

Briefing paper: introducing a Deposit Return Scheme

June 2021

Introduction

The government published the Resources and Waste Strategy in 2018¹ and is now consulting on key areas to implement.

The areas currently being consulted on are, Extended Producer Responsibility packaging (EPR), Consistency in household and business recycling and as discussed in this paper the Introduction of a Deposit Return Scheme (DRS)²

DRS

A DRS was due to be implemented from 2023, however due to the Covid-19 pandemic disruption, the consultation offers a chance to explore a DRS in a 'post-Covid' context and would be introduced at the earliest in late 2024.

DRS seeks to achieve:

- an increased recycling rate of in-scope containers from 70% to 90%
- increased quality of recycled material to encourage closed loop recycling and circularity
- a reduction in littering of in-scope containers

Scope, participants and targets

The scope of containers will be based on material rather than product, and will capture PET plastic bottles, glass bottles, and steel and aluminium cans. This consultation asks whether the scheme should be an all-in scheme (including drinks containers up to 3L in size) or an on-the-go (drinks containers under 750ml in size and excluding those containers sold in multipacks).

A Deposit Management Organisation (DMO) will manage the operation, meet collection targets of 90% after three years and evidence materials have been passed to a re-processor. The DMO is to be funded via, material revenue, producer registration fees, and unredeemed deposits.

Producers will sign up, carry out reporting, pay a producer registration fee to fund the scheme, and place a redeemable deposit on the in-scope drinks containers. Retailers will accept all DRS containers returned to their store and ensure the deposit price is added to the purchase price of an in-scope drink at the point of purchase.

The consultation proposes setting out a minimum and maximum deposit level. It is proposed the DMO has the ability to set a fixed or variable rate deposit.

Monitoring and Enforcement

Environmental regulators are best placed to be Scheme Regulators to monitor and enforce obligations. There is also role for local authorities/Trading Standards to regulate the consumer-

¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/765914/resources-waste-strategy-dec-2018.pdf

² https://consult.defra.gov.uk/environment/consultation-on-introducing-a-drs/supporting_documents/DRS%20Consultation%20FINAL%20.pdf

facing obligations placed on retailers. The consultation provides examples of the typical offences that could be committed and the regulator responsible for dealing with the offence.

Return Points

All retailers selling in-scope drinks containers will be obligated to accept returns by hosting a return point. This will likely be via reverse vending machine or manual return points, but regulations will be broad so alternative methods of return are not ruled out. Several conditions are proposed to enforce when containers are returned and details given on limited exemptions based on close proximity to another return point, or where a breach of safety obligations could result. A selection of approaches is suggested for online retailers and takeaway meal delivery services. The consultation also discusses the potential for innovation in technology and provides further detail on how this might support the return points through use of smart phone applications for electronic redemption of a deposit.

Labelling

Mandatory labelling will be legislated for to ensure smooth functioning and easily identify in-scope containers. Labelling will help to significantly minimise the risk of fraud, ensuring that once containers are scanned and returned, they lose their deposit value and cannot be returned again. It will also provide clarity for consumers in understanding what drinks containers are captured by the scheme.

Local authorities and local councils

Despite the introduction of the DRS and specified return point provision; containers can still end up in local authority waste streams. The consultation seeks views on how local authorities should be reimbursed for the costs involved in treating scheme material.

The consultation proposes three options:

1. A 'do nothing' approach, allowing local authorities to redeem the deposits collected in their waste streams.
2. The second option is to allow the DMO to make payments to local authorities for these materials via the EPR Scheme Administrator. Under the proposed EPR funding formula approach, packaging producers will be required to meet the net costs of managing household packaging waste in local authority waste streams.
3. The third option presented is a hybrid option, whereby the DMO pays a deposit value on containers returned and any additional scheme material in local authority waste streams is covered by a funding formula in Option 2.

The government state a preference for Option 2.

Next steps

The consultation on the DRS and EPR, closed on 4 June 2021. The consistency in household and business collections was published later and closes on 4 July 2021. The Environmental Bill is making its way through parliament is expected to receive royal assent later this year.