

## IOM3 Response

# Introducing a Deposit Return Scheme in England, Wales and Northern Ireland

The Institute of Materials, Minerals and Mining (IOM3) is a major UK science and engineering institution and a registered charity governed by a Royal Charter. IOM3 is the professional body for the materials cycle from exploration and extraction, through characterisation, processing and application to recycling and reuse with around 15,000 individual members. This response has been informed by the expertise and experience of members and developed with input from the IOM3 Technical Communities including the Packaging Society, Polymer Society, Iron & Steel Society, Light Metals Division and Resources Strategy Group.

[Introducing a Deposit Return Scheme in England, Wales and Northern Ireland Consultation Document](#)

### **Introduction**

**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

IOM3 supports the principle of a well-designed deposit return scheme (DRS) and the primary objectives outlined, but is extremely concerned about the proposed timeline for DRS and the interrelated packaging and collection reforms of Extended Producer Responsibility (EPR) for packaging and consistent recycling (England).

Given the context of the Covid-19 pandemic, IOM3 believes there is a strong argument for reassessing the timeline for implementation of a deposit return scheme in England, Wales and Northern Ireland for two main reasons, as set out below.

Firstly, the need outlined by government to 'reassess what a realistic timeline for implementation of a deposit return scheme looks like' to ensure 'a successful roll out of the scheme' should be addressed. Importantly, this should be taken a step further to ensure a successful roll out of the interrelated packaging and collection reforms. IOM3 notes there is also the question as to whether 'introducing a deposit return scheme in England, Wales and Northern Ireland is still the right approach for achieving the primary objectives set out'. As the implementation timelines for the suite of policy measures has now become fragmented, the opportunity could be taken to make the most of this situation by implementing EPR and consistent recycling policy reforms as a first step which will enable proper measurement and

evaluation of the impacts and progress towards achieving the primary objectives. Appropriate, effective and efficient intervention, through DRS or alternative intervention, can then be employed to address any shortcomings in a targeted way and as required as informed by robust data and analysis.

IOM3 strongly advocates a UK wide approach where possible and appreciates the level of urgency created to align with Scotland. However, as the systems will already be misaligned by start date, the opportunity could be taken to make the most of the situation and learn from this experience and its implementation, ensuring the most effective and efficient roll-out (if this is deemed to be the best course of action), allowing for consistent/complimentary/interoperable design where possible. IOM3 notes that consideration should also be given to how to manage the interface with the proposed scheme in the Republic of Ireland.

This time would also allow the opportunity to properly explore the technological solutions and full consideration of the trials that are currently underway. This would help prevent the roll out of infrastructure and service changes that may then be redundant if technological solutions are found and avoid confusing consumer messaging.

Secondly, IOM3 believes the Covid-19 pandemic has had a significant impact on the shopping behaviour of consumers which should be taken into consideration. There has been a noticeable shift towards online shopping and more working from home, and these changes in consumer behaviour significantly alter the landscape for which a DRS is being implemented, not least the impact this will have on consumer engagement with the system and readiness to return to physical deposit points. IOM3 believes this will require further thought and investigation and as suggested previously, this opportunity should be taken to reflect on the implementation of a DRS and as outlined by government whether this 'is still the right approach for achieving the primary objectives set out'.

The extent of change, fragmentation and uncertainty is a concern for IOM3 and its members. The effects of the Covid-19 pandemic, EU exit, implementation of EPR, consistent recycling and plastic packaging tax and varying and changing timelines have and continue to impact the sector and material flows.

IOM3 welcomes the overall policy reform and desired step change in recycling but believes the opportunity should now be taken to ensure the most effective overall outcome from the suite of interrelated policy measures through a structured and staged process of implementation and evaluation.

## **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
  
- No significant impact
- Some impact but manageable
- Large impact but still manageable
- Large impact and impossible to comply with

IOM3 believes the introduction of a deposit return scheme will have a noticeable impact on the consumer's everyday life and will require significant consumer behaviour change. Whether this is manageable is subjective and dependent on an individual's circumstances and views. A range of factors including space at home, drinking habits, mobility, location, and socio-economic status could all play a role in how significant the impact of the scheme is likely to be.

IOM3 believes that in light of the additional hardships facing consumers due to the Covid-19 pandemic, further detailed work is required to ensure those most at risk groups are not disproportionately affected by the introduction of a deposit return scheme.

Specific impacts and concerns raised by IOM3 members include:

- the storage and retention of containers prior to return to the deposit point
- practicalities and safety of transporting containers, particularly heavy glass bottles
- the carbon and air pollution implications of consumers driving to deposit in scope items – particularly where consumers are now shopping online and this would be an additional trip.

## **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

Some existing concerns towards implementation of a deposit return scheme have been exacerbated by the Covid-19 pandemic. In addition, a change in the purchasing landscape has occurred and new challenges presented.

The Covid-19 pandemic has accelerated the move to online shopping which must be taken into consideration.

IOM3 is mindful of the disproportionate impact of the Covid-19 pandemic on some socio-economic groups, with similar at-risk groups likely to be impacted disproportionately by the introduction of a deposit return scheme.

## **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

IOM3 has not selected 'agree' for any of the options outlined as this was deemed to mean that return of the cap would be a pre-requisite to receive the deposit refund.

IOM3 does agree, however, with the consideration that caps and other closures are best dealt with and collected as part of DRS rather than a separate obligation under EPR. The collection and sorting systems, RVMs and manual take back systems must therefore be able to accommodate caps and other closures.

Scheme success is founded on consumer convenience. Requiring caps and other closures to be attached as a pre-requisite is unrealistic and will likely jeopardise the scheme objectives. Similarly, refusing containers with caps or other closures will also put the scheme's success at risk. Cap or other closures inclusion, or otherwise, should not impact the container being accepted as part of the scheme or the refund being made. The definition of 'intact' on P58 of the consultation document relating to the condition of a container will therefore require amending.

Steel crowns should receive the same treatment as the caps and other closures outlined, in that they are collected and processed but not a pre-requisite for the deposit refund.

Provision must also be made for caps and other closures that are not attached to a container to achieve the desired litter prevention outcome.

Consumer communication should encourage caps and other closures (particularly those that are recyclable and compatible with in-scope material) to be replaced on the bottle before deposit. This may be more achievable for screw-on aluminium and plastic caps rather than corks or pry off crowns that are commonly disposed of before consumption of the beverage.

IOM3 notes that the Single Use Plastic Directive (EU Directive 2019/904) requires all beverage bottles with a capacity of up to three litres to have tethered caps by 2024. Tethering has the potential to help in preventing caps from being lost from the system and can play a particularly useful role where caps and containers are the same material. IOM3 believes that as this design requirement is likely to grow in prevalence, this reiterates the need for provision for caps and other closures in DRS collection, not least to prevent the requirement for change later down the line.

## **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.

IOM3 believes that further consideration is required as to the inconvenience and/or impracticality for the consumer. An 'all-in' model would likely have a greater impact in terms of storage and transport requirements for the consumer, particularly noting the space requirement for large plastic bottles and the weight of glass bottles. This is particularly of concern for those with limited space such as those living in flats, apartments and houses of multiple occupancy and/or for consumers where returning deposit items to the relevant point is more difficult.

**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

As stated previously in this response, IOM3 strongly advocates for a UK-wide system that is also interoperable and compatible with any system in the Republic of Ireland. Noting that it may be more beneficial for Northern Ireland to be aligned with the Republic of Ireland given the land border/island of Ireland issues.

A consistent system is important for the full supply chain, including the consumer. Consumer confusion can be detrimental to the success of recycling systems, as is well evidenced and documented. Consumers require clear, consistent messaging and a system that is convenient to use. An individual who lives near the England-Wales border, working or shopping on one side but living in the other exemplifies this point.

For producers, every difference in the schemes such as scope, financing or fees places an additional burden and introduces complication. This could lead to significant changes in the way producers label and distribute their products and fragmentation of the UK drinks market. For example, labelling artwork could be included for the different systems on a single container – this could be very confusing for the consumer and takes up more of the available artwork space. Alternatively, there would need to be system specific artworks which would cause logistical and supply chain difficulties and complications.

The more complex and fragmented the systems across the UK are, the more open to fraud and more difficult to monitor and enforce it will be.

**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

IOM3 believes that an on-the-go scheme is far more open to unintended consequences such as material switching. In addition, an all-in scheme would result in greater compatibility and alignment with Scotland and Wales.

However, increasing the capture rate of on-the-go material is key to achieving the scheme outcomes. This is supported by the recommendation made by the working group established as part of the Litter Strategy for England that 'particular attention be paid to considering how to capture material that is consumed outside the home'. Packaging that is currently littered or disposed of in litter bins is valuable material that must be targeted with this system, ensuring the scheme outcomes of reduced litter and higher quantities of higher quality recycling. IOM3 members suggested locations such as car parks, motorway service stations, near parks, beaches and other areas prone to littering should be considered as locations for return points.

**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

The scheme is likely to be less disruptive because fewer containers would be in scope. Disruption from the associated impacts related to storage and transport as described in response to questions 7 and 10 would be minimised. Specifically in the context of Covid-19, and depending on the approach taken to online retailers, the additional disruption of an all-in scheme should be considered for those consumers who have transitioned to online shopping and no longer or less frequently visit a physical store.

However, an on-the-go scheme would be less simple and straightforward for the consumer which could be considered disruptive.

**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

Note however that this would still capture some glass wine bottles – Vin Jaune de Jura for example is traditionally sold in glass bottles of 620ml.

**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

IOM3 has no data on this and notes that consumption behaviour is vastly different in different households. However, IOM3 members have indicated this is likely to be the case although noting that larger bottles are also used 'on-the-go'. Note also that Vin Jaune de Jura for example is traditionally sold in glass bottles of 620ml.

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

IOM3 has no evidence on the capability of reverse vending machines to compact glass but would question how all glass bottles regardless of size or weight are all to be broken into '4,5 or 6 separate parts' as set out in the consultation document.

A primary objective of the scheme is outlined as 'increasing the quality of recycled material to encourage closed loop recycling and circularity to ensure materials remain in use for as long as

possible'. In line with this objective, it is important that glass is captured in a way that is appropriate for re-melt rather than causing diversion to aggregate.

IOM3 questions whether the proposal under the planning permission section of the consultation document commencing P64 that reverse vending machines must not be situated within 15 metres of the curtilage of a building used for residential purposes is sufficient given the compaction will involve breaking glass bottles into separate parts rather than 'soft drop'.

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

- Yes  
 No

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

- Yes  
 No

IOM3 strongly believes in the value of consistency and the need to align with the scope of the Scottish DRS, however, questions remain around the inclusion of glass in the scheme. IOM3 would welcome further information and analysis on the inclusion of glass as a result of the following concerns:

- the conflicting aims of keeping glass in big enough pieces to be sorted and used for re-melt, and reducing storage space and transportation costs (financial and emissions)
- the assumption that the 'currently available reverse vending machines will be readily capable of compacting glass into suitable pieces'
- the ability to count broken glass bottles at counting centres
- the inconvenience of storing and returning glass bottles combined with the lower percentage deposit fee and incentive, as glass bottles regularly contain higher value products
- health and safety issues including noise from breaking glass
- The opportunity for reuse of glass bottles should be considered and the potential overall environmental benefit

In addition, IOM3 considers that there would be benefit in examining the inclusion of beverage cartons in the system, which could have a significant positive impact on their capture for recycling as well as helping mitigate moves to switch to them from other materials covered by the DRS.

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

- Yes  
 No

There is potential for material switching both as a result of business decisions and consumer choice. Notably of concern, is the potential switching from materials that are easily recognisable



as recyclable and are effectively recyclable to materials out of scope that are complex, non-recyclable or difficult to recycle.

Potential risks for material switching include:

- Glass bottles to plastic to avoid the inconvenience of returning heavy glass bottles
- Consumers choosing materials out of scope to avoid the deposit fee and inconvenience of returning the container – for example, switching to bag in a box from glass wine bottles or to cartons and pouches.
- Switching of material for volume reasons – for example, multiple single serve aluminium cans to one large PET bottle – with additional concerns around product wastage, health consequences and overconsumption.
- Small brands switching to beverage cartons. This is particularly of concern in relation to small businesses entering the drinks market with a new product in smaller quantities and therefore below the de-minims for EPR – a beverage carton or pouch may be an easier option avoiding the DRS scheme and associated obligations.
- Switching between polymers

## **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

**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

**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

Further insight is required to make an informed response to this question. There are too many variables involved including predicting consumer behaviour.

**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

**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?**

Wherever possible, consistency and a level playing field should be implemented. IOM3 believes that measures regarding required evidence should align with those of the EPR scheme. In the future, digital tracking might offer a workable solution. It will be important to ensure proper auditing, monitoring and enforcement to ensure a robust and effective system.

As outlined in its response to the EPR consultation, IOM3 believes that the re-melt target for glass should incorporate all glass packaging placed on the UK market, whether it is in scope of EPR or DRS. This is an important measure to ensure adherence to the principles of a circular economy and the waste hierarchy, keeping material at its highest value for as long as possible and ensuring glass bottle packaging is recycled into glass packaging rather than diverted to aggregate.

### **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 +

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

- Yes
- No

The consultation document states that the leadership of the Deposit Management Organisation would need to be representative of and trusted by drinks producers and by retailers, as well as by consumers. IOM3 believes the leadership would also benefit from wider representation, including a role for local authorities and public interest groups such as green and/or consumer NGOs. This will ensure buy in from these groups and assurance that the voice of the environment and the consumer will be included. Similarly, the consultation document states that any successful bid must be made up of or demonstrate the support of the relevant drinks producers and retailer trade associations, and that the support and/or representation of other stakeholder groups impacted by the deposit return 'may' need to be demonstrated. Collaboration and cross cutting representation from those involved and impacted (for example, local authorities, hospitality

sector) will likely lead to the best outcomes; ensuring a well-functioning scheme and achieving the objectives in a way that is consistent and complimentary to other interrelated systems.

It is outlined that the Deposit Management Organisation will own the material that is returned to return points. This material has a high value, IOM3 therefore suggests an open and transparent process regarding the sale and a 'fit and proper person' test applied to the leadership of the DMO.

## **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

Additional issues that should be considered for Key Performance Indicators include:

- Market distortion for materials and packaging formats
- The impact on recycle markets – the DMO is likely to have significant market power for materials such as aluminium and food grade PET
- The amount and use of unredeemed deposits
- Producer fees
- Collaboration and cooperation with the EPR Scheme Administrator and Scottish DRS Scheme Administrator.

Suggested amendments to proposed Key Performance Indicators include:

- 'Assessing the carbon emissions created by the implementation of the scheme' should also extend to running of the scheme. It is understood that 'carbon' is shorthand for 'greenhouse gas' but this could be made explicit to avoid confusion.
- 'How long does it take for broken machines to be repaired?' may sit more appropriately with return point operators

## **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

Simple to use, consistent digital services should be implemented and where appropriate, across interrelated policy reforms. For example, a single registration portal and data submission platform for EPR, DRS and if possible, plastic packaging tax.

As a minimum, the digital infrastructure should be owned by the government or issues with IP may arise and/or result in a barrier to changes of DMO.

IOM3 welcomes the consideration that will be given to the extent to which waste tracking can support elements of DRS in the upcoming electronic tracking of waste consultation.

**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

## **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

This aligns with the methodology under the Extended Producer Responsibility scheme.

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

- Yes
- No

IOM3 agrees with the principle that unredeemed deposits are used to fund the scheme and contribute to increasing its performance and outcomes, including through upgrading infrastructure as required. However, fundamentally a high level of unredeemed deposits suggests that the scheme is not working as it should and material is not being captured effectively. The DMO must be held accountable for meeting the high targets set out to ensure unredeemed deposits do not reach a high level and/or create a perverse incentive whereby revenue is gained while the scheme fails to achieve its primary objectives. If the level of unredeemed deposits increases, this should be investigated and addressed, for example if consumers are not engaging with the system.

A concern is that the greater the unredeemed deposit level, the lower the fee for producers which risks creating perverse incentives.

The DMO must be held accountable for meeting the high targets set out and appropriate enforcement measures in place. IOM3 agrees with the 63% of respondents to the previous consultation who agreed that unredeemed deposits should not be passed onto government. Enforcement should therefore be implemented in a way that does not constitute a transfer of money to government.

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

- Option 1
- Option 2

**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?**

Disparity with the Scottish DRS, introducing complexity for cooperation between the DMO and Scottish DRS Scheme Administrator.

**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

**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

IOM3 believes that any excess funds should be reinvested in the scheme including investment in recycling technologies and infrastructure. Environmental causes funds should be directed and restricted to tackling litter and therefore supporting the schemes overall objectives.

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

- 10p
- 15p
- 20p
- Other

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

- Yes
- No
  
- 30p
- 40p
- 50p
- Other

The maximum deposit level should be for the DMO to manage with oversight from government.

The deposit level should be consistent across the UK and, as closely as possible given exchange rate variation, with the Republic of Ireland.

**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?**

Of the immediately evident options, a variable deposit. However, this should be an increase in the level for bigger single packs rather than reducing it for multipacks, because the per item level of the deposit is what will primarily drive the consumer behaviour change desired. In other words, it needs to be high enough for any single item that someone will go to the effort of bending over to pick it up and then take it to a return point.

The impacts of additional costs will vary for different consumers and there could be significant increase in the cost of multi packs affecting affordability. However, trends show that many consumers are willing to pay for convenience – for example already choosing multipacks of single serve that are more expensive by volume than large multi-serve bottles. Further research/insight is required to determine at what level behaviour is likely to change to enable appropriate variable fees to be set.

**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

The decision to adopt either a fixed or variable deposit level should be

- informed by data and research,
- taken with consultation of the full supply chain,
- and consider the potential impact on material flows and market distortion taking into consideration the need for a level playing field between materials taking due account of their respective environmental impacts

The DMO should be able to determine the deposit level and requires flexibility and control as this is a critical lever for the DMO to ensure the KPIs and statutory collection targets are achieved.

## **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

IOM3 agrees that all retailers selling in-scope drinks containers should be obligated to host a return point subject to exemptions on reasonable grounds where it would not be possible or effective to host a return point.

IOM3 supports a comprehensive return system that incorporates arrangements for on-trade businesses such as hotels, bars and restaurants as well as possible additional return points in locations such as transport hubs, leisure facilities and stadiums. IOM3 stresses the importance of having sufficient return locations that are easily accessible where litter is prevalent as litter reduction is one of the main objectives of the scheme and consumer convenience plays a substantial role in this.

While IOM3 notes that a convenient system with multiple return points will facilitate use of the system and appreciates the desire to keep the system as simple to introduce as possible, there is a concern around the carbon and efficiency implication of such an extensive network. Further work to identify the most effective and efficient placement based around the needs of the consumer and objectives of the scheme would be welcome to ensure the prevention of unintended consequences.

#### **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

It is likely that consumers will store containers, returning multiple containers at once and queues may develop as a result.

Multiple factors will influence the consumer experience while returning containers in scope, including:

- accessibility (including by public transport)
- reverse vending machine or manual return point and ease of use (e.g. language considerations)
- day and time of day (i.e. peak or non-peak hours)
- capacity available
- collection frequency
- rejected items/contamination
- out of order RVMs

#### **42. Do you have a preference, based on the 3 options described, on what the schemes approach to online takeback obligations should be?**

- Option 1  
 Option 2  
 Option 3

Given the changes to the purchasing landscape as a result of the Covid-19 pandemic, IOM3 believes that further consideration is required to online takeback obligations. The consumer research figure quoted of 84% of respondents visiting a large supermarket regularly is likely now

to be out of date. The steep rise in online grocery shopping and meal delivery is likely to mean that customer convenience and choice will be greatly impacted if there is not an appropriate takeback service in place – with consumer convenience being a key factor for an effective system. IOM3 also strongly believes a level playing field for online and physical retailers is required. Finally, the position on online takeback is also likely to be influenced by the scope of digital DRS services and the interface with local authority kerbside collection. This is another reason why having longer to examine the impact of the consistent recycling and EPR reforms before bringing in DRS may well make sense.

Of the options proposed, however, with current technology and on balance, IOM3 favours Option 2, with a de minimis set in terms of containers per individual address.

#### **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?

Consideration may need to be given to the surrounding area including littering of rejected or discarded containers. Trials that have taken place have found this to be a significant issue.

#### **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.

#### **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?**

#### **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

An exemption license or certificate with an associated identification number and review/expiry date could help with validity of this system and prevent abuse.

#### **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

Yes, but retailers should be encouraged to do so and this should only be where the exemption is on the basis of a breach of safety alone.

**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

There may be benefit in allowing flexibility for the DMO to determine the length of exemptions as different circumstances are likely to lend themselves to different lengths of exemption.

**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

IOM3 believes there are benefits to be gained from technological solutions being incorporated, however, further assessment including large scale trials are required before this can be answered in an informed and reliable way. As outlined in response to Q6 and Q42, IOM3 believes that the opportunity afforded by the delays should be taken to properly reassess the need and/or design of a DRS – and this should include appropriate consideration of incorporation of technological solutions. Consumer confidence and clarity is essential for a well-functioning scheme and changes in systems are likely to complicate this. In addition, requiring the extensive infrastructure to capture all containers to be in place but then adding a technological solution that means significantly less infrastructure is required is wasteful and costly in terms of upheaval, finance, time, materials, and likely associated greenhouse gas emissions. Evidence such as that submitted by the Digital Deposit Return Scheme Industry Working Group and results of large-scale trials should be analysed and evaluated to enable a well-informed decision.

If implemented from the beginning of the scheme, a major benefit of incorporating technological solutions that allow material to either be collected at kerbside or at return points, is the convenience to the consumer, especially (see Q42) for online sales. As outlined elsewhere in this response, consumer convenience and engagement are critical to the success of the scheme.

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

Learning should be taken from the trials underway and future large-scale trials. Integration could be through kerbside collection and on-the-go infrastructure such as 'smart' bins using smart phone apps, QR codes and blockchain technology.

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

In addition to the small-scale trials underway, large scale trials could provide additional insight into the potential fraud control measures a digital deposit return scheme could bring.

**52. Do you think a digital deposit return scheme could ensure the same level of material quality in the returns compared to a traditional 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

It is unlikely that digital deposit return scheme material would be of the same quality as that returned via a reverse vending machine, but this is less down to the scrutiny before the container is accepted and simply due to the range of materials collected. However, this will vary dependent upon the collection and sorting infrastructure used.

**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?**

It is likely that the implementation and running costs of a digital deposit return scheme integrated into the existing waste collection infrastructure would be lower due to the reduced need for return point infrastructure and collections. This is the conclusion of the recent work by the Digital DRS Industry Working Group.

**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?

IOM3 questions whether the requirement that reverse vending machines must not be situated within 15 metres of the curtilage of a building used for residential purposes is sufficient if glass is included and compaction will involve breaking glass bottles into separate parts.

## **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

IOM3 believes that the two marks highlighted are essential parts of a mandatory label for DRS containers to enable the scheme's practical operation, to ensure clear messaging to the consumer (and all actors in the supply chain) and to minimise the risk of fraud.

A mark to identify the product as part of the DRS is fundamental to the scheme's success – consumers must be able to quickly and easily understand that the packaging is part of the DRS and therefore what to do with it. A combined campaign of clear labelling and system communication will be required to ensure as many consumers as possible engage positively with the system, leading to the desired behaviour change and scheme outcomes.

An overarching framework for both EPR and DRS labelling should be used that directs the consumer's required action – similar enough to ensure a coherent system and messaging but with a clear and simple element to distinguish between EPR and DRS. A single framework for recycling labelling would enable producers to meet their labelling obligations via a single source and clear and consistent messaging to consumers.

Inclusion, or otherwise, of the deposit price depends on the deposit system used and how frequently the deposit levels are likely to be reviewed and altered. If a fixed deposit level is implemented, this can be communicated through labelling, or in other ways – as with the plastic bag charge where the cost is not printed on the bag. In this instance, communication must be clear and transparent in other ways, for example at point of purchase or on the reverse vending machines.

If a variable deposit level is used, the consumer will require clarity of what the deposit price will be. Including this on the product itself is the most direct way of communication. If an alternative method is chosen, as mentioned above, this needs to ensure clarity and transparency of the deposit price that is paid and redeemed.

If the deposit price is likely to be reviewed and changed regularly, including it on the labelling would be a significant increase in cost and logistics to make artwork changes and to implement the changeover from one deposit price to another. This would require either a transition phase in the changeover of any artwork or a write off of printed material with the old artwork and product that have already been packed, which is both expensive and extremely wasteful.

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

Anti-counterfeit technologies could be used. These are expensive and the cost would need to be considered as part of the scheme. Examples include digital watermarks or fluorescent markers.

**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

Labelling has a fundamental role in the success of the system as outlined in response to Q55. IOM3 strongly advocates for consistency and a UK-wide approach, it is disappointing therefore that Scotland has moved separately, resulting in a fragmented system. Although alignment should be sought where possible, it should not be to the detriment of the system for England, Wales and Northern Ireland. Labelling is an essential part of DRS and should be introduced as mandatory.

The DRS labelling should be part of a wider recycling labelling framework with DRS and EPR labelling as consistent and clear as possible to ensure the consumer is informed and equipped to make the right decision about what to do with their packaging and effectively play their role in the system.

**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

To ensure maximum engagement from consumers and the required behaviour change to deliver scheme outcomes, clarity and consistency must underpin the system design. Anything that detracts from this undermines the system and poses a risk.

In addition, the lack of, or incorrect, identification marker that can be read by reverse vending machines and manual handling scanners is likely to pose a significant risk.

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

- Yes
- No

Clear and consistent messaging is essential to reduce consumer confusion. As proven with multiple other labelling frameworks and countless research, one consistent message for the consumer is the optimum way to encourage positive action.

Consumer confidence in labelling is key and depends on high levels of compliance. Legislating mandatory labelling requirements will support this alongside proper auditing and regulation.

Consistency is also helpful from an artwork creation and printing perspective. Most creative and implementation agencies work across a number of different brands, the implementation of any artwork to include labelling is easier and less open for misinterpretation if there is one clear label format with easy-to-follow implementation guidelines.

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

All producers should be encouraged to label their products as a minimum with an identification marker to ensure they can be read by reverse vending machines and manual handling scanners.

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

- Yes  
 No

18 months is not a sufficient period of time for the necessary labelling changes to be made. This short timeframe is likely to cause unnecessary cost and disruption.

Artwork changes are expensive to make and require a number of activities and different skills:

- Specification and briefing of all artwork changes – brand owners (marketing & technologists)
- Artwork design and creation – creative/artwork/implementation agencies
- Artwork approval – brand owners (marketing, technologists, legal, printers)
- Print approval –agency & brand owner (marketing)
- Line trials of new artwork – brand owners (packaging technologists, Production & Quality)
- Production & Distribution – brand owners (Production, Logistics, Quality)

Artwork changes are complex with specific processes that must be followed through properly. There is extensive change on the horizon with the EPR and DRS proposals, and the resources available with the required skills to carry out all the changes needs to be considered.

Most brand owners would want to incorporate any other changes to the artwork at the same time to make it as efficient and as cost effective as possible, this could be updating ingredients declarations and nutrition information through to a full brand redesign.

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

- Yes  
 No  
 Don't know

N/A

**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

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

## **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

The cost would likely be prohibitive. Introduction of source segregation would require significant infrastructure change and investment. Significant reconfiguration of current sorting infrastructure would be required to separate containers in scope of DRS from containers not in scope of the same material. In addition, MRFs may take material from multiple local authorities making it difficult to determine specific compositions resulting in the use of averages or compositional analysis which take time and cost. This also relies on the packaging and label remaining intact and without contamination that could interfere with the scanning process.

Future technology may play a role in enabling counting at MRFs but the investment required would need to be considered relative to other solutions.

**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

See response to Q64.

**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?**

Compositional analysis would be required at the MRF and an appropriate frequency determined for sufficient representation and to take into account time and expense.

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

Robust compositional analysis would be expensive and required on a regular basis to be representative. More robust compositional analysis requirements feature in the EPR proposals and there may be potential to align the two systems. However, a variable deposit system would be extremely difficult to identify through compositional analysis.

**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.*

Separation of material is unlikely to be feasible, therefore option 2 would be preferred for simplicity.

Learning could be taken from the system in New South Wales, Australia.

## **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?**

The Environmental Regulators must be properly resourced to ensure effective monitoring and enforcement that is robust, consistent and transparent. The regulation of the DMO also needs to be clear – will it be regulated by one of the environmental regulators or by all of them at the same time, and if the latter how will that work be co-ordinated and made consistent?

**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?

Sufficient resourcing will be required. This should be considered as part of the cost of the system and local authority trading standards services should receive funding directly and for this purpose, not as part of block grants where it may not then be used for this purpose.

**71. In addition to those in the table, are there any other types of breaches not on this list that you think should be?**



It is unclear why it would be a breach for a retailer to not sell in-scope containers. Surely, that is a commercial (or, for alcohol, moral) decision?

Will there need to be a specific offence around consumers or others seeking to redeem deposits more than once, or will that be captured by existing (fraud, etc) legislation?

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

If so, what?

Other vulnerable points in the system include:

- The misalignment of schemes across the UK and resulting complications, complexities and opportunities for fraud
- Misalignment of schemes between the Republic of Ireland and Northern Ireland
- Reconciliation at collection points
- Double counting of containers collected through local authority kerbside
- HORECA settings, particularly storage and risk of theft
- Enforcement resource

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

In some situations, yes. For example, if data is not reported on time.

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

- Yes  
 No

If no, please explain your answer.

Consideration should be given to whether this set of sanctions is sufficiently dissuasive to organised criminal activity, which as is well known is present across the current waste industry. In particular, the scale of any fine should be commensurate with the (actual or potential) illegal profit.

## **Chapter 9: Implementation Timeline**

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

The delivery timeline is very tight. To enable the system to be implemented in 2024 as proposed, the process has been condensed with steps that would be most effective sequentially, occurring in parallel. The importance of effective IT and data systems cannot be underestimated or undervalued. This requires time to implement as exemplified by the digital waste tracking project and ongoing National Materials Datahub delays and the timeline proposed is unlikely to be achievable.

Given the implementation has been delayed significantly, the scheme no longer aligns with EPR implementation, the changing/disrupted purchasing landscape and impacts of Covid-19, a reassessment of whether DRS remains the most appropriate measure to achieve the primary objectives is required. It would be sensible to delay this reassessment until proper evaluation of the impact of EPR, consistent collections and plastic packaging tax can be undertaken. Deferring the reassessment would also allow research into digital technologies and for the trials to be completed. At this stage, if DRS is deemed to be the most appropriate measure it will be well-informed and well designed and sufficient time can be allowed for a robust implementation plan.

**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)

18-24 months from the appointment of the DMO.

**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?**

Likely to have little impact given many of the key systems and processes will be required regardless of the scope of the scheme.

## **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.

At a fundamental level, the analysis presented is modelled on implementation of a deposit return scheme in 2023. This includes assessment based on the assumption that DRS is implemented prior to consistent recycling collection proposals.

Other points that may need to be reconsidered in the final impact assessment include:

- Litter disamenity values - noting this is difficult to calculate (as acknowledged in the consultation document) further explanation and supporting evidence would be welcome to explain the high values quoted

- Litter clean-up cost reduction – a reassessment of the cost saving in relation to litter collection as it is likely staffing levels will not be dissimilar.
- Equalities Impact Assessment to take into account differential impacts on different households
- At home storage – the statement and associated impacts of ‘storing of drinks containers for the purposes of kerbside recycling is already common practice’ may need to be reconsidered. This will require additional separation and space without provision such as a recycling bin to store the containers as with kerbside collection.
- Further consideration around the inclusion, or otherwise, of glass, including the assumption that ‘currently available RVMs will be readily capable of compacting glass into suitable pieces’, the cost of recycling glass in DRS compared with EPR, the transport cost of glass (the difference between glass inclusion and exclusion presented seems low given the significant weight of glass), quality of glass recycling and closed loop viability.
- The role and impact of the proposed digital solution

In addition to the points outlined above, the following key factors will require consideration: the impact of the Covid-19 pandemic (including potential additive and disproportionate impacts), changes in shopping behaviours, the implementation of EPR and consistent recycling in England and the role and potential impact of the proposed digital solution.