

Consultation on a Deposit Return Scheme: response from London Councils' Transport and Environment Committee and the London Environment Directors' Network

Q	Question	Response
1	Would you like your response to be confidential?	No
2	What is your name?	Kate Hand
3	What is your email address?	kate.hand@londoncouncils.gov.uk
4	Please provide information about the organisation/business you represent.	Other – local authority representative body
7	Are you content for the UK government, or in Wales, the Welsh Government, or in Northern Ireland, DAERA to contact you again in relation to this consultation?	Yes
8.	Do you agree with the basic principles for a DRS?	Yes. Although given the costs, the system should be geared towards reuse rather than just recycling, in line with the waste hierarchy. It is accepted that it will take time for supply chains to change but it would be a wasted opportunity not to do this.

		<p>However, we believe the following should be added:</p> <ul style="list-style-type: none"> • The use of DRS should be integrated within the wider principle of Extended Producer Responsibility (EPR). A DRS is one of the ways in which producers can be made financially responsible for the waste resulting from their products, and any DRS must be designed so as to fit alongside – and support the aims of – other EPR initiatives. <ul style="list-style-type: none"> ○ DRS should be used where they are the most cost-effective way to achieve the outcomes that producers are required to achieve. A DRS appears likely to bring about litter reduction effects that will be difficult to achieve by other means, and given that government and producers accept this point, it is reasonable for a DRS to be implemented for beverage containers. ○ Any material that escapes from the DRS should fall under the scope of EPR, and the net costs of its collection and treatment should be met by the producer, just as it would be if the DRS were not in place. ○ Any loss of revenue local authorities experience as a result of materials being diverted into a DRS should be fully compensated for through the wider EPR scheme. Our preferred means of achieving this is for producers to pay the gross costs of collection/treatment and for them to take ownership of (and realise the value of) the material collected – recognising that there may be transitional issues where material income is currently realised by a local authority’s contractor. <p>We have some concerns about whether a DRS should be subject to a principle of value for money – whether there should be evaluation of whether it is the only, or most cost effective, way to achieve the environmental benefits that it promises. Local government could achieve a good deal of improvement in cleansing standards if it were to spend an equivalent sum to the costs of establishing a DRS. However, the issue of value for money is ultimately an issue of greatest concern to producers.</p>
9.	Should the following materials be-in scope of a DRS	<ul style="list-style-type: none"> • PET: yes – widely recycled • HDPE: yes – widely recycled • Aluminium cans: yes – widely recycled • Steel cans: yes – widely recycled • Glass bottles: yes – widely recycled
10.	Should the following materials be-in scope of a DRS	<ul style="list-style-type: none"> • Cartons: yes – reasonably widely recycled, and might be a substitute for items listed under Q.9 • Pouches and sachets: yes – difficult to recycle, but might be a substitute for items listed under Q.9
11.	If a DRS were to be introduced, should provisions be made so that glass bottles can be re-used for refills,	Yes, this respects the waste hierarchy and the environmental impacts; this should be taken into account for all items collected under a DRS.

	rather than crushed and re-melted into new glass bottles?	
12.	Should the following drinks be in-scope of a DRS:	<ul style="list-style-type: none"> • Water: yes, but avoiding negative impacts on reductions in the use and availability of disposal drinking water bottles • Soft drinks: yes • Juices: yes • Alcoholic drinks: yes • Milk-containing drinks: yes • Plant-based drinks: no, if milk is excluded • Milk: there is a concern that this could act as a tax on an essential food item, which should be explored before inclusion in a DRS scheme; if it is not included, milk should be covered under EPR • Other: N/A
13.	Do you think disposable cups should be in the scope of a DRS?	<ul style="list-style-type: none"> • Disposable cups made from paper with a plastic lining: no • Disposable cups made of plastic: no <p>In line with our answer to Q.35 of the consultation on producer responsibility for packaging, we believe that single use cups should fall within the scope of EPR, which will ensure that local authorities are appropriately resourced to manage cups that arise in the residual waste, recycling and street litter streams.</p> <p>However, given that the goal of policy on cups should be primarily waste minimisation, and given that the additional costs that EPR this would be likely to apply to a cup will too small to bring about a significant move towards the use of reusable cups, we are calling for an additional levy or charge that can drive reduction in the use of disposable cups.</p> <p>We believe that a DRS is likely to be less effective in achieving this behavioural change than a levy or charge, although we recognise that a DRS for cups could have benefits, particularly in respect of litter but also in improving recycling rates for this item.</p>
14.	Do you agree with the proposed material flows as described above?	<p>No</p> <p>The flows model must recognise that a significant proportion of the target materials will continue to come through local authorities' waste management systems. The consultation document notes that Defra are considering 'a funding formula whereby local authorities could be paid the deposit amount on drinks containers by the DMO without having to physically return</p>

		them via a designated return point.’ We support this approach, but note that that formula would need to be supported with periodical waste composition analyses.
15.	Do you agree with the proposed financial flows as described above?	<p>No</p> <p>Local authorities are missed out of these flows, despite the fact that a significant proportion of material will continue to come through their waste management systems. The model must be amended to show how these materials will be accounted for – either under DRS or EPR – such that councils achieve full net cost recovery.</p> <p>The model should also reflect the fact that some local authorities will find that they incur costs due to contractual commitments they have made to pass their recycling to a collection or sorting contractor for onward sale. A significant change in the quantity, composition or value of the recycling could result in contractual issues. While these would typically be able to be addressed through operation of a “change of law” clause, the end result could be an increase in the costs that the authority incurs. If this cost is incurred a result of the implementation of the DRS, it may not be reasonable for them to be met through the wider EPR scheme – unless items subject to a DRS are also within scope of EPR.</p>
16.	Should producers obligated under a DRS be...	b. Also obligated under the reformed packaging producer responsibility system for the same packaging items
18.	Do you agree that the DMO should be responsible for meeting high collection targets set by government?	Yes, they are best placed to do so.
19.	Should the DMO also be responsible for meeting high recycling targets set by government?	<p>Yes</p> <p>They should also provide data from collection points to local authorities, to be included in the total municipal recycling target.</p>
20.	Should unredeemed deposits be used to part-fund the costs of the DRS system?	<p>Yes:</p> <p>unless the costs to local authorities of managing material that escapes the DRS are met through a separate EPR fee, the first priority for any unredeemed deposits should be to ensure that items within the DRS are subject to full net cost recovery.</p> <p>Some local authorities have been concerned that a DRS could result in them incurring significant losses, as a result of valuable materials (especially aluminium) being diverted from the recycling stream. However, if a DRS is implemented alongside a wider</p>

		<p>EPR system, which takes ownership of and responsibility for the sale of material collected by local authorities, this loss is unlikely to arise as the loss will instead be incurred by the EPR scheme.</p> <p>Provided that this principle is followed, it is reasonable to defray the running costs of the DRS.</p>
21.	If unredeemed deposits are not used to part-fund the costs of the DRS system, do you agree they should be passed to government?	<p>No</p> <p>We do not see a clear rationale for unredeemed deposits to be passed to the government, as this would have the effect of turning an element of the deposit into a tax.</p>
22.	Do you have alternative suggestions for where unredeemed deposits could be allocated?	We believe the deposits should be allocated to local authorities, to support the costs that they will incur in managing in-scope containers that have not been returned for deposit.
23.	If the scheme is managed by the DMO, which of the following bodies should be represented on the management board	<p>a. Industry (drinks producers)? Yes</p> <p>b. Government: Yes</p> <p>c. Trade associations representing those hosting return points (e.g. retailers, small shops, transport hubs)? Yes</p> <p>d. Companies representing those hosting return points (e.g. retailers, small shops, transport hubs)? Yes</p> <p>e. Other (please specify):</p> <ul style="list-style-type: none"> • Local authorities, who will be key facilitators and hosts of reverse vending machines and can play a valuable role in maximising the effectiveness of the scheme through engagement with the public. • A consumer representative
24.	Should there be government involvement in the set-up/running of the DMO body?	Yes, alongside other stakeholders (see Q.23)
25.	Do you agree with the government's proposals that a DMO would...	<p>a. Advise government on the setting of the deposit level/s: yes</p> <p>b. Set producer/importer fees: yes</p> <p>c. Be responsible for tracking deposits and financial flow in the DRS – and ensuring those running return points are paid the deposits they refund to consumers: yes</p>

		<ul style="list-style-type: none"> d. Set and distribute the handling fees for return points: yes e. Be responsible for ensuring that there are appropriate return provisions for drinks containers in place, and that these are accessible? Yes f. Be responsible for maintenance of reverse vending machines (RVMs) and provision of bags/containers to those running manual return points: Yes g. Own the material returned by consumers: Yes h. Reimburse those transporting returned drinks containers to recyclers/counting/sorting centres – and manage these contracts: Yes i. Fund counting sorting/centres – and manage the contracts for counting/sorting centres: Yes j. Be legally responsible for meeting the high collection targets set by government for drinks containers within scope of the DRS: Yes k. Measure and report recycling rates to government: yes, but also to local authorities. The recycling yields of local authority services will be impacted by the DRS and it will be necessary for statistics to be made available to provide a full picture of waste management in each area. Consideration will need to be given to the basis on which DRS-collected material is attributed to an authority. The obvious approach would be by reference to the location of the site where the deposit is redeemed, but if some form of smartcard system is used, it could be based on the user’s registered address, which could help to deal with situations where residents of one authority commonly cross over to another to make use of return facilities in another. Subject to resolving such “cross border” issues, an overall recycling performance figure might be a useful addition to the suite of non-binding performance indicators. l. Run communications campaigns to aid consumer understanding of the DRS: yes; communications need to be very well coordinated with other national and local recycling messages. It is important that the future waste management system should be presented as seamless, and that the same messages and design cues appear across all recycling avenues that people can utilise.
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26.	Do you agree with our proposed definition of a producer?	Yes
27.	Should there be a de minimis which must be crossed for producers and importers of drinks in-scope of a DRS to be obligated to join the scheme?	No
29.	If there is a buy back scheme for recycled materials, do you have evidence for how this could be effectively run?	No
30.	In line with the principle of full net cost recovery, the government proposes that producers would cover the set up costs of the DMO? Do you agree with this proposal?	Yes
31.	Should the DMO be responsible for co-ordinating the set-up of the DRS, including buying RVMs and an IT system?	Yes
32.	Should producers of drinks within a DRS be	Yes

	responsible for DRS operational costs?	
33.	Which of the following should be obligated to host a return point?	<p>a. Retailers who sell drinks containers in scope: yes – it will be most effective to collect items in scope as soon as they are ready to be disposed of, and/or allow consumers to return them on subsequent visits; this should include online orders and delivery services (with dedicated vehicles, not deliveries through regular post)</p> <p>b. Transport hubs: yes</p> <p>c. Leisure centres: yes</p> <p>d. Event venues: yes</p> <p>e. None of these: no</p> <p>f. Other (please specify): no</p> <p>It is important that RVMs are hosted at supervised locations, rather than on the streets, where they risk becoming street clutter, and could attract litter and fly tipping incidents, much as bring sites have in the past. Policy should also consider how frequently collections of deposited material will be required, particularly in locations with limited space. Very frequent collections will have negative knock on consequences for costs and air quality.</p>
34.	What might the impacts be on those hosting	<p>(a) Reverse vending machines? They may attract litter and fly-tipping (of materials not accepted)</p> <p>(b) Manual return points? They may attract litter and fly-tipping.</p>
36.	Is there a de minimis level under which businesses who sell drinks in scope should be exempt?	Not enough information
39.	Do you have alternative suggestions for return provisions that could be used to accept the return of drinks containers? Please provide details.	No
40.	For consumers who would have difficulty returning empty drinks containers, what	It has been suggested that there should be scope to provide reverse logistics as part of home grocery deliveries.

	provisions could be put in place so that these consumers are able to return drinks containers and receive their deposit refund?	
43.	Should online retailers selling drinks in in-scope containers be obligated to pick up and refund DRS material?	Yes
45.	Should certain businesses which sell in-scope drinks containers host return points, e.g. pubs, hotels, cafes? Please provide details.	Yes
46.	Should there be an opportunity for retailers that don't stock drinks / those who may not be obligated to provide a return point to 'opt-in'?	Yes
47.	Do you have any further views, comments or evidence in relation to retailers not already covered above?	No
49.	What do you consider to be the optimum deposit level to incentivise return of drinks containers?	Not sure

50.	Should the deposit level be a flat rate across all drinks containers covered by the DRS?	No. We believe that the level for different items should reflect a) the ease of managing them if they are discarded without being returned for their deposit, and b) the environmental desirability of encouraging reuse alternatives to the item.
51.	Should there be an alternative deposit level for drinks containers in a multipack, rather than each container carrying the same deposit?	No
52.	How do you think deposits should be redeemed?	a. Voucher (for deposit value, printed by the reverse vending machine or by the retail assistant at manual drop-off points): Yes b. Digitally (for example a digital transfer to a smartphone application): Yes c. Cash: No – risks bin-raiding and vandalism of RVMs d. Return to debit card: Yes e. Option to donate deposit to charity: Yes f. Other: No g. None of the above: No
53.	Should the DMO be responsible for ensuring that there is evidence that drinks containers have been recycled?	Yes, because they are best-placed to secure this information and feed it into Government.
54.	In addition to reporting on collection rates, should the DMO also be obliged to report on recycling rates of in-scope drinks containers?	Yes
56.	Would Environment Agencies in England, Wales and Northern Ireland be best placed	Yes

	to monitor/enforce a DRS covering England, Wales and Northern Ireland?	
57.	How frequently should the DMO be monitored?	b. Bi-annually
58.	How often should producers be checked for compliance with the DRS (if compliance is obligated)?	b. Bi-annually - Other (please specify)
66.	Should drinks containers over a certain size, for example beer kegs and containers used for water coolers, be excluded from an all-in DRS?	Yes
68.	Do you agree with our definition of 'on-the-go' as less than 750mls in size?	No. Any 'on the go' system should encompass containers of two litres or less as the contents are often consumed by families/groups and can be seen littered in parks.
69.	Do you agree with our definition of 'on-the-go' as excluding multipack containers?	No, there is no obvious reason to exclude them, and it could cause confusion
70.	Based on the information above, and where relevant with reference to the associated costs and	All-in We support this for the following reasons:

<p>benefits outlined in our impact assessment (summarised below), which is your preferred DRS option?</p>	<ul style="list-style-type: none"> • A DRS is intended to drive up recycling, but more importantly, to reduce littering. A focus on “on the go” is therefore important, as these packaging formats are the most littered. • However, the savings in infrastructure and operating cost from narrowing the scope of the DRS are likely to be minimal: a similar network of RVMs and scheme administration is likely to be required for an “on the go” model or an “all in” model. • Although much of the beverage packaging that is littered is “on the go” formats, there is also considerable littering of larger containers, often consumed on the go, especially in hot spots and at certain times of year. <ul style="list-style-type: none"> ○ Defining the right cut-off between “on the go” and everything else is therefore very difficult. It is therefore preferable to include all commonly used household sizes of container (say up to 2 litres) within scope. • An “all in” scheme will maximise the reduction in litter and improvement in recycling performance. • Provided that the DRS policy is fully integrated into the wider EPR system, local authorities will not be impacted by loss of revenue as full net costs will be covered by producers. <p>Deposit refund schemes have historically been used as a part of refill-based systems. Such systems have fallen out of favour largely due to the centralisation of filling operations – but also due to the need to keep deposits small to avoid making prices uncompetitive against single use products, which in turn limited the effectiveness of the deposit as an incentive. Within a wider system of deposit returns, it would be reasonable to extend the system to as to cover refill-based systems, as these tend to have the best overall environmental outcomes (provided that the container can be used several times over).</p> <p>Given that the main justification for a DRS is to tackle litter impacts, London authorities would welcome consideration of whether the same approach could be applied to other similar, commonly littered items. The newly approved Single Use Plastics Directive will bring many additional items within the scope of EPR, and a DRS could be a means of producers of these products fulfilling their obligations.</p> <p>A particular area of concern for London authorities, which is perhaps equally significant as beverage containers in its impact on the local street scene, is fast food packaging. If this type of product could also be brought within a DRS, the combined effect on litter would be far more dramatic than targeting beverage containers alone.</p> <p>While a DRS may significantly reduce the amount of certain types of waste that is littered, it remains to be seen whether this has a commensurate impact on the costs to local authorities of keeping the streets clean. Busy London thoroughfares attract litter of all kinds, and are likely to still need to be swept frequently, even in the presence of a highly effective DRS on beverage containers. We note that tourists and visitors are unlikely to understand how or where to access collection points, and thus areas of London with large numbers of visitors may not see a significant reduction in litter. Authorities also have concerns that a DRS could lead to</p>
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		a rise in street litter in some areas (including locations off the main thoroughfares) if it incentivises “bin diving”: this could result in people scattering waste from litter bins, and even household and commercial recycling containers, as they search for deposit bearing items. Government should not base any policies or funding decisions on the presumption that savings on street cleansing will be achieved, until there is empirical evidence to support this.
71.	Do you agree with our impact assessment?	A number of the assumptions in the impact assessment are vague and it is unclear how they have been arrived at. Improvement is needed in the underlying data and assumptions to inform further refinement of policy
72.	Do you think more data is needed? If yes, please state where.	Yes
73.	Are there other costs and benefits which we have not covered in our impact assessment?	Unsure
74.	Do you have further comments on our impact assessment? Please be specific.	[No
75.	The dual objectives of a DRS are to reduce litter and increase recycling. Do you wish to suggest an alternative model that would be more effective at achieving these objectives? If so please briefly describe it, making reference to any available evidence.	No
76.	A potential option for introducing a DRS could be to start with the ‘on-the-go’ model, and then	No We believe that it will be more cost effective and easier to transition for local authorities and consumers alike if we move straight to the system that the Government decides to adopt.

	expand/phase roll-out to 'all-in'. Do you think this would be an effective way to introduce a DRS?	
77.	Do you think a DRS would help us to achieve these outcomes?	<ul style="list-style-type: none"> a. Reduction in litter and litter disamenity (include expected % decrease where possible): yes; not possible to provide an estimated % change b. More recycling of drinks containers in scope of a DRS, especially those disposed of 'on-the-go': yes; evidence from schemes around the world demonstrates that DRS schemes can increase recycling rates. We believe that a DRS will be required to achieve the UK's recycling rates, because the challenges to local authority services – in particular the behaviour of consumers and their engagement with local recycling services – is difficult to change, and can only be achieved with significant investment over the long term (as provided by an effective EPR for packaging, and indeed future EPR schemes). c. Higher quality recycling: yes; evidence from schemes around the world proves that DRS schemes can produce higher quality recycling d. Greater domestic reprocessing capacity through providing a stable and high-quality supply of recyclable waste materials: not enough information
78.	Do you think a DRS, as set out in this consultation, is necessary in helping us achieve the outcomes outlined above?	Yes
79.	Do you think the outcomes of what we are hoping to achieve could be reached through an alternative approach?	No
80.	Do you think an alternative approach would be a better way of achieving the outcomes?	No

85.	How should a DRS drive better design of packaging?	<ul style="list-style-type: none"> • Varying producer fees that reflect the environmental cost of the products that producers are placing on the market • An additional producer fee for producers using unnecessary and/or difficult to recycle packaging
86.	Who should be involved in informing and advising on the environmental cost of products?	<ol style="list-style-type: none"> a. Government b. Reprocessors c. Producers d. Local Authorities e. Waste management companies
88.	Do you have evidence to suggest that we might need to revise any other waste-related regulations as part of introducing a DRS?	No