Environmental Audit Committee Inquiry: Next steps for deposit return schemes
Wildlife and Countryside Link response
March 2021

Wildlife and Countryside Link (Link) is the largest environment and wildlife coalition in England, bringing together 57 organisations to use their strong joint voice for the protection of nature. Our members campaign to conserve, enhance and access our landscapes, animals, plants, habitats, rivers and seas. Together we have the support of over eight million people in the UK and directly protect over 750,000 hectares of land and 800 miles of coastline. This response is supported by the following Link member organisations:

- The British Mountaineering Council
- CPRE (lead drafters of this response)
- Environmental Investigation Agency
- Greenpeace
- Keep Britain Tidy
- Marine Conservation Society
- Surfers Against Sewage
- Whale and Dolphin Conservation
- WWF-UK
- Zoological Society of London

Consultation response

We provide views below on each **area** put forward by the Committee for consideration:

- **The types of waste to be collected under the scheme**

For best results, drinks containers of all sizes and materials must be collected. Schemes for collecting drinks containers are commonplace and have been extremely successful around the world.

Collecting drinks containers has several benefits:

- They offer good quality material for recycling
- The technology for collecting, sorting and recycling them already exists
- They regularly rank top in litter counts, so if implemented, we will see a dramatic decrease in litter and pollution.

A composition analysis survey of litter by Keep Britain Tidy for Defra in 2019 showed that 75% of items by volume were drinks containers. It is important to get the scheme right for drinks containers

before other products are considered. Unless the process is complicated by only accepting some drinks containers and not others, or inconsistency across UK nations, a DRS for all drinks containers will shift behaviour change quickly as it is an easy process to which the public can adapt.

Given the length of time it has taken to adopt a DRS in the UK, the government should focus on collecting drinks containers and implementing a consistent system before broadening its ambitions for other products.

- **The materials to be included in the scheme's scope**

The scheme must include all materials commonly used for drinks containers: PET plastic, HDPE plastic, aluminium, steel, glass, tetra pack and pouches/sachets. If cartons, pouches and sachets are to be excluded, the full net costs of these products must be covered through the proposed EPR reforms, with sufficiently modulated fees to reflect their complexity for recycling and with a view to discourage their use as a packaging choice by manufacturers.

A survey conducted by YouGov for the Marine Conservation Society in 2018 showed overwhelming support for a DRS which included a wide range of drink container types. When asked what respondents think should be included in the scheme 76% of those surveyed in England said plastic bottles, followed by glass bottles (75%,) aluminium cans (65%,) and drinks cartons made of more than one material type (54%).

Anything less than PET, HDPE and Polypropylene plastic bottles, aluminium and steel cans, and glass bottles would create several problems:

- First, the public will be faced with a confusing system. The most successful deposit systems are the ones that are simple to use and explain. Caveats and limits will lead to confusion and lower uptake of the system, both of which would undermine the goals of reducing litter rates and improving recycling rates.
- Secondly, only including some material and not others could result in a market distortion. For instance, if plastic is included but not aluminium, producers could be incentivised to switch materials and produce items only made of aluminium or lead to consumers thinking plastic is more recyclable and opting for the apparent 'green' choice. This would greatly undermine the efficacy of the system and lead to worse environmental outcomes.
- Thirdly, all materials of drinks containers are littered. To truly clean up the environment, we need all materials of drinks, and all sizes, to be included in a deposit return system.

Being comparatively late to introduce a DRS, compared to many other countries, the UK has the benefit of seeing where systems have been successful and unsuccessful in other countries. Nations that have excluded some materials have had to correct these mistakes further down the line, which is often costly and time consuming.[1]

[1] https://recyclingnetwerk.org/2021/02/03/dutch-environmental-movement-welcomes-deposit-return-system-for-beverage-cans/
https://recyclingnetwerk.org/2021/01/20/duitse-regering-breidt-statiegeld-uit-naar-alle-flessen-en-blikjes/

- **Scheme design ('all-in', 'on-the-go' or other models) and the level and scale of deposit charges**

In order to achieve a gold-standard system from the start, the UK must create an all-in system. The benefits of an all-in system are incomparable, it is concerning that, two years on from Defra's first consultation and impact assessment, this question is still being considered. The benefits of an all-in system include:

An economically superior model:

When all bottles and cans can be returned for recycling, this significantly increases the overall tonnage of materials collected. As the sale of this tonnage for recycling is an income stream for the system, if the tonnage is reduced through exemption of certain products, the system will be less cost-effective.

If a DRS is restricted in scope, the retailers who host the collection infrastructure are denied the maximum level of revenue generation through handling fees – the floor space lost to a reverse vending machine (RVM) or space for manually returned containers would be similar but they would receive lower handling fees and not see the same increases in footfall that an all-in DRS would bring. Retailers should be able to drive up the volume of materials they collect and gain revenue as a result.

Moreover, the cost of DRS machines forms a considerable part of the upfront and ongoing costs of the system. The faster a deposit system becomes economically viable, the sooner the upfront costs of the RVM can be repaid and any resulting income can be used to improve system efficiencies.

From Defra's impact assessment[2], an all-in DRS is forecasted to bring a £2 billion economic benefit through the combination of jobs, reduced pressure on councils to clean up litter, and more profitable recycling. No other model produces such benefits.

More jobs in green industries:

A deposit return system creates new jobs in two ways – both within the deposit system itself (running the central system and collecting the materials from retailers), and in the reprocessing facilities that buy the materials to turn them into secondary materials, ready for recycling into more bottles and cans. If the scope of the deposit system is limited, then the number of new jobs will in turn be limited.

All sizes of containers are littered:

[2] https://consult.defra.gov.uk/environment/introducing-a-deposit-return-scheme/supporting_documents/depositreturnconsultia.pdf

If a deposit return system excludes certain sizes of container, this creates a competitive distortion in the market, which creates the opportunity for producers to avoid the deposit by switching to an excluded size. For example, in Germany, nearly all beverages from 100ml to 3L carry a deposit. There have been examples where companies switched to producing a 3.1L bottle.[3]

More materials available for the circular economy, fewer raw materials needed for future manufacturing, and business certainty:

When a deposit return system can collect over 95% of the plastic and glass bottles and cans that are put on the market to sell to consumers, this creates a guaranteed, regular source of valuable materials that can be processed by the system and sold for reprocessing. This in turn provides an incentive for investment into resource management infrastructure to support the deposit system and for further recycling.

Easy to define, simple to understand for consumers, and does not need to adapt if the public's consumption patterns change:

Restricting a deposit system to only certain products risks being confusing for consumers. It puts the burden on them to check labelling as to whether a bottle or can is deposit-bearing, which could lead to disenchantment with the system and with other positive environmental behaviours. A DRS, if all-in, can be a simple solution to the current recycling confusion and mistrust.

A survey of the British public conducted by YouGov for the Marine Conservation Society in 2018 showed overwhelming support for a Deposit Return Scheme which included all sizes. 72% of respondents in England supported all sizes, with only 4% supporting a DRS for 750ml or less.

Less pressure for local councils:

If large bottles are excluded from a deposit system and can only be collected via kerbside and household bins, local councils are left with the highest collection and disposal costs. This is because large bottles are very high in volume, which means they fill collection trucks and litter bins very quickly. An all-in system is likely to generate savings to local authorities of around £35 million, according to research conducted by Eunomia Research and Consulting Ltd, on behalf of CPRE and partners in 2017.

More return points will be available, meaning greater accessibility and exposure for the public:

In the government's impact assessment, an all-in system, due to processing higher quantities, could afford more return points and ensure that consumers can return empty containers more easily. By opting for an all-in system, people can return their drinks containers whilst 'on the go' but an arbitrary size distinction and less return points would do the opposite by making a confusing and convoluted system.

[3] https://aaf1a18515da0e792f78-c27fdabe952dfc357fe25ebf5c8897ee.ssl.cf5.rackcdn.com/21/CPRE+Golden+Rules+for+DRS.pdf?v=1552670353000

- **The obligations on retailers at all levels (including online-only retailers) to participate in the scheme**

To ensure accessibility and inclusivity, retailers must participate in the scheme whether they sell drinks containers in person or online. The public must be able to easily return used items in similar means through which they purchased them.

Any loss of space for retailers will be compensated for with handling fees, and providing a return point (either with a reverse vending machine or over the counter returns) is likely to increase footfall for small retailers as many people will opt to return drinks at their local corner shop or at a small store.

All retailers should be required to take back drinks containers if they sell them, and it should also be as easy as possible for other locations to become return points (e.g. sports and music venues, churches, schools, outdoor activity centres). It is important that return points are conveniently placed. In US states with only designated non-retail drop-off points, return rates are low. For example, Hawaii's system is based on 'return to redemption centre', and achieves a return rate of only around 65%.[4]

- **The effect on scheme design of recent changes in patterns of retail activity**

A simple, straight forward all-in system that includes all retailers, materials and sizes will cover any changes to consumer behaviour. A limited system would continually need to readapt to changes in consumer behaviour and shifts in the market, creating financial and administrative pressures. For instance, if a limited system was in place, it would have failed when the COVID-19 pandemic hit. As fewer people commuted to work, the 'meal deal' market dwindled, resulting in fewer purchases of chilled and take-home drinks[5]. A system that only included smaller drinks containers would not have covered these changes in behaviour. A straightforward, inclusive system is more sustainable, future-proof and could absorb any unpredictable changes in retail activity.

- **The impact of any scheme on existing reuse and recycling and reuse systems**

Aside from household recycling systems and business recycling systems, both of which are being reformed by Defra through Extended Producer Responsibility and Consistent Recycling proposals, we are not aware of any substantial recycling or reuse systems.

Any reuse systems for drinks would be exempt from a deposit return system on the basis that reuse is a step up from recycling. Indeed, a well-designed one-way deposit return system can scale up to incentivising more reuse systems when designed effectively and simply.

[4] https://www.bottlebill.org/index.php/current-and-proposed-laws/usa/hawaii
[5] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/932350/Grocery_Purchasing_Report.pdf

Reporting on return rates for existing drinks container reuse systems to ensure legitimacy would be beneficial, however Defra would have to explore the feasibility of this with what are likely to be small retailers.

Having successful DRS infrastructure in place and a public that are used to returning empty items will mean that reuse can be scaled up in the future. The financial deposit directly incentivises people to engage with the system and to 'do the right thing'. An analysis of the English plastic bag charge reported that it had a 'strong and positive impact on people's behaviours and attitudes', leading them to be supportive of other incentives such as DRS[6]. It is likely that a successful and consistent DRS will have positive knock-on benefits to other reuse and recycling systems.

In addition to a DRS, the government must also do more to encourage re-use and refilling; especially for bottled water. Where there are alternatives to single-use plastic bottles (such as using a refillable water bottle, tap water, or drinking fountains) these should be encouraged. We should adopt the principle that where we can reduce packaging, we should, and where we cannot, a well-designed DRS can help capture the rest (such as beverages that do not come out of a tap).

- **The impact of any scheme on local authority kerbside collections and on local authority revenue streams dependent on the value chain of recyclables**

The funding and operation of local authority kerbside collections is being changed adjacent to DRS implementation, therefore this question is irrelevant.

We are aware that some stakeholders such as LARAC are concerned that a DRS would reduce their revenue streams. We hope to allay those concerns using the following example.

After the Scottish Government announced in September 2017 plans to launch a DRS, the Convention of Scottish Local Authorities (COSLA) expressed the view that a DRS would remove valuable materials (such as aluminium and the plastic PET) from recycling collections, increasing the net costs to councils of service provision. However, initial analysis undertaken by Eunomia Research & Consulting Ltd (Eunomia) on behalf of Zero Waste Scotland indicated that a DRS would actually lead to annual savings to local authorities in Scotland of £4.6 million.

In England, packaging waste recycling through kerbside collections will no longer be funded through taxpayers' money, but producers will finally pay the recovery costs of the packaging they profit from. Not only is DRS proven to have a net benefit for local authorities, but the impact of any changes in revenues would be negated by the introduction of EPR for packaging and reforms of the entire kerbside system. There is a great opportunity for a joined-up strategy on kerbside collections and a consistent, all-in DRS as the government itself has identified, by pursuing all three policies at the same time. The systems will complement each other and result in the most efficient way to capture resources for a circular economy.

[6] http://orca.cf.ac.uk/94652/

At the moment, the disjointed nature of recycling means that poor quality resources enter the waste stream and are dumped or burned, resulting in the public losing faith in the merits of their sustainable actions. A consistent, all-in DRS will be a high quality, closed loop system that can guarantee effective recycling for consumers.

- **The potential relationship between deposit return schemes and other packaging waste initiatives promoted under the Resource and Waste Strategy, such as the packaging producer responsibility system and consistency in kerbside collections of dry recyclables.**

DRS will improve overall recycling rates and reduce litter but it will not solve all our waste problems. Therefore, it is vital that the scheme works alongside the other key areas the Government are currently consulting on, such as extended producer responsibility (EPR) and consistency in kerbside collections for all materials - not just dry recyclables.

These will be complementary, not competing, systems. Indeed, DRS is a form of EPR, although it will be separate from the broader EPR for efficiency purposes. A good EPR system will also balance out any changes in revenue costs and income from household collections and street cleansing that a separate, more efficient recycling system (DRS) would bring.

- **How the use of deposit return schemes is likely to affect the UK's progress towards meeting the targets set in the Resource and Waste Strategy.**

An all-in DRS that includes all materials will be the most efficient and effective recycling system, and will provide an efficient mechanism in support of achieving the targets in the Resources and Waste Strategy. This kind of DRS can increase recycling rates at rapid speed to upwards of 90% due to the financial incentive and help hit the Resources and Waste Strategy target of recycling 65% of packaging waste by 2025[7]. It will also contribute to the specific packaging recycling targets for plastic, aluminium and glass for 2025.

No other national recycling systems have been proven to reach recycling rates as high as DRS and so this will be instrumental in ensuring we can recycle as much of our packaging and waste as possible.

- **The scope for interoperability between any schemes in England, Wales and Northern Ireland to be established under Schedule 8 to the Environment Bill and the scheme to be established in Scotland under the Deposit and Return Scheme for Scotland Regulations 2020.**

The Scottish government has committed to an all-in system. England, Wales and Northern Ireland should at least meet this level of ambition, but there are opportunities to go even further. There are several risks associated with failing to meet the Scottish standard or having an inconsistent system across UK nations.

[7] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/907029/resources-and-waste-strategy-monitoring-progress.pdf

- Fraud: if one nation has an all-in system, and another has a limited system, it would be possible to buy an item in the nation with a limited system and claim back the deposit in the nation with an all-in system. This would be high risk for popular items such as larger containers that would be excluded from a limited system.
- Burden for producers: A UK-wide system is better for producers as they can have the same labelling on their products throughout the UK.
- Burden for the public: A UK-wide system will ensure it works for those living on borders who may regularly crossover. It creates ease for people travelling between the devolved nations.

There are opportunities for England, Wales and Northern Ireland to outstrip Scotland in the scope of DRS, urging the Scottish system to improve and expand. Including Tetra Pack/cartons would move beyond existing ambitions in Scotland, as would the inclusion of HDPE and pouches or sachets for drinks. There would have to be higher producer fees as these materials (except HDPE) currently require more complex recycling. But this will reduce drinks litter even more (sachets and pouches are claimed to be found littering the sides of rural cycle routes from cyclers for instance[8]) and inject more materials into the circular economy. Consistency with Scotland would also entail a minimum deposit level of 20p being set.

All nations must record DRS usage from day one to best measure the impact of the new system.

- **The factors which have contributed to the successful implementation of deposit return schemes in other jurisdictions.**

As mentioned above, other countries that limited the size of containers or materials in their systems have faced numerous difficulties. Inefficiency of their systems, poor environmental outcomes and public pressure meant they had to correct this mistake further down the line, costing more public money and increasing administrative burden. Simplicity for the public and efficiency in how the system is set up has been shown from global examples to ensure the best outcomes for a DRS.

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[8] https://www.telegraph.co.uk/politics/2019/03/24/litteringcyclistsand-joggers-could-blame-countryside-rubbish/