

Report on	Consultation on Introducing a Deposit Return Scheme (DRS)
Date of Meeting	15 th June 2021
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Is this report restricted for confidential business?	Yes	
If 'Yes', confirm below the exempt information category relied upon	No	X

1.0	Purpose of Report
1.1	To inform members of a recent consultation on the introduction of a Deposit Return Scheme (DRS) in England, Wales and Northern Ireland.
2.0	Background
2.1	Moving towards a more circular economy, where resources are kept in use for as long as possible and waste is minimised, and ensuring the UK is a world leader in resource efficiency and resource productivity is a priority for Government. Across the UK, consumers go through an estimated 14 billion plastic drinks bottles, 9 billion drinks cans and 5 billion glass bottles a year. The UK Government for England, the Welsh Government and the Department of Agriculture, Environment and Rural Affairs in Northern Ireland have all made commitments to develop policy which work towards achieving these aims, including introducing a deposit return scheme which has been committed to in various publications including <i>Northern Ireland's Waste Prevention Plan</i> .
2.2	In 2019, Defra launched the consultation on Introducing a Deposit Return Scheme in England, in conjunction with the Welsh Government and the Department of Agriculture, Environment and Rural Affairs in Northern Ireland. That consultation set out the aims of introducing a deposit return scheme, which 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.
2.3	A further consultation on these proposals was published on 24 th March inviting responses no later than 4 th June 2021. A full copy of the consultation document (which extends to 98 pages and seeks responses to 71 questions) is available via the below link however a summary of the proposals by chapter are outlined in the remainder of this report. https://consult.defra.gov.uk/environment/consultation-on-introducing-a-drs/supporting_documents/DRS%20Consultation%20FINAL%20.pdf

3.0	<p data-bbox="228 181 400 215">Main Report</p>
3.1	<p data-bbox="228 248 472 282">Chapter 1: Scope</p> <p data-bbox="228 320 1374 622">This chapter sets out the scheme participants who will take on obligations under the deposit return scheme – namely producers, retailers and the Scheme Administrator (Deposit Management Organisation). These obligations include requiring producers to sign up to the Deposit Management Organisation and carry out reporting obligations, paying a producer registration fee to the Deposit Management Organisation to fund the deposit return scheme, and placing a redeemable deposit on in-scope drinks containers they place on the market. Retailers will be required to accept all deposit return scheme 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.</p> <p data-bbox="228 660 1394 1093">It is proposed that the scope of a deposit return scheme should be determined based on material rather than product and that the scheme captures PET plastic bottles, glass bottles, and steel and aluminium cans. With regards to the size of containers included, the Welsh Government's preferred option for Wales is an all-in scheme but remain committed to working in partnership with the UK Government and the Department of Agriculture, Environment and Rural Affairs in Northern Ireland so that the scheme is as consistent as possible across Wales, England and Northern Ireland. The UK Government for England and Department of Agriculture Environment and Rural Affairs in Northern Ireland have remained open on scope with regards to introducing a deposit return scheme in England and Northern Ireland and would like to use this consultation to gain further views on whether the deposit return 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) scheme.</p>
3.2	<p data-bbox="228 1128 488 1162">Chapter 2: Targets</p> <p data-bbox="228 1200 1362 1462">This chapter proposes that legislation will set out targets for a proportion of drinks containers placed on the market to be collected for recycling. It is proposed that there should be an obligation placed on the Deposit Management Organisation to achieve a 90% collection rate after three years from introduction of the scheme in order to ensure high performance of the deposit return scheme, with a phasing in approach for the targets over this three-year period. The UK Government for England, the Welsh Government and the Department of Agriculture, Environment and Rural Affairs in Northern Ireland will have the same statutory targets for collecting material.</p> <p data-bbox="228 1500 1382 1731">It is not proposed that recycling targets should be imposed on the Deposit Management Organisation in addition to collection targets, due to difficulties arising with how the Deposit Management Organisation ensures this material has been recycled once sold to a reprocessor. Instead, in order to ensure that all material collected through a deposit return scheme will be recycled, it is proposed that there should be a legal obligation on the Deposit Management Organisation to ensure that the material that is collected via a deposit return scheme is passed on to a reprocessor and evidence is provided of this.</p> <p data-bbox="228 1769 1370 1933">The UK Government for England, the Welsh Government and the Department of Agriculture, Environment and Rural Affairs in Northern Ireland will be obligated to report the overall packaging recycling rates by each part of the United Kingdom (England, Wales and Northern Ireland) in 2025 and 2030, reflecting both the packaging recycling through Extended Producer Responsibility and a deposit return scheme.</p>

3.3	<p>Chapter 3: Scheme Governance</p> <p>This chapter outlines the role of the Deposit Management Organisation whose role is to manage the operation of the deposit return scheme. The Deposit Management Organisation will be responsible for meeting the high collection targets set out in legislation and will be appointed via a competitive tender process which the consultation explains. The Deposit Management Organisation will operate across these parts of the United Kingdom (England, Wales and Northern Ireland) and functions will be conferred on it via a combination of regulations and a contract, managed jointly by the three Governments which are set out in the chapter.</p> <p>The consultation elaborates on how the Deposit Management Organisation will be held accountable for the success of the scheme, by a combination of the following: regulations, the tender process to appoint the Deposit Management Organisation, and a series of performance indicators set out in a contract between Government and the Deposit Management Organisation.</p>
3.4	<p>Chapter 4: Financial Flows</p> <p>The chapter sets out the proposals for the Deposit Management Organisation to be funded via three revenue streams: material revenue, producer registration fees, and unredeemed deposits. It considers how burdens can be minimised for smaller producers and seek views on how unredeemed deposits should be invested in the system, proposing that they are reinvested to part-fund the operation of the scheme.</p> <p>The chapter also discusses the approach to setting the deposit level, proposing not to fix a deposit level in legislation but rather set out a minimum, and possibly maximum deposit within the secondary legislation. This will ensure the Deposit Management Organisation have the flexibility to set and change the deposit level as a critical lever to meeting the targets set in legislation. It proposes that the Deposit Management Organisation have the ability to set a fixed or variable rate deposit and seeks further views on this approach.</p>
3.5	<p>Chapter 5: Return Points</p> <p>This chapter sets out further details of the retailer options in the deposit return scheme, proposing that all retailers who sell in-scope drinks containers will be obligated to accept returns of in-scope material by hosting a return point. This will likely be via reverse vending machine or manual return points, but the regulations will be broad in nature to ensure alternative methods of return are not ruled out if the Deposit Management Organisation wish to explore these.</p> <p>It sets out a selection of approaches for online retailers selling in-scope containers to offer a take-back service and seek views on details of how the deposit return scheme could work for takeaway meal delivery services. It also presents the policy for retailers to receive a handling fee from the Deposit Management Organisation to compensate them for any costs incurred in hosting a return point. There is also the option for voluntary return points to be established by non-retail actors including the hospitality industries.</p> <p>The chapter also discusses the potential for innovation in technology to be deployed in a deposit return scheme system and provides further detail on how this might support the return points provisions through the use of smart phone applications allowing the electronic redemption of a deposit.</p>

3.6	<p>Chapter 6: Labelling</p> <p>This chapter proposes mandatory labelling be legislated for as part of the deposit return scheme to ensure the smooth functioning of the scheme so that retailers, on-trade sites, consumers and those responsible for recycling or reusing containers, are able to quickly and easily identify in-scope containers. It also views labelling as a necessary measure 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. Labelling will also provide clarity for consumers in understanding what drinks containers are captured by the deposit return scheme.</p>
3.7	<p>Chapter 7: Local authorities</p> <p>This chapter explores the impact a deposit return scheme will have on local authorities and the way in which containers in scope of the scheme will be treated when these containers, despite the introduction of the deposit return scheme and specified return point provision, still end up in local authority waste streams. Most pressing is the need to seek views on how local authorities should be financially reimbursed for the costs involved in treating scheme material. The consultation proposed three options, the first being a 'do nothing' approach and allowing local authorities to redeem the deposits of deposit return scheme containers collected in their waste streams. The second option is to allow the Deposit Management Organisation to make payments to local authorities for these materials via the Extended Producer Responsibility Scheme Administrator. The third option presented is a hybrid option, whereby the Deposit Management Organisation pays a deposit value on containers that are returned and any additional scheme material in local authority waste streams is covered by a funding formula in Option 2. A preference for Option 2 being taken forward for the final scheme design is stated in the consultation.</p>
3.8	<p>Chapter 8: Compliance Monitoring and Enforcement</p> <p>This chapter provides an overview of how the deposit return scheme will be monitored and enforced. It considers the environmental regulators in England, Wales and Northern Ireland are best placed to be Scheme Regulators for a deposit return scheme for drinks containers and to monitor and enforce the actors that are obligated under the scheme. In addition to this, it is considered there is a role for local authorities / Trading Standards to regulate the consumer-facing obligations that are placed on retailers.</p> <p>The chapter provides examples of the typical offences that could be committed by different scheme participants and which regulator would be responsible for dealing with the offence. It also provides an indication of what penalties might be employed for those committing offences in the scheme, ensuring any enforcement response is proportionate and appropriate to the situation</p>
3.8	<p>Impact Assessment</p> <p>The consultation Impact Assessment on a deposit return scheme for drinks containers looked at three scenarios for the period 2023-20324. For the purpose of the Impact Assessment, for the considered scheme options the assumed deposit level is 20p, with an 85% collection rate for the containers in scope.</p>
3.9	<p>The Northern Ireland Local Government Association (NILGA) produced a response to the consultation in conjunction with the Technical Advisors Group Northern Ireland (TAGNI), National Association of Waste Disposal Officers (NAWDO) and Local Authority Advisory Committee (LARAC) which is attached as an appendix for the information of members.</p>

4.0	Other Considerations
4.1	Financial, Human Resources & Risk Implications <div> <div>Financial: Council could potentially benefit from claiming unclaimed deposits from in-scope containers collected through kerbside recycling collection schemes or via direct financial support from the DMO via the Extended Producer Responsibility Scheme Administrator.</div> <div>Human: None</div> <div>Risk Management: At an operational level the introduction of DRS should see a decrease in littering and the associated risks of collecting same (particularly from rural roads).</div> </div>
4.2	Screening & Impact Assessments <div> <div>Equality & Good Relations Implications: None</div> <div>Rural Needs Implications: None</div> </div>
5.0	Recommendation(s)
5.1	Members are asked to note the content of the consultation and response from NILGA.
6.0	Documents Attached & References
6.1	NILGA response to the DRS consultation