional criteria are included for the calculation of the handling fee?

NAWDO's concern is that the explanation of the handling fee is that a retailer will receive a handling fee *'to compensate them for any costs incurred in hosting a return point'* and a list of criteria is given and a statement that the *'calculation and modelling'* of the fee will be left to the DMO; this approach creates a risk that some retailers may lose out where costs are not paid on actuals, and as such some sort of appeals procedure should be allowed for.

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

☒ Close proximity

☒ Breach of safety

Any further comments you wish to make.

NAWDO is not of the view that *'all retailers selling in-scope drinks containers will be obligated to host a return point regardless of their size'*, as this inevitably creates an inequitable burden that could have a disproportionate effect on smaller independents, although it has to be noted that hosting a DRS could also act as an additional attraction for people to visit local convenience stores.

Consequently, the importance of the exemptions regime is a key aspect of a DRS based on reverse vending, and as such it cannot be the case that it is only 'proximity' as a criteria, but proximity *and* capacity that has to be considered for an exemption. This should extend to a methodology for prioritising those beneficiaries in an area from an exemption, so that enough units remain in an area for a reverse vending based DRS to be viable. Consequently, exemptions would need to be subject to review (for example as local supermarkets open or close) as well as appeal. This means that it cannot be optional for a DMO to undertake strategic mapping projects as stated, as this would have to be a fundamental part of a DRS and the implementation of an exemptions regime.

45. Please can you provide any evidence on how many small and micro sized retail businesses we might likely expect to apply for an exemption to hosting a return

point, on the grounds of either close proximity to another return point or on the compromise of safety considerations?

NAWDO thinks that aspects of this question also relate to the previously stated need to allow for new consumer and public behaviours and practices to be established as part of the Covid-19 recovery, and then once those are established evaluate the implications of those for future options around reuse and recycling.

However, in direct response to the specific question NAWDO does not have access to information that allows a direct answer, but does highlight that it is also worth considering whether an all-in DRS, due to larger amount of materials in scope, would lead to more valid exemptions being sought on safety grounds, thereby reducing the density of return points available in any area as opposed to an on-the-go DRS, and consequently lead to a DRS network based on reverse vending that was at risk of being permanently suboptimal in its capture rates.

46. Do you think obligations should be placed on retailers exempted from hosting a return point to display specific information informing consumers of their exemption?

- ☒ Signage to demonstrate they don't host a return point
- ☒ Signage to signpost consumers to the nearest return point

Anything else?

NAWDO's view is that branding of signage for a reverse vending based DRS should be consistent for ease of recognition, and thought given to how and how frequently they would be checked for validity and kept up to date, for example where nearest points change or are out of action, which may be best addressed by a phone application for users.

47. Do you agree with our rationale for not requiring retailers exempted on the basis of a breach of safety not to be required to signpost to another retailer?

- ☐ Yes
- ☒ No

Please explain your answer.

NAWDO thinks that any retailer with an exemption should still be seen as participating in a DRS and signage requirements should be a pre-requisite of an exemption application.

48. How long do you think exemptions should be granted for until a review date is required to ensure the exemption is still required?

- ☐ 1 year
- ☒ 3 years
- ☐ 5 years or longer

NAWDO's thinks three years is a reasonable period, retailers will require some degree of certainty for business planning where change is required, so the review date is not the only timeframe to be

considered here, but also the response time for where an exemption is removed and the time for any appeals process that might ensue where an exemption is required.

However, for a reverse vending based DRS is to remain effective in an area where a strategic return point has allowed a number of exemptions, an ability to end exemptions early when appropriate notice is given has to be considered, eg for a scenario where that strategic return point may be closed, eg if a supermarket is closed or an area is redeveloped.

49. Do you think the scheme could benefit from technological solutions being incorporated as a method of return, alongside reverse vending machines and manual return points?

☒ Yes

☐ No

NAWDO notes that the consultation only hints at the potential role that technology could play in the efficiency and ease of use of DRS and notes the explanation that some trials are under way that are currently linked to un-costed solutions.

Consequently, NAWDO's strong view is that further detailed thought should be given by Government to the technology required to help establish if it could help deliver a more equitable DRS or improve performance against the stated goals of DRS without undermining DRS, and in a way that was in line with the Consistency agenda and in step with Extended Producer Responsibility in a holistic manner consistent with the Resources and Waste Strategy.

In making this view NAWDO recognises that a digital deposit return scheme utilising existing household collection infrastructure as a supplement to a reverse vending based DRS, ie as implied in the consultation document, could be seen by many as a failure of a reverse vending based DRS and create user tensions and preferences that undermined usage in the reverse vending aspect of DRS creating a system imbalance.

50. How could a digital deposit return scheme solution be integrated into existing waste collection infrastructure?

Please explain your answer.

NAWDO's view is that the sequence of initiatives related to the Resources and Waste Strategy should be reordered such that:

Firstly, new consumer and public behaviours and practices established as part of the Covid-19 recovery are evaluated and the implications of those for future options around reuse and recycling established. This would inevitably delay the implementation of DRS beyond late 2024 and most likely until after EPR is operational.

Secondly, that EPR is implemented on the expected timeline or as soon as possible, and that DRS is included as a supplement to and part of EPR, which could then be implemented if EPR fails to deliver the anticipated outcomes for specified materials.

Thirdly, that within the remit of EPR the role of a digital DRS as part of DRS is developed that could be deployed if deemed suitable at a future date informed by future considerations.

51. What are the potential fraud control measures a digital deposit return scheme could bring?

Please explain your answer.

NAWDO sees the potential for fraud to be significant, whether that be by the accumulation of repeated instances of small scale system abuse or larger scale organised fraud, unless confidence in the use of single use identifiers is high, and the ability to record appropriate return to the DRS system is a feature of the digital DRS. Consequently the role of digital DRS needs to be fully explored and tested at scale before it can be relied upon to fulfil any credible part of a DRS, and as any role for digital DRS could be significant, then until it is proven then it is advisable to delay delivery of a DRS of any type and scope.

52. Do you think a digital deposit return scheme could ensure the same level of material quality in the returns compared to a tradition return to retail model, given containers may not be returned via a reverse vending machine or manual return point where there is likely to be a greater scrutiny on quality of the container before being accepted?

☐ Yes

☒ No

Please explain your answer.

NAWDO recognises that it reasonable to expect that the quality of the overall material in the scope of the DRS would be lower, due to the contamination levels inherent in kerbside collections, but that this effect would be counterbalanced by the benefit of having the quantity of material increased. In short, a suboptimal outcome in terms of quality may be a consequence that has to be expected for the achievement of a fully democratic DRS.

53. If the digital deposit return scheme system can be integrated into the existing waste collection infrastructure would its implementation and running costs be lower?

Please provide evidence to support your response.

NAWDO expects it would be, when compared with the DRS costs presented in the consultation, although there is not enough information available about the nature of the DRS or the format of a digital system to be able to answer this question authoritatively. But consideration should be wider than the relative running costs, and include the implications for implementing a DRS that undermines the need for and efficiency of existing waste collection infrastructure that is paid for by the taxpayer and replacing those at additional cost to consumers with alternative infrastructure in a way that is not compatible.

54. Do you support the proposal to introduce a new permitted development right for reverse vending machines, to support the ease of implementation for the scheme?

- ☒ Yes
☐ No

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

NAWDO thinks the use of permitted development rights would streamline processes and reduce costs for businesses and local authorities, however, the upper limit proposed of 80 square metres appears too high and the exclusion of location types needs to be expanded from the short list of SSSIs and the curtilage of listed buildings and scheduled monuments.

Chapter 6: Labelling

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

- ☒ An identification marker that can be read by reverse vending machines and manual handling scanners.
☒ A mark to identify the product as part of a deposit return scheme.
☒ The deposit price

NAWDO suggests that although a deposit price is a very simple proposition that is widely used in DRS schemes, this approach should be weighed up against a more versatile approach of a 'deposit unit value' for materials, meaning that a deposit price in relation to the 'deposit value' could be set or changed by a DMO in a more fluid manner, with a distinction also considered for items for reuse as opposed to recycling.

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

NAWDO see a single use identifier being a key part of efforts to reduce fraud. However, this approach means that some materials that users believe are 'in scope' of a DRS would not be accepted, perhaps due to the age of the material, for example material from a litter pick, or because it is an imported item, for example a Belgium beer bottle.

In terms of other measures lessons can be learned from countries with a shared border that operate different systems, eg Belgium and the Netherlands.

As there is a real possibility that, with good reason, different parts of the United Kingdom and indeed neighbouring countries could be operating DRS systems with different materials and deposit values and principles, there should be a compulsion on any DMO to enter reciprocal arrangements with a DMO in a neighbouring administration. And as the approach to using

technology to enhance a DRS is yet to be established it is important that any developments in this area have anti-fraud measures as a central consideration.

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

- ☒ Yes
☐ No

NAWDO sees the risk as presented as a valid concern, but it has to be recognised that an alternative of not having a mandatory labelling approach in parts of the UK outside Scotland could undermine the efficacy of a DRS to such an extent it may not achieve its full potential and potentially extend the level of fraud, particularly in border areas with different approaches on either side of a border. Furthermore, it is also surely wrong to assume at this early stage that a point of convergence on materials in scope of a DRS is not attainable anyway.

58. Do you consider the risk of incorrectly labelled products entering the markets of England, Wales or Northern Ireland via Scotland to be a significant risk?

- ☒ Yes
☐ No

Please provide evidence to support your response.

Potentially yes, however NAWDO does not have access to data to validate that view and the consultation document does not provide enough information either.

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

- ☐ Yes
☒ No

Please explain your answer.

NAWDO sees consistency of branding and simplicity of messages as key, and similar to the inclusion of bar codes on products, standard presentation and formatting should be a mandatory requirement.

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

Please explain your answer.

NAWDO thinks small producers should continue to be engaged in the development of a solution, but it appears that the provision by a DMO of generic stickers for differing types of product, would be a workable solution, although a DMO may have to accept some de minimis level where a really small producer could sit outside a DRS.

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

☒ Yes

☐ No

Please provide evidence to support your response.

Whilst there is limited information in the consultation on which to form a view NAWDO thinks it really depends on when the 18 months for labelling changes starts as subset of the overall lead in period. As first of all a key decision is required about whether DRS should be a part of EPR, then on what type of DRS is being implemented, followed by when the DRS is to be implemented; then a DMO then has to be contracted and then establish an approach for labelling and how a DRS will operate in detail, and at each point in that timeline signals will be sent to producers on what to expect with increasing certainty.

However, the time to allow for the logistics of labelling changes is only one consideration, other considerations about stock rotation are also required to be factored in, as for some items the journey time from production to return will be shorter than for others.

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

☐ Yes

☒ No

☐ Don't know

Please explain your answer.

This question does not relate to NAWDO in its role as a representative body of local authorities.

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

☐ Yes

☐ No

☒ Don't know

There is not enough information about the proposed approach and the terms of engagement of a DMO and its remit to justify a definitive view.

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

No, this theme does not relate to NAWDO in its role as a representative body of local authorities.

Chapter 7: Local authorities and local councils

64. Do you agree that local authorities will be able to separate deposit return scheme containers either themselves or via agreements with material recovery facilities to regain the deposit value?

- ☐ Yes
☒ No

Please explain your answer.

NAWDO recognises that where a DRS is based on reverse vending, local authorities may be able to separate *some* DRS containers but not all, due to the way materials are collected and presented. For example, even for an on-the-go DRS the issues could be significant, as smashed bottles and crushed cans recovered by a MRF or collected separately at the kerbside may make the principles of identifying whether a material is in the scope of a DRS impossible by normal means, unless those requirements are suspended for material going via this route; and this type of consideration would presumably be more significant for an all-in DRS.

Furthermore for a MRF to separate out materials in scope from similar materials not in scope would be expected to add costs of additional processing, with those costs expected to be higher in relation to an all-in as opposed to on-the-go DRS.

However, it should not be that a failure of a DRS or delayed benefits of a DRS should be possible of leaving a financial impact on local authorities. Consequently, rather than a DRS link to payments to local authorities, it could be that it is EPR that is used to meet all the costs of all packaging materials going via the kerbside route or recycling centres, such that producers pick up the cost one way or the other. This is an important point to consider, as it is the consumer that would on an item by item basis make the choice of using either a reverse vending based DRS or a kerbside collection, for any material in the scope of a DRS, with the associated implications for them as a consumer in relation to the redeemable deposit

Either way local authorities should not be left with a funding gap for providing a service they are obligated to where neither DRS, EPR or new burdens funding is available for the new net costs, which for absolute clarity should also reflect losses. This is why this statement from the consultation could be unacceptable and worrying for local authorities: *'Local authorities would only receive funding for packaging covered under the Extended Producer Responsibility regime, excluding deposit return scheme material'*.

65. Do you agree that local authorities will be able to negotiate agreements with material recovery facilities to ensure gate fees reflect the increased deposit values in waste streams or a profit sharing agreement on returned deposit return scheme containers was put in place?

- ☒ Yes
☐ No

Please explain your answer.

NAWDO thinks that in most instances the introduction of any DRS would be expected to be covered by Change in Law provisions which are a standard feature of modern contracts, this should allow contracts to be changed to reflect the introduction of a DRS. Furthermore, many MRF agreements have shifted to variable gate fees on a cost plus basis, thereby shifting the risk and reward effects towards the public sector for changes in commodity values.

However, although the question focuses on material recovery facilities it should also be noted that this change in law consideration would be expected to apply to Waste Disposal Authorities in relation to PFI, PPP and other residual waste treatment contracts (for example for MBT or EFW based solutions), with changes to composition, calorific value, tonnage pricing bands and minimum tonnage guarantees all potentially affected to varying degrees and extents.

66. In order to minimise the risk of double payments from the Deposit Management Organisation to local authorities, where should data be collected regarding the compositional analysis to prevent the containers then being allowed to be redeemed via return points?

NAWDO is not of the view that there is any credible risk of local authorities seeking to benefit from double payments at all. Even where this view is not shared it is an easy concern to address by measuring material flows, firstly, at the point of delivery by the local authority to a MRF, and secondly at the export point from the MRF to the reprocessor or return point in to the DRS system. This approach would thereby allow money to flow back down the route the material came from and auditability to concluded efficiently, as cashflow would have to match tonnages of material type throughout and evidence for that would be supported by the licencing requirements for movement of materials.

This approach would also allow local authorities a range of options too, firstly, return materials via return points where they have collected them separately (eg at the kerbside or by hosting a return point), as that weight would not be capable of being physically presented to a MRF for processing in the first place – unless some additional pre-sort is required. Secondly, material that had been delivered in to a MRF and separated as suitable for return to DRS, would have to be weighed out by material with appropriate waste movement paperwork to get it back to a DRS.

67. How difficult do you think option 3 would be to administer, given the need to have robust compositional analysis in place?

Please explain your answer.

NAWDO does not support option 3, which appears to create additional costs and require additional processes to address a risk that is not clearly evidenced as being likely or significant, and in NAWDO's view there is not any credible risk of local authorities seeking to benefit from double payments. To answer the question directly, it probably would not be too difficult to administer a scheme on these principles, but the issue is more whether this additional difficulty is justifiable, and in NAWDO's view it is not.

68. What option do you think best deals with the issue of deposit return scheme containers that continue to end up in local authority waste streams?

- ☐ Option 1
- ☒ Option 2
- ☐ Option 3

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

NAWDO prefers Option 2 of the limited options presented as it presents local authorities with a fairer, more stable and certain position, however it only protects local authorities financially to the extent that any EPR formula is thorough enough and fine-tuned enough to do so and agile enough to reflect consumer change and habits quickly.

Option 2 also allows local authorities the incentive, as stated in the consultation document, to redeem deposits where containers of sufficient quality can be separated, and importantly shifts the onus to producers to improve a DRS if needs be or pay the consequence of any partial failure through EPR. However, for local authorities to be left without the possibility of being short-funded, option 2 does require that a DRS is implemented after, or at the same time as, an EPR and not before.

Option 1 is unacceptable as it would appear to leave local authorities with an unmet cost for dealing with material that is in the scope of a DRS that cannot be separated out to the satisfaction of a DRS and without recourse to EPR funding or additional burdens funding. Consequently, Option 1 could leave local authorities with a risk created by a DMO only paying out for materials deemed to meet its quality criteria, that is only addressed by expecting *'local authorities to collect and sell on to reprocessors as they currently do'* which could create a risk to a local authority of additional and unfunded costs through no fault of their own.

To compound things further, this situation could facilitate an inequitable situation across the country, driven by different levels of participation in the reverse vending aspect DRS by consumers, linked to rurality or socio-economic considerations for example, meaning that some local authorities could see more in scope material in their kerbside collections than others for which they are not reaping the full benefit due to how it is presented or collected. Furthermore it makes no provision for any local authority to receive funds for materials in litter or residual waste, which many would consider unacceptable, and for local authorities appears to be the direct implication of the statement that *'Local authorities would only receive funding for packaging covered under the Extended Producer Responsibility regime, excluding deposit return scheme material'*.

Chapter 8: Compliance Monitoring and Enforcement

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

Please explain your answer.

NAWDO thinks that the benefits of an appeal process for exemptions that are declined by the DMO should be considered, particularly if the grounds for exemptions are to expand as they probably should, and if the size limit allowed for under permitted developments is reduced as it probably should be.

Furthermore, where a DRS is not delivered as part of EPR, consideration should be given to a process for appeals and arbitration in relation to the interactions between the DMO and EPR systems, for example in Option 2 in question 68 of the Consultation.

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

- ☒ Yes
☐ No

To what extent will local authorities be able to add on monitoring and enforcement work for the deposit return scheme to existing duties they carry out with retailers?

NAWDO believes the proposed enforcement role for Trading Standards fits neatly within its current remit, complementing other environmental areas, for example single use plastic bags. However, given the current funding and staffing resource issues experienced by the Trading Standards profession, ring-fenced and sustainable funding would be required to ensure this work was appropriately prioritised with requirements of that funding fixed and clear from the outset and that have been developed in partnership with local authorities in advance.

71. In addition to those in the table, are there any other types of breaches not on this list that you think should be? If so, what are they? These may include offences for participants not listed e.g. reprocessors or exporters.

NAWDO thinks the list seems adequate, and despite concerns about the risk of breaches by local authorities double counting mentioned elsewhere in the consultation document, it is noted positively that this breach isn't repeated here.

For collating additional risks Government should seek insights from other schemes and when soft market testing or procuring a DMO should ask them to identify the potential breaches they could envisage from a scheme, whether on-the-go or all-in, and what their preferred measures would be to counter them and why.

72. Are there any other vulnerable points in the system?

If so, what? Please explain your answer

NAWDO recognises that a system failure by a DRS to achieve a target may only be established some months after a target date has passed, thereby allowing a DRS to continue to perform at a sub-optimal way for that much longer and thereby protect it from accountability for that much longer too. As such intermediary measures on performance and trackers with triggers for action should be a feature of any DMO performance regime, otherwise it could be vulnerable to longer periods of poor performance without reckoning and consequence.

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

Yes / No Please explain your answer

Yes, NAWDO thinks that should be a key aspect of the DMO role and as such this accountability should encourage a DMO to design, refine and manage a DRS in a way that elevates compliance.

74. Do you agree with the position set out regarding enforcement response options?

☐ Yes

☒ No

If no, please explain your answer.

NAWDO sees that whilst the escalation of enforcement options is clear, the financial and penal consequences are not, and until the picture is complete it is impossible to agree, as in many instances the penalties for environmental crimes are not onerous enough to deter criminality. Furthermore, the prospect of a significant breach by a DMO is not addressed adequately, beyond saying that a *'discretionary requirement could address this'* by using a non-specified *'prescribed formula'*.

Chapter 9: Implementation Timeline

75. Do you have any comments on the delivery timeline for deposit return scheme?

NAWDO's view is that the anticipated DRS delivery timeline is unrealistic, too simplistic, too fast and makes no distinction between the potential for timeframe differences between on-the-go or all-in, the need to reassess community and consumer habits as a part of the Covid-19 recovery, or the time to develop a technological solution and establish a role for it if any.

Specifically, the 18 month period from the appointment of a DMO to a DRS being operational is very ambitious, with the major concern being about the logistics of the roll out of the infrastructure for a reverse vending based DRS.

Furthermore, many stakeholders have identified a preference for delaying a DRS until after an EPR system is fully implemented, meaning that if justified as being required to supplement EPR, then a DRS would only be implemented at some point after 2025, which would also facilitate the ability to consider options alongside changes to kerbside services that would be developing in line with the Government's Consistency objectives.

Please pose any views on implementation steps missing from the above?

76. How long does the Deposit Management Organisation need from appointment to the scheme going live, taking into account the time required to set up the necessary infrastructure?

☐ 12 months

☐ 14 months

☐ 18 months

Any other (please specify)

NAWDO thinks it should be longer than 18 months and determined by whether the scheme was on-the-go or all-in.

If other, please specify.

NAWDO thinks 24 months seems more reasonable, but the period would be influenced by whether the scheme was on-the-go or all-in, whether it was a reverse vending based or digital based DRS, and when the period was in relation to the roll out of any other DRS in Europe - due to the consideration of competition for the provision of equipment.

Please provide evidence to support your response.

NAWDO suggests that establishment of an aspirational timeframe should be informed by soft market testing with potential DMO operators and then timeframes evaluated as part of proposals received from interested parties – evaluated in terms of timeframe and credibility of implementation plans.

For example, and on a purely practical consideration of recruitment, for a DMO to fill some key posts firstly it would have to go through a recruitment process to make appointments, which may then be followed by delays of up to several weeks before postholders could take up their new roles and start fulfilling their accountabilities – whether that is as the core management and staff, software developers or installers for example. And as another simple example, the process of establishing a network of delivery points for a reverse vending based DRS and dealing with exemption requests and appeals may be more lengthy than envisaged.

It is also important to note and accept that if a digital deposit return scheme solution is to be integrated into existing waste collection infrastructure, then that in itself would require considerable development and lead in time, not just by the DMO, but also by local authorities and their contractors.

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

NAWDO thinks that from a purely practical set of considerations around scale, it is reasonable to expect that an on-the-go DRS could be implemented quicker due to its smaller size.

Chapter 10: Summary Approach to Impact Assessment

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

☐ Yes

☒ No

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

NAWDO recognises that the impact assessment is presented in isolation and without the context of the effects of the Consistency and EPR agendas which are yet to be determined, in terms of both timing and nature, and ideally these should be subject to a fully integrated impact assessment to help establish the optimal nature and sequencing of change.

The Impact Assessment is also UK wide whereas part of the UK is to implement a DRS which may or may not be the same as any introduced in any other part of the UK and is also expected to be delivered earlier, and it is noted that this distinction will not be undertaken until the final impact assessment which will render the process less meaningful.

Furthermore, NAWDO notes that much of the Impact Assessment is a presentation of the current policy landscape, an explanation of the DRS options and the views received to date and does not feature any possible effects of changes to community and consumer behaviours linked to the recovery from Covid-19. Whereas key points such as the fact that *'some of the material collected and sold by the DMO would not be additional recycling'* are significant points that are not explored fully and experiences where a DRS has been introduced after comprehensive kerbside collection services exist are not clearly explored.

In addition, the Impact Assessment itself notes that it is now on one year out of date as it assumes 2023, whereas the document expects the earliest any DRS could be implemented is late 2024 and there is a concern that by discounting multipack beverage containers from the impact assessment of the benefits of an on-the-go DRS have been understated, even if this is only limited to 750ml size containers.

However, for NAWDO an overriding concern is the scale of the financial numbers used in the impact assessment and the importance of assumptions such as capture rates on those numbers. As they are derived from limited sources with minimal corroboration and without directly comparable precedent, therefore despite the emphatic way they are presented, they should be viewed with caution, and the conclusions they drive should be prudent.