

**P-05-750 Consultation outcome: Introducing a Deposit Return Scheme (DRS) in England, Wales and Northern Ireland: Executive summary and next steps, 22.08.19**

**1. Introduction**

1) Recent months have seen a rise in 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.

Moreover, drinks container litter is a serious issue which needs targeted policy action to overcome, with disposable 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.

2) In December 2018, the government published its Resources and Waste Strategy. The aim of the strategy is to make the UK a world leader in resource efficiency and resource productivity, to increase competitiveness and move away from a linear economy towards a circular economy. It outlines how the government will work towards our ambitions of doubling resource productivity and zero avoidable waste by 2050, maximise the value we extract from our resources, and minimise waste and the associated negative environmental impacts.

3) As part of the Resources and Waste Strategy, Defra launched three consultations on 18 February 2019: introducing a Deposit Return Scheme for drinks containers (DRS) in England, Wales and Northern Ireland; Consistency in Household and Business Recycling Collections in England; and reforming the UK packaging producer responsibility system. These measures will tackle confusion over household recycling, and ensure that producers pay the full net costs of collecting and managing packaging waste.

4) At the same time Her Majesty's Treasury (HMT) published the Plastic Packaging Tax consultation, aimed at introducing a new world-leading tax on the production and import of plastic packaging with less than 30% recycled content, helping to incentivise the production of more sustainable plastic packaging and increase the use of recycled plastic.

5) Defra launched the consultation on Introducing a DRS in England, in conjunction with the devolved administration in Wales and the Department of Agriculture, Environment and Rural Affairs (DAERA) in Northern Ireland. The aim of a DRS would be to reduce the amount of littering, 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.

6) The UK government is also committed to maintaining the same environmental standards following its exit from the EU as a minimum, and to match or where economically practicable exceed the ambitions of the EU's environmental agenda, including their Plastics Strategy. Our landmark Resources and Waste Strategy for England sets out how we will drive the shift towards a circular economy, and we intend to match the target to collect 77% of single-use plastic bottles placed on the market by weight by 2025, and 90% by 2029. We view the introduction of a DRS as a means by which industry can meet the high collection targets set out in the Single Use Plastics Directive<sup>3</sup>.

7) The consultation asked questions on the following areas:

- basic principles for a DRS
- scope of a DRS, including the materials and drinks that the scheme will cover
- scheme design, including options for the scheme delivery model
- operational management of the scheme, and the proposed establishment of a Deposit Management Organisation (DMO)
- finance and administration of the scheme, including a focus on set-up, operational costs and deposit level
- monitoring and regulation, including compliance and enforcement, tackling fraud and misuse of the scheme
- proposed scheme objectives, outcomes and impacts

8) The consultation was open for 12 weeks between 18 February and 13 May 2019. We would like to thank all those that responded to the consultation and those who took the time to meet with us. Responses were submitted through a variety of channels including the online consultation tool (citizen space), by email and by post. We received a total of 208,269 responses to the consultation; 1,180 of those were by email, post and citizen space, and 207,089 were via campaigns from Greenpeace, Marine Conservation Society, and 38 Degrees. The campaign responses did not cover

each question in the consultation, but targeted specific ones on scope. Where 'individuals' are mentioned, they refer to respondents who replied directly to the consultation. Where proposals are supported by campaign responses it is indicated in the text.

9) Given both the requirement to meet higher collection targets and the analysis of consultation responses, we are minded to introduce a DRS for drinks containers in England and Wales from 2023. DAERA are minded to continue with Defra's timetable; in the current absence of the Northern Ireland Assembly and Executive, officials in DAERA will continue to ensure that environmental governance in Northern Ireland can be safeguarded post-EU exit.

10) The introduction of a DRS is subject to receiving additional evidence and carrying out further analysis on the costs and benefits of such a scheme. In addition, we will carry out further analysis regarding the potential interface between a DRS and the current collections regime in Wales. Our ambition is to implement a scheme which ensures regulatory consistency across the UK, noting the Scottish Government has already brought forward proposals for a wide-ranging DRS. We will continue to work with the devolved administrations to accomplish a coherent UK-wide approach.

11) Our ambition would be to introduce a DRS earlier if feasible; however, we want a timetable that is bold but realistic, given our desire to develop and implement an effective, cost-efficient scheme that works coherently across the UK. A DRS would help us reduce litter, increase recycling rates and improve recycling quality of materials included in the scope of a DRS. We will take powers to introduce deposit return schemes in the Environment Bill.

12) As we develop the policy, we will consider which drinks containers are to be included. We anticipate this could be drinks containers up to 3L in volume, but the final upper limit will be subject to the outcome of additional evidence and further stakeholder engagement. The specific details of a DRS, including the material and drinks to be included in scope, will be developed further and will be presented in a second consultation in 2020. Following the second consultation, a DRS would be implemented from 2023.

13) Our next steps will be:

- to seek primary powers to implement deposit return schemes in the Environment Bill
- to hold a second consultation in 2020 on the regulatory framework for introducing a DRS through secondary legislation
- following the second consultation, we would introduce a DRS from 2023

14) Given the high level of public and stakeholder interest in introducing a DRS for drinks containers, we are publishing the summary of responses and next steps earlier than required to signal a clear direction of travel. This necessity means that specific details of policy design will be developed in the following months, informed by further analysis of the responses received to this consultation.

15) We will continue to engage with industry members including retailers, producers, manufacturers, local authorities, waste management companies and other organisations and business to develop the second consultation and secondary legislation for a DRS. We will also continue to work with the devolved administrations and other key stakeholders to ensure that a DRS functions coherently across the UK.

## **2. Executive summary**

16) Most consultations are analysed sequentially question by question. However, both the structure and length of the DRS consultation lend themselves to a thematic analysis of findings. Presented below are the key findings from the summary of responses analysis, ordered by theme. For the detailed analysis, please see the full [summary of responses report](#).

### **2.1 DRS principles**

17) The consultation proposed that a DRS, if implemented, could operate under the UK government and the devolved administrations of Wales and Northern Ireland. Environment ministers in England and Wales, and the Permanent Secretary of DAERA, along with Scottish Ministers, agreed eight principles for cooperation and to help with implementation, coordination and monitoring of the scheme. These eight principles detailed in the [consultation document](#) focus attention on changing the behaviours of producers and consumers by implementing a scheme that incentivises recycling and the reduction of single use plastics and other 'virgin' materials.

18) Respondents<sup>4</sup> to the consultation overwhelmingly agreed (84%) with the proposed principles of a DRS. Several reasons were presented from respondents as to why implementing the scheme would have a positive impact, including that a DRS would incentivise consumers to recycle containers, leading to higher overall recycling rates and an associated reduction in littering and waste production.

19) In reviewing responses by organisation type, two thirds of local authorities<sup>5</sup> agreed with the principles. However, 17% stated they did not know or did not have enough information and 11% neither agreed nor disagreed. Only 5% of local authorities disagreed with the principles, questioning whether there was a need for a DRS scheme given existing council collection services. Responses from individuals were in line with the survey average, with 92% agreeing.

20) Although the large majority of respondents agreed with the principles of DRS, there were some who felt that such a scheme was unnecessary. For example, a small number of local authority representatives considered that the DRS scheme, as currently proposed, would have a potentially detrimental impact on existing local authority kerbside collection schemes. Their views were that household waste collections are already recycling much of the material covered by the DRS, are convenient for consumers who do most of their recycling at home and represent an important income stream for councils. The impact on households who currently recycle at home (and might not redeem their deposit) will need to be considered.

21) Additionally, some respondents felt that introducing a DRS, which could include certain materials and containers while excluding others, could lead to consumer confusion and have the unintended consequence of dis-incentivising recycling through unnecessary complications.

22) A small number of respondents in Northern Ireland raised concerns about the unique geography of Northern Ireland and the fact that many organisations operate integrated supply chains across the island of Ireland, with production on both sides of the border for island of Ireland consumption. We note these concerns, and will continue to engage with producers in Northern Ireland and the island of Ireland to address them.

23) We note the support for the proposed principles of a DRS, from both individuals and the majority of local authorities who responded. We have considered the suggestions for additional principles. However, we do not intend to depart from the consultation document at this time, either because the suggestions are partially covered by the principles as they stand, or because the principles suggested fall within specific parts of our proposals.

24) We note the concerns from respondents regarding the introduction of a DRS alongside kerbside recycling, and the potential for consumer confusion and unnecessary complications. The UK government is keen to avoid unintended consequences; Defra has commissioned a social research project on consumer attitudes towards a DRS, which will be used to develop our Impact Assessment and assess any unintended consequences.

25) As proposed in the consultation document, the DMO would run communications campaigns to aid consumer understanding of the DRS. In addition, on the introduction of a DRS, there would be messaging from the UK government on the final proposals, including what items would be in scope and how a DRS would work with existing kerbside collections.

## 2.2 Scope of the DRS

### Materials and drinks in scope

26) The consultation document described how a DRS could promote a step change in the behaviours of both producers and consumers, and contribute to higher recycling rates for in-scope materials. The consultation proposed that the materials included in a DRS could be:

- polyethylene terephthalate (PET) and High-Density polyethylene (HDPE) plastic bottles
- steel and aluminium cans
- glass bottles

27) The majority of respondents wanted all materials included in a DRS. The large majority of respondents consider that PET bottles (94%), HDPE containers (84%), aluminium (94%), steel cans (90%), and glass (86%) should be included in the DRS. All campaign responses from Greenpeace, Marine Conservation Society and 38 Degrees wanted all materials to be included in a DRS.

28) Where responses had been in support of including all materials, the majority referenced either the contribution they make to littering and detrimental environmental impacts or the need to include as many materials as possible to maximise recycling rates. The majority of respondents (73%) would like to see glass re-filled, rather than recycled, as part of a DRS.

29) The proportion of respondents that replied directly to the consultation, in favour of including Tetra Pak®, and pouches and sachets, were comparatively lower: 73% of respondents would like to see Tetra Pak® included, while 61% felt that pouches and sachets should also be included.

30) The consultation also included proposals regarding the type of drinks that could be included in a DRS:

- all soft drinks (including water and juices)
- alcoholic drinks
- drinks containing milk and plant-based drinks
- milk
- plant based drinks

31) Across all types of drink, the large majority of respondents would like to see them included within a DRS. Although still a majority, there was less support for including

milk and plant based drinks in a DRS. Campaign responses from Greenpeace, Marine Conservation Society and 38 Degrees were also in favour of including all drink types.

32) The highest cited reasons for inclusion of all these drinks types were: increase in recycling rates, reduce consumer confusion about what is and is not included and promote behavioural change among drinks producers. The key issue for respondents was not what the containers have in them, but the containers themselves.

33) We note the great support for all materials and all drink types covered in the consultation to be included in a DRS. We have also taken account of concerns both through responses to the consultation and from stakeholder engagement regarding the inclusion of some materials in a DRS.

34) We will use the evidence submitted to this consultation to further consider the scope of a DRS. Defra has commissioned research into how a DRS would affect secondary material markets, and will use that to further develop the Impact Assessment.

## **Model**

35) Two options were presented in the consultation, relating to size of containers in a potential DRS: an 'all-in' DRS including containers of any size<sup>6</sup> and an 'on-the-go' DRS that would include containers smaller than 750mls and drinks sold in single format containers to target those most often sold for consumption outside of the home. Based on the information contained in the consultation document and Impact Assessment, respondents were asked to state their preferred option between an 'all-in' and 'on-the-go' scheme.

36) The majority (69%) of the 672 respondents to this question preferred the 'all-in' option, compared with 15% who preferred an 'on-the-go' scheme. All campaign responses from Greenpeace, the Marine Conservation Society and 38 degrees were in support of an 'all-in' option.

37) Of those that gave a reason for their answer, a minority questioned whether there was a need for a DRS. The main reason stated was that local authority led kerbside schemes are already recycling much of the material covered within the scope of DRS. Many local authorities argued that the implementation of a DRS should be deferred until stakeholders better understand the long-term impacts of the extended producer responsibility scheme.

38) We acknowledge the overwhelming support from campaign responses and also the strong support through direct responses to the consultation for an 'all-in' model. As we develop the policy, we will consider which drinks containers are to be included. We anticipate this could be drinks containers up to 3L in volume but the final upper

limit will be subject to the outcome of additional evidence and further stakeholder engagement. The specific details of a DRS, including the material and drinks to be included in scope, will be developed using further evidence and through ongoing engagement with stakeholders.

39) We will further develop the Impact Assessment using evidence submitted to this consultation, and through ongoing projects, including research into consumer preferences and the negative effects of litter on peoples' wellbeing. As we gather more evidence to develop proposals, we will continue to engage with stakeholders, including local authorities, to discuss how a DRS would work most effectively with existing kerbside collections. In addition, we will carry out further analysis regarding the potential interface between a DRS and the current collections regime in Wales in order to ensure the optimum solution maintain the significant progress on recycling.

## **2.3 Scheme design**

### **Producers**

40) In the consultation, the proposals included that all producers of materials and drinks that would fall within the scope of DRS, would be mandated to join the scheme via a 'producer fee'. Defra define 'producer' as 'those who are placing on the market drink beverage products in drinks containers within the scope of DRS. This would include those who import drink beverage products to put into the market in England, Wales and Northern Ireland '.

41) The majority of respondents (61%) agreed with the definition of a producer, although a large minority stated they did not know or did not have enough information to provide a response. All manufacturers, 96% of local authorities, and almost all trade organisations (96%) agreed with the definition.

42) Defra has considered the responses in support of the definition of a producer presented in the consultation document. We note that a large minority of respondents were not able to make a decision, however, the majority of respondents agreed with the definition of a producer, with many industry sectors providing overwhelming support of the definition proposed. Were a DRS to be introduced, Defra would continue with this definition of a producer when developing our proposals. We will continue to work closely with officials developing the reforms to the extended producer responsibility system to ensure we align with those proposals.

### **Provision of return points**

43) In a well-functioning DRS, it would be easy for consumers to return drinks containers and obtain their refund. If the DRS is to have a discernible impact on

recycling rates and on changing consumer behaviour, it is important that consumers can readily access return points and receive their deposit returns.

44) Respondents were asked what provisions should be put in place to help consumers who may have difficulty in returning containers due to mobility issues or because they are living in rural/remote areas. There were mixed views to these questions, with no overall majority. The top two provisions suggested were:

- approximately a third stated: use shopping delivery services to return
- just over a quarter stated: community outreach projects

45) As stated in the consultation, 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 note the desire for return points to be in places of high footfall. We also acknowledge the mixture of opinions regarding how to ensure people who live in remote and rural areas, and/or have mobility issues can return their deposit refund. Defra will continue to engage with stakeholders as to how best to ensure return points are widely accessible.

46) Defra will use evidence submitted to this consultation to further develop our Impact Assessment to avoid any unintended consequences; we would not want consumers to increase their carbon emissions due to driving their drinks beverage containers to return points where they previously would not have done.

## **2.4 Management of a DRS**

47) The consultation proposed the establishment of an independent, not-for-profit, industry/trade association-led organisation to manage the implementation and day-to-day running of the scheme. The consultation set out that the Deposit Management Organisation (DMO) is the central body who would be responsible for:

- financial and material flows
- operational logistics (making sure that collected materials reach the recycler)
- set up and maintenance of the physical infrastructure (reverse vending machines and return points)
- meeting high collection and recycling targets set by the government
- reporting on scheme performance to the government

48) A majority of respondents thought that the day-to-day running and management of the DRS should be entirely independent from central government, and that any engagement, after initial set up, should be restricted to reporting performance against key targets. However, the large majority (74%) of respondents agreed that

the government has a role to play in the initial set-up of the DMO body. This figure increased significantly to 95% of local authorities but decreased to only 48% of manufacturers.

49) The majority of respondents stated that the DMO should be responsible for meeting government targets (recycling and collection). Respondents agreed that the DMO should have regulatory oversight of the scheme, which would include monitoring the scheme's contribution to recycling rates and performance against other key measures. The majority of respondents stated that both the DMO and monitoring and regulatory body should be not-for-profit and entirely independent from central government.

50) Through further engagement with industry, we will continue to develop proposals regarding the management of a DRS, including the details of the DMO's roles and responsibilities, governance and financing.

## **2.5 Finance and administration of the DRS**

51) Collectively, we endorse the principle of full-net cost recovery for packaging, meaning that producers cover the net cost (taking account of revenue from the sale of recyclable materials) of managing their packaging at end-of-life. This is a key principle of extended producer responsibility and the reform of the packaging producer responsibility system. Under the producer responsibility system for packaging the costs of managing packaging waste arising from the household waste stream will be recovered from producers.

52) The set-up of a DRS would be subject to the same principle in that the DRS would recover the costs from producers of certain types of drinks container packaging. That is, were a DRS to be introduced, producers would meet their full net cost obligation for in-scope drinks containers by being part of a DRS and paying the necessary DRS fees.

53) The consultation document outlines both the set-up costs to producers, most notably the provision of the RVMs and setting up counting/sorting centres as appropriate, and the operational costs, which include the collection, transport, sorting and treatment of packaging items in scope of a DRS. The majority of respondents stated that producers should cover the DMO set-up and operational costs, with only 7% thinking that others should be responsible for both types of costs. However, there was a mixture of support between organisation types.

54) The consultation also asked for views on the financial flows within a DRS and how the DMO should be financed. We will continue to consider how the DMO is financed, including set-up and operational costs, using the evidence submitted to the consultation and through further stakeholder engagement.

## **2.6 Achieving identified outcomes and alternative approaches**

55) In the consultation, respondents were asked to consider alternative approaches to the proposed DRS model that could be used to achieve the same outcomes. There were mixed responses to this question; the top two response types were 1) unable to suggest an alternative model, 2) the impact of the extended Producer Responsibility scheme should be evaluated before the DRS or any other scheme is implemented.

56) Respondents were asked if the DRS, as proposed, would help to achieve the following outcomes ('the outcomes'):

- reducing litter, and in turn, the negative effects of litter on peoples' wellbeing
- 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

57) Respondents were very positive about the role a DRS can play in achieving the outcomes; a large majority thought that a DRS would help Defra to achieve those outcomes. A majority (68%) of respondents stated that a DRS (as set out in the consultation) would be necessary to achieve the outcomes. A minority (31%) of local authorities thought a DRS was necessary, with a similar proportion (30%) stating such a scheme was not required. This compares with 82% of individuals and 59% of manufacturers who thought a DRS was required.

58) Views were mixed about how effective an alternative approach could be at achieving the same objectives, with 28% of respondents stating they did not know or did not have enough information to provide a view. In addition, there were a variety of views as to whether an alternative approach would be more effective than a DRS at achieving the outcomes.

59) We note the strong support that a DRS is the most effective way to achieve the outcomes. We are therefore minded to introduce a DRS in England and Wales, to be implemented from 2023, subject to receiving additional evidence and carrying out further analysis on the costs and benefits of such a scheme. In addition, we will carry out further analysis regarding the potential interface between a DRS and the current collections regime in Wales. DAERA are minded to continue with Defra's timetable; in the current absence of the Northern Ireland Assembly and Executive, officials in DAERA will continue to ensure that environmental governance in Northern Ireland can be safeguarded post-EU exit.

### 3. Conclusions

60) We are very grateful for the overwhelming interest we have had in this consultation, and thank all those that responded and who took the time to meet with us. The 'next steps' section sets out how we will seek to take forward the proposals to introduce a DRS from 2023, subject to further evidence and analysis.

61) Based on the consultation responses received, and the strong support for the introduction of a DRS, we are minded to introduce a DRS for drinks containers in England and Wales, from 2023. In the current absence of the Northern Ireland Assembly and Executive, officials in DAERA will continue to ensure that environmental governance in Northern Ireland can be safeguarded post-EU exit. DAERA are minded to continue with Defra's timetable, and in the event that any decisions are required in advance of the return of Ministers, these would only be taken in accordance with the Northern Ireland (Executive Formation and Exercise of Functions) Act 2018 and the Guidance and procedures under it.

62) The introduction of a DRS is subject to receiving additional evidence and carrying out further analysis on the costs and benefits of such a scheme. In addition, we will carry out further analysis regarding the potential interface between a DRS and the current collections regime in Wales, to ensure the optimum solution which will support the progress already made on recycling in Wales.

63) We will look to introduce a DRS earlier if feasible; however, we want a timetable that is ambitious but realistic, given our desire to develop and implement an effective, cost-efficient scheme that works coherently across the UK. A DRS will help us reduce litter, increase recycling rates and improve recycling quality of materials included in the scope of a DRS.

64) A key focus will be to implement a scheme which ensures regulatory consistency across the UK, noting the Scottish Government has already brought forward proposals for a wide-ranging DRS. We will continue to work closely with the devolved administrations to ensure a consistent, coherent UK-wide approach in adopting a DRS.

65) As we develop the policy, we will consider which drinks containers are to be included. We anticipate this could be drinks containers up to 3L in volume, but the final upper limit will be subject to the outcome of additional evidence and further stakeholder engagement. The specific details of a DRS, including the material and drinks to be in scope, will be developed using further evidence and ongoing engagement with stakeholders. The proposed scope and model of a DRS will be presented in a second consultation in 2020. Following the second consultation, a DRS would be implemented from 2023.

#### 4. Next steps

66) Following the publication of this Executive summary and next steps, we will seek general primary powers in the Environment Bill to introduce deposit return schemes.

67) We will consider the above analysis, and evidence from commissioned research projects in determining the exact scope and model of a DRS. Further evidence Defra will receive includes: the value of reductions in litter (in turn the value of reducing the negative effects of litter on peoples' wellbeing), consumer views on a DRS, and model preferences and assessment of the impact of a DRS on secondary material markets.

68) Were a DRS to be introduced, we would then hold a second consultation on the proposed regulatory framework for introducing a DRS through secondary legislation, including more detailed proposals for the nature of any such scheme. The development of the second consultation will be carried out during the remainder of 2019, with the expectation that we will consult on the specific details of a DRS in early 2020, building on further analysis. Following the second consultation, we would introduce a DRS from 2023.

69) We will continue to engage with industry members including retailers, producers, manufacturers, local authorities, waste management companies and other organisations and business to develop the secondary legislation for a DRS. Defra will continue to work with the devolved administrations and other key stakeholders to ensure that a DRS functions coherently across the UK, respecting the fact that waste and recycling is a devolved matter.

1. [Voluntary and Economic Incentives Working Group report 2018](#)
2. [Great British beach clean 2018 report](#)
3. [The Single-Use Plastics Directive requires EU member states to collect 77% of single-use plastic bottles placed on the market by weight by 2025, and 90% by 2029.](#)
4. [Figures shown are based on the numbers of respondents for each question, which differ between questions.](#)
5. [Local authorities in this document includes district councils in Northern Ireland](#)
6. [The consultation did propose some exemptions, such as beer kegs and bottles used in water coolers.](#)