



Department  
for Environment  
Food & Rural Affairs



Llywodraeth Cymru  
Welsh Government



Department of  
Agriculture, Environment  
and Rural Affairs

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

## Government Response

20 January 2023

## **Defra**

We are the Department for Environment, Food and Rural Affairs. We're responsible for improving and protecting the environment, growing the green economy, sustaining thriving rural communities and supporting our world-class food, farming and fishing industries.

We work closely with our 33 agencies and arm's length bodies on our ambition to make our air purer, our water cleaner, our land greener and our food more sustainable. Our mission is to restore and enhance the environment for the next generation, and to leave the environment in a better state than we found it.

## **Welsh Government**

Wales has its own government, making policies and laws for our country. We are working to help improve the lives of people in Wales and make our nation a better place in which to live and work.

Our responsibilities include environment, agriculture and rural affairs. We make decisions on matters regarding these areas, for Wales as a whole, develop policies and implement them and propose Welsh laws (Senedd bills).

## **DAERA**

The Department of Agriculture, Environment and Rural Affairs (DAERA) has responsibility for food, farming, environmental, fisheries, forestry and sustainability policy and the development of the rural sector in Northern Ireland. The Department assists the sustainable development of the agri-food, environmental, fishing and forestry sectors of the Northern Ireland economy, having regard for the needs of the consumers, the protection of human, animal and plant health, the welfare of animals and the conservation and enhancement of the environment.



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# Update on delivery of a deposit return scheme

## Background

Many countries have successfully used deposit return schemes (DRS) to increase recycling rates of drinks containers, with well-functioning schemes achieving collection targets of 90% or higher. This document sets out the response to the second consultation held in 2021 on developing a DRS, and the next steps for scheme delivery.

In early 2018, in the UK Government's 25 Year Environment Plan for England, Defra committed to develop and consult on a deposit return scheme for drinks containers and, in late 2018, set out its objectives for a DRS in the Resources and Waste Strategy. In the 2019 manifesto, the UK Government committed to introducing a DRS in England. The Environment Act 2021 includes the primary powers required to deliver a DRS.

In 2021, the Welsh Government published *Beyond Recycling – A strategy to make the circular economy in Wales a reality*. The goal is that discarded materials are reused, recycled and re-circulated within the economy, with the strategy setting out objectives to tackle littering, improve recycling and infrastructure, with a specific commitment to introducing a deposit return scheme as a key lever to achieve this.

In Northern Ireland a DRS supports meeting targets in regulation for the Circular Economy Package<sup>1</sup> and the *New Decade New Approach* agreement on tackling climate change and plastic pollution. It also supports the Department of Agriculture, Environment and Rural Affairs in Northern Ireland Green Growth Strategy and Draft Environmental Strategy.

DRS will play an important role in increasing the supply of high-quality plastic suitable for recycling, so both complements and supports the objectives of the Plastic Packaging Tax.

Two consultations have been held on developing a DRS. The first, in 2019, explored the design and scope that a DRS model could take. On 24 March 2021, the UK Government, the Welsh Government and the Department of Agriculture, Environment and Rural Affairs in Northern Ireland launched a second consultation on delivery of a DRS for single use drinks containers. The consultation ran for 10 weeks and closed on 4 June 2021 receiving 2,590 responses from a broad range of stakeholders.

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<sup>1</sup> <https://www.legislation.gov.uk/nisr/2020/285/made/data.pdf>

## Why a DRS?

It is a priority for Government<sup>2</sup> to move towards a circular economy, where resources are protected and kept in use for as long as possible and waste is minimised. Introducing a DRS for single use drinks containers forms a key part of delivering this, as well as supporting government ambitions to reduce litter, and to combat the effects of plastic pollution.

Current recycling rates in the UK for drinks containers are around 70%, lower than other countries that have a DRS in place. This leaves approximately 4 billion plastic bottles and 2.7 billion cans that are not recycled every year. Drinks containers often end up in landfill or sent to incineration plants, releasing highly polluting greenhouse gas emissions and increasing the demand for virgin materials, which also generate greenhouse gas emissions associated with creating new products. Although plastic bottles and aluminium cans are fully recyclable, recent packaging recycling rates demonstrate that there are significant improvements to be made in drinks container recycling. We consider that a well-designed DRS for drinks containers could achieve recycling rates of 90% or higher.

A DRS will create a cleaner, segregated waste stream for in-scope drinks containers which separates containers by material at the point of return. This will reduce the level of contamination and the amount of recycling that is subsequently rejected. Securing higher quality material through the scheme means UK producers will have access to a steady supply of high-quality recycled material creating a closed loop and making them less reliant on imported and virgin material.

The implementation of a DRS is expected to substantially reduce littering of in-scope containers in our streets and countryside. In 2019, a report by Keep Britain Tidy<sup>3</sup> found that small plastic bottles and non-alcoholic cans together made up 43% of the volume of all litter. Through the financial incentive provided to consumers to return disposable drinks containers, we estimate that 85% fewer drinks containers will be discarded as litter. The same report found that there were more than three times as many litter items found per site, on average, in the 10% most deprived areas as compared to the 10% most affluent areas. Furthermore, the overall environmental quality of a site was clearly interrelated with levels of litter – sites with higher levels of graffiti, staining, and flyposting also had more litter present. Tackling litter will therefore contribute to the UK Government's Levelling Up agenda.

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<sup>2</sup> Unless otherwise stated, "Government" refers to the UK Government for England, the Welsh Government and the Department of Agriculture, Environment and Rural Affairs in Northern Ireland. Where the term local authority is used it shall refer to local councils when considered with regards to Northern Ireland.

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<http://sciencesearch.defra.gov.uk/Default.aspx?Module=More&Location=None&ProjectID=20212&FromSearch=Y&Publisher=1&SearchText=eq0121&SortString=ProjectCode&SortOrder=Asc&Paging=10>

## What do the public think about a DRS?

The 2021 consultation recognised the disruption caused by the Covid-19 pandemic and asked respondents how the pandemic may have influenced their views on a DRS. The appetite for introducing a DRS remained strong, with 83% of respondents expressing support for the introduction of a scheme. They cited the impacts the pandemic has had on the environment, including the creation of more waste combined with more time spent outdoors, which in turn resulted in increased levels of littering, meaning the need for a DRS is even greater. Responses also set out the benefits of economic stimulation through investment and the creation of jobs from the scheme.

Some respondents raised concerns about the costs and implementation time required for the scheme and suggested delaying the scheme or reviewing its implementation programme in response to Covid-19, as many businesses continue to recover.

We have also undertaken research<sup>4</sup> directly with consumers to understand their views on a DRS. This has also demonstrated strong support for the implementation of a DRS - with 74% of survey participants supporting a DRS. This is reinforced by further research<sup>5</sup> which found high levels of support for a DRS in principle. We have taken note of points raised in consultation responses regarding social inequalities being magnified by the pandemic and have considered how to ensure easy consumer accessibility to the scheme which is set out later in this response.

## Cost of living

The UK Government and devolved administrations are acutely aware of the rising cost of living currently being felt across the country. The costs of operating the DRS will largely be met by revenue from the sale of collected material and revenue from unredeemed deposits, as a result it is anticipated that minimal costs will be passed on by the producers of drinks containers covered by the scheme to consumers.

The introduction of a DRS should stimulate the growth in green jobs in the economy. Studies have shown that the introduction of a DRS could increase the number of jobs available by between 3,000 and 4,300<sup>6</sup>, particularly focussed in areas like collection/transport logistics, retail operations, and within the Deposit Management

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<sup>4</sup> Defra: Consumer research to inform the design of an effective deposit return scheme, August 2019.  
<https://sciencesearch.defra.gov.uk/ProjectDetails?ProjectId=20253>

<sup>5</sup> Defra: Quantifying and exploring the potential impact of a future deposit return scheme, 2021.  
<http://sciencesearch.defra.gov.uk/Default.aspx?Menu=Menu&Module=More&Location=None&ProjectID=20660&FromSearch=Y&Publisher=1&SearchText=deposit%20return%20scheme%20&SortString=ProjectCode&SortOrder=Asc&Paging=10#TimeScaleAndCost>

<sup>6</sup> [https://www.cpre.org.uk/wp-content/uploads/2019/11/from\\_waste\\_to\\_work.pdf](https://www.cpre.org.uk/wp-content/uploads/2019/11/from_waste_to_work.pdf)

Organisation<sup>7</sup> (DMO). Government is keen to encourage employment opportunities through policies like this, particularly given the challenging economic climate we currently face.

We recognise that the introduction of a DRS is a new undertaking for industry, and with the continued pressures facing consumers and businesses every day, the impact of change is not to be underestimated. On this basis, we are committed to continuing engagement and working collaboratively with industry to deliver a cost effective, well-functioning scheme. We are also committed to continuing to review the impact on small businesses and considering further mitigations or support they might need as we move into implementation. This includes working through potential solutions to minimise costs and business risks and apply learning from schemes operating in other countries.

## Geographic extent

Since waste management is a devolved policy area, it is the responsibility of each nation of the UK to decide on the approach to a DRS that fits its policy needs. The UK Government for England, the Welsh Government and the Department of Agriculture, Environment and Rural Affairs in Northern Ireland have worked collaboratively on this consultation response. We are committed to working together across these three nations to deliver a DRS. In this response, when we refer to 'the DRS', we mean the DRS schemes to be established in England, Wales and Northern Ireland. Scotland is moving forward with its own DRS delivery. We will continue to work across all four nations on how the schemes interact.

## Next steps

The DRS will be an industry-led scheme. International experience of DRS implementation has shown that schemes can work best where they are industry-led, and industry are able to use their expertise and vested interest in having a successful scheme to operate the DRS themselves. We think this is a sensible and well-proven method which should be replicated in the DRS in England, Wales and Northern Ireland.

Government recognises the need to work closely with stakeholders and we intend to manage the implementation of the DRS in phases. The next phase will be to work through development of the legislation, taking necessary steps to ensure it will work in practice, and appointment of the deposit management organisation. Further phases are DMO set up and subsequent industry led roll-out of the scheme.

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<sup>7</sup> The DMO will be an independent, industry-led organisation established to run the DRS. For more information, see chapter Scheme Participants and Governance.

## Industry engagement

DRS will directly impact a number of stakeholders, in particular drinks producers and importers, retailers, wholesalers and distribution partners, and waste collection and logistics companies. These stakeholders have the knowledge and expertise to assess how the DRS will impact their business operations going forward. Whilst DRSs operate effectively around the world, there are specific features in how the schemes in the UK will operate that we need to work through with stakeholders.

We see the following as key priorities as we work to finalise the DRS regulations and appoint the DMO:

- testing how online retailers can provide a takeback service
- confirmation of the VAT arrangements for deposits on in-scope containers
- establishing the upper limit for the deposit level
- continuing to review the impact of DRS on small businesses, including producers, and considering any further mitigation or support they may require
- further exploration of the implications of differences between DRS schemes in the UK, including implications of separate England/NI regulations and Welsh regulations
- compliance monitoring and enforcement, including a charging scheme for the regulators

We intend to start further industry engagement shortly and will explore these areas further as a means to ensuring the design of the DRS is robust and deliverable.

## DRS regulations

Regulations made using powers in the Environment Act 2021 will be used to establish the DRSs in England, Wales and Northern Ireland. Government aims to take secondary legislation through Parliament (and Senedd in Wales) which will set the framework for, and obligations under, the schemes. We are currently drafting regulations for the schemes to be taken through Parliament/Senedd. These regulations will reflect the policy outcomes set out in this response and the further industry engagement planned for the next phase of delivery. They will act as the legislative vehicle for bringing the schemes into existence.

The Welsh Government intends to bring forward its own separate regulations to establish the DRS in Wales. This means that some legal and commercial distinctions will need to be reflected in the operation of the scheme and the DMO(s) in Wales, including the appointment process of a DMO(s), management of financial accounts and separate reporting requirements by nation. Further work is needed to ensure we understand the impact of this approach on scheme participants and the operation of DRS across the UK and the Republic of Ireland.

We are aiming to be in a position to appoint the DMO(s) as soon as is feasible after the regulations have entered into force, following a fair and open process. We intend to engage with prospective consortia interested in being the DMO(s) shortly after publication of the response.



The decisions set out in the following chapters will form the basis of the DRS policy and will be laid out in the forthcoming legislation. As is standard practice with any new policy measure and statutory instrument, the Government will keep the legislation establishing the DRS under regular review to ensure the regulations are meeting the policy objectives.

The UK Government for England, the Welsh Government and the Department of Agriculture, Environment and Rural Affairs in Northern Ireland would like to take this opportunity to thank all those who took the time to respond to the consultations on introducing a DRS, as well as any individual or organisation who has participated in Government's broader engagement concerning the development of the DRS policy. This represents an important milestone in the journey towards achieving key Government objectives of transitioning towards a more sustainable and circular economy.

# Materials in scope of the DRS

## Key announcements:

- Size of containers in scope of DRS: All-in (50ml – 3l) across England, Wales and Northern Ireland.
- Materials in scope of DRS – England and Northern Ireland: Polyethylene terephthalate (PET) bottles; steel and aluminium cans.
- Materials in scope of DRS – Wales: Polyethylene terephthalate (PET) bottles; steel and aluminium cans; and glass bottles.

Since waste management is a devolved policy area, it is the responsibility of each nation of the UK to decide the scope of its own DRS in a way that fits its policy needs.

The Government's response to the consultation on the introduction of Extended Producer Responsibility for packaging was published on 26 March 2022<sup>8</sup>. Details regarding the size and materials of containers in scope of the DRS were announced as part of this response. We have also set out these conclusions in this chapter for completeness.

## Size of container

On size of containers in scope of the scheme, the UK Government and the Department of Agricultural, Environment and Rural Affairs in Northern Ireland consulted on either an all-in scheme (including drinks containers up to 3l in size) or an on-the-go scheme (drinks containers under 750ml in size and excluding those containers sold in multipacks), with the Welsh Government consulting on an all-in-scheme. Most consultation responses were strongly in favour of an all-in DRS with many respondents pointing to improved environmental outcomes and ease of understanding for consumers. Defra, Welsh Government and the Department of Agriculture, Environment and Rural Affairs in Northern Ireland have decided to implement an all-in DRS in relation to the size of containers in scope. Therefore, single-use drinks containers containing at least 50ml and up to 3l of liquid will be in-scope of the DRS across the three nations. This will include containers sold both individually and as part of a multipack.

## Materials

On the types of materials to be included in the DRS, the consultation proposed that the scheme would include polyethylene terephthalate bottles, steel and aluminium cans, and glass bottles.

Consultation responses and engagement with stakeholders has been mixed regarding the inclusion of glass. Some cited the benefits of including glass, such as tackling a key source of litter, providing a key recyclable resource, covering as wide a range of materials as possible, and reflecting that most international DRS do include some drinks in glass bottles. Some stakeholders also suggested that the inclusion of glass in the DRS could reduce the likelihood of any material switching between packaging formats.

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<sup>8</sup> <https://www.gov.uk/government/consultations/packaging-and-packaging-waste-introducing-extended-producer-responsibility>

However, some consultation responses raised concerns over glass, including increased handling costs and equipment complexity. Reverse vending machines will need to be emptied more frequently and will carry additional safety risks associated with handling broken glass in retail environments. For retailers offering a manual take-back service, glass bottles will require more space to be stored safely which could disproportionately impact on small retailers. In addition, points were raised regarding the weight of glass and the potential for breakages posing increased inconvenience for consumers.

Having reflected on these points following the consultation, the materials captured in the DRS in England and Northern Ireland will be drinks containers made from polyethylene terephthalate plastic, steel, and aluminium. Glass bottles will not be captured by DRS in England and Northern Ireland as the respective governments believe the addition of glass will add additional complexity and challenges to delivery of DRS, in particular for the hospitality and retail sectors, as well as additional consumer inconvenience. Given concerns raised on managing glass in a DRS, delivery of the scheme will focus on plastic bottles and aluminium/steel cans in England and Northern Ireland.

Whilst not in scope of the DRS in England and Northern Ireland, glass drinks bottles will be covered by the Extended Producer Responsibility for packaging scheme in both nations, which will place targets on producers in relation to glass recycling. Northern Ireland will keep under review the inclusion of glass when the DRS is fully operational to ensure glass beverage containers are meeting the relevant recycling targets. England and Northern Ireland welcome continued engagement with the glass sector on how glass recycling rates can be improved through kerbside collections.

In assessing the range of materials to be included, the Welsh Government has considered the impact of a DRS against the baseline recycling rate in Wales, and the statutory requirements of the Well-being of Future Generations (Wales) Act 2015 alongside the overarching commitments to become a net zero carbon and zero-waste nation by 2050. Acknowledging the consultation responses advocating for the inclusion of as wide a range of materials as possible and also advances in digital DRS technology solutions that could allow bottle deposit return via existing kerbside collection infrastructure thereby reducing the reliance on return to retailer reverse vending machines, against a higher baseline recycling rate the inclusion of glass provides an overall better rate of return from the economic impact assessment of the scheme in Wales. Welsh Government is therefore progressing with the option as set out in the consultation to introduce an all-in DRS in Wales which includes polyethylene terephthalate plastic, steel and aluminium cans, and glass bottles.

For information, the materials in scope of the DRS in Scotland are polyethylene terephthalate plastic, steel and aluminium cans, and glass bottles.

Finally, the consultation explored the inclusion of the cap as part of the in-scope drinks container. When returning containers to a return point, consumers across all three nations will be required to keep containers intact. However, redemption of the deposit will not be dependent on the cap being returned with the container. Caps/lids are more likely to be removed or misplaced. An obligation to return the bottle with the cap could, therefore, result in less in-scope material being returned where the cap has been misplaced. Consumers will instead be encouraged to return the container with the cap/lid attached. This will increase the recycling rates of materials used in the cap and reduce littering.

## **Interoperability of DRSs across the nations**

Government recognises the challenges that the differences in scope between DRS schemes in the UK presents for the supply chain. We are committed to continuing our engagement with industry as they develop solutions to ensure effective, workable DRSs can be established across the nations. In England, Wales and Northern Ireland, for polyethylene terephthalate plastic and aluminium/steel cans, consumers will be able to redeem a deposit in any of those nations. Given glass bottles are only captured in the Welsh scheme, their return will only be mandated in Wales. We would encourage the DMO to work with the Scottish scheme to explore interoperability and reciprocal return arrangements between schemes.

## **Labelling**

The consultation explored the contribution that clear labelling of in-scope containers could make to the success of the scheme, both from a consumer understanding point of view, and also to ensure the scheme operates effectively with regards to scanning of containers and redemption of deposits.

Labelling could include:

- a) a mark to identify the product as part of a DRS
- b) an identification marker that can be read by a return point within the scheme

The consultation saw overwhelming support for introducing some form of mandatory labelling (95%). We recognise the importance of ensuring that consumers know if a drinks container has been subject to a deposit or not, which a DRS logo (or similar) on the container could help support. We also know that an identification marker such as a barcode on containers would be necessary for return points to read in order to return a deposit to the consumer.

Defra, Welsh Government and the Department of Agriculture, Environment and Rural Affairs in Northern Ireland intend to mandate the use of both a mark to identify the product as part of a DRS and the use of an identification marker such as a barcode or QR code to enable the container to be recognised at the return point. The specific details and design of these markings would be for the DMO(s) to decide.

# Scheme Participants and Governance

## Key announcements:

- The Deposit Management Organisation(s) will be appointed through an application process set out in the regulations.

## Scheme participants

A successful DRS is dependent on a range of participants fulfilling their individual obligations under the scheme. Producers, retailers and the Deposit Management Organisation (DMO - an organisation to be appointed to run the DRS) all have a role to play. The DRS regulations will set out the obligations to be placed on scheme participants.

As set out in the consultation, by producers we mean brand owners or manufacturers of drinks in in-scope containers that are then sold in England, Wales or Northern Ireland, and includes those persons who import drinks containers to put on the market. Retailers are only considered to be a producer where they place own-brand drinks on the market in the relevant nation. Those who manufacture physical containers are also not included. For producers, obligations include placing the deposit on the container when it is sold and paying a producer registration fee to the DMO to fund the set up and ongoing operational costs of the DRS (more information on producer registration fees can be found in the Financial Flows chapter). Producers will be required to register with and report data to the DMO.

A retailer is a person who sells an in-scope container directly to a consumer in England, Northern Ireland and Wales. They will be required to add the deposit value to the purchase price and ensure pricing information clearly displays the price of the in-scope container and the deposit attached. The retailer will also be required to operate a return point for the scheme (with limited exemptions). More information on retailer obligations can be found in the section Retailers and return points.

## Scheme Governance

The DMO(s) will be responsible for managing the overall operation of the DRS as well as for meeting the collection targets set out in regulations, which the DMO(s) will fulfil on behalf of all registered producers. The DMO(s) will be an independent, not for profit and private organisation(s). The term 'DMO' below shall encompass one body or several bodies if more than one is appointed. If more than one is appointed then they will be obligated by the regulations to coordinate their approach, where appropriate, such as in setting the deposit level.

Following a review on options for appointing the DMO(s), Defra, the Welsh Government and the Department of Agriculture, Environment and Rural Affairs in Northern Ireland have decided to appoint the DMO(s) through an application process set out in regulations rather than through a competitive tender process, which was proposed in the consultation. This

approach will reduce Government costs by not requiring regular competitive tender processes and give increased long-term security to the DMO(s) (subject to Government reviews of performance). Whilst consultation responses on the question of the proposed length of the DMO's contract were split across the proposed time frames, longevity was favoured, with 70% of responses being in favour of 5 years or more. Under this approach, accountability will be through the regulations, which will place legal obligations on the DMO, and through conditions of their appointment.

Since there will be separate regulations for the scheme in England/Northern Ireland and in Wales, a DMO applicant will be required to apply to the UK Government to operate the scheme in England and Northern Ireland and apply to the Welsh Government to operate the scheme in Wales. We are working to ensure that the application process is nonetheless as joined up as possible to minimise any additional administration this may require of an applicant.

In broader terms, the existence of separate regulations means that some legal and commercial distinctions will need to be reflected in the operation of the scheme by the DMO(s); we are looking at what may be required of all parties to facilitate this. The UK Government for England, the Welsh Government and the Department of Agriculture, Environment and Rural Affairs in Northern Ireland are also working to understand any impacts or unintended consequences this could have on industry in practice, as well as working to maximise alignment so that the DRS will, as far as possible, be experienced as a single scheme by consumers and obligated industry participants.

As set out in the consultation, the scheme will be industry led and part funded by producer registration fees. The leadership of the DMO(s) will need to be representative of key stakeholders actively involved in the DRS and is likely to be made up of individual companies or trade associations which represent drinks producers, retailers, importers and/or logistics. Any applicant to become the DMO should be able to demonstrate strong support from the obligated producers and retailers or trade associations representing obligated organisations under the scheme. Some consultation responses flagged the need to ensure the interests of small producers, small retailers and local authorities are also represented in the delivery and ongoing management of the scheme. Any applicant will be required to demonstrate how they would protect the interests of smaller producers and ensure that they have a proportionate influence in the DMO.

The DMO(s) will be held to account by the obligations placed upon it via the regulations and in the conditions of its appointment. In making the application to be the DMO the applicant will need to set out details of how it plans to meet the obligations in the regulations. We would expect the DMO application to cover many of the proposed considerations listed in the consultation (questions 26 and 27<sup>9</sup>). Over 90% of responses to these questions agreed with these considerations. The DMO should be transparent in its operations and will be required to report annually on its delivery of the scheme on a

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<sup>9</sup> [https://consult.defra.gov.uk/environment/consultation-on-introducing-a-drs/supporting\\_documents/DRS%20Consultation%20FINAL%20.pdf](https://consult.defra.gov.uk/environment/consultation-on-introducing-a-drs/supporting_documents/DRS%20Consultation%20FINAL%20.pdf)

nation-by-nation basis, including progress against both its various statutory obligations and broader policy objectives of the DRS, as well as an overview of the scheme's financial performance. This will be supported by regular performance reviews. The relevant ministers (i.e. in England and Northern Ireland on one hand, and in Wales on the other) will have the right to withdraw a DMO's approval if it is considered to be falling short of its statutory duties and obligations.

# Targets

## Key announcements:

- A 90% collection target in regulations to be achieved within 3 years of the operation of the scheme.

Government will set a 90% collection target in the regulations, to be achieved within three years of the first reporting year of the scheme, and every year thereafter (with the option of this target being increased if it is deemed appropriate as part of the regular reviews of the policy already mentioned). The collection target will be phased in at 70% in year 1, 80% year 2, and 90% year 3 onwards. Responses to the consultation overwhelmingly supported a robust approach to achieve high collection targets in the scheme.

Following further consideration, we have decided to place collection targets on producers. This obligation will be passed on to the DMO when the producer registers with the DMO, and the DMO will then fulfil the obligation on the producer's behalf. It will be an obligation on producers that they must register with a DMO once appointed and supply any requested information to the DMO.

The reporting period for collection targets will be based on a calendar year, commencing on 1 January of a given year, ending on 31 December. From year 3 onwards, each material in scope must achieve a minimum 85% collection rate to avoid one material subsidising the 90% collection target for others. Dissuasive monetary penalties will be imposed on the DMO by the regulators<sup>10</sup> where the DMO fails to meet its collection targets.

As set out in the consultation, we will not be setting a recycling target for material on the DMO in addition to collection targets, due to difficulties the DMO would have in ensuring material has been recycled once sold to a reprocessor. We will instead specify in the regulations that the DMO must ensure that material collected via the scheme is passed on to a reprocessor for recycling and is able to evidence this upon request by the regulator.

Collection targets will be required to be met separately in England, Wales and Northern Ireland. To enable specific reporting on in-scope drinks containers collected to be segregated by nation, we explored in the consultation where the reporting obligation for containers placed on the market should best sit; whether with the producer, the retailer, or both of these. Responses indicated that an obligation on retailers to report on the numbers of containers they sell to consumers would pose a disproportionate burden and that producers would be able to provide the relevant data. Our intention is therefore that regulations will set obligations on producers to report to the DMO, by nation, the number of drinks containers they sell. We will continue to explore the practicalities of placing this requirement on producers in the next phase of engagement.

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<sup>10</sup> See chapter on Compliance monitoring and enforcement for further details on scheme regulators.



# Financial Flows

## Key announcements:

- In setting producer registration fees the DMO must consult with producers, and give consideration to the size of the producer, based in part on the number of drinks containers that producer places on the market.
- All unredeemed deposits should part-fund the scheme to whatever extent they remain in the system.
- The DMO will have responsibility for setting the deposit level (fixed or variable), abiding by parameters set out in the regulations, including a maximum amount.

As set out in the consultation, the DRS will be funded by a combination of revenue from the material it collects and sells to reprocessors, producer registration fees and unredeemed deposits. The DMO will need to seek private finance to fund the start-up, implementation, and operational costs of the scheme from day one. The regulations will place various obligations on the DMO, including the obligation to meet collection targets of in-scope drinks containers on behalf of all producers who must register with the DMO once it is established. Ensuring the DMO has the ability to influence the delivery and performance of the scheme in meeting these obligations is therefore essential and is reflected in our approach of giving the DMO ownership over things such as setting the deposit level for in-scope drinks containers.

All producers of in-scope drinks containers will be obligated to register with the DMO once it's appointed before they can place those products on the market. Government continues to consider the best approach for developing the digital infrastructure required to register and receive evidence on containers placed on the market. Three quarters of respondents to the consultation favoured Government owning this infrastructure. Government will continue to work with the consortia involved in setting up the DMO to support the delivery of an IT system for producer registration in advance of the scheme going live, recognising the need for the DMO to input much of the detail on the specifics of this system based on its intended operational arrangements.

## Producer registration fees

The DMO will be able to charge producers a registration fee to cover the costs of the DMO exercising its functions under the scheme, if needed to cover any costs which cannot be met by the other incomes the DMO receives from material sales and unredeemed deposits. Given the DMO will be not-for-profit, this fee should only be equivalent to the amount needed to cover costs of the scheme. Producers should pay fees proportionate to the types and volumes of materials and quantity of in-scope containers they place on the market to reflect the different costs involved in collecting, separating, and treating different material types. This will be reflected in the producer registration fee set by the DMO.

We are currently progressing on the basis that all producers of in-scope drinks containers will have to opt-in to the DRS and register with the DMO. That said, we recognise the potential cost burden of the scheme which could be felt most by smaller drinks producers. Whilst all producers will have to comply with producer obligations imposed by the regulations, we have sought to minimise the burden on the smallest drinks producers in relation to producer registration fees. The regulations will set out criteria that the DMO must take into account when setting the producer registration fees. This will include the

'size of the producer', with some consideration of size being assessed by reference to numbers of 'drinks containers placed on the market.' The regulations will also give the DMO the flexibility to consider other factors such as a threshold based on taxable turnover of a producer. We are mindful of the challenges across the sector for small producers and will continue to review the impact on small businesses and how best government can support them as we move into implementation.

Other factors that the DMO will have to consider in determining the producer registration fees will be the DMO's costs in administering the scheme on behalf of a registered producer (reflecting 'drinks containers placed on the market') and the costs of compliance, monitoring and enforcement undertaken by the regulators. The DMO should be transparent with its membership in making decisions regarding its fees.

### **Process of setting registration fees**

The regulations will require the DMO to consult on how it intends to set producer registration fees, with a particular focus on how it will take into account the size of the producer to reduce the relative cost impact of the scheme on smaller producers. The regulations will also require the DMO to publish its framework for calculating producer registration fees thereby ensuring fees are calculated transparently and appropriately.

Part of the application process to appoint the DMO will require the applicant to set out how it proposes small producers' views are represented in the management of the organisation and the internal processes it will follow in setting producer fees.

Regular review of the DRS will provide the opportunity for Government to monitor and evaluate how the scheme is performing and, in particular, how smaller producers are engaging with the scheme.

### **Unredeemed deposits**

Whilst we want the DRS to achieve an ambitious collection rate for drinks containers, as set out in our approach to scheme targets, there will always be a number of containers that will not be returned. Where a container is not returned, the value of the deposit on that container will be held by the DMO. This is an unredeemed deposit and is a potentially significant value stream for the DMO, helping to fund the operation of the scheme. This is a common funding stream found in many international DRSs.

The consultation explored the use of unredeemed deposits within the scheme. We asked whether a high level of unredeemed deposits being used to fund the scheme was problematic, with 60% of those answering the question saying they did see this as a problem. We also explored whether all unredeemed deposits should be used to part-fund the scheme (option 1), or whether unredeemed deposits should part fund the scheme alongside a minimum producer registration fee per annum thus ensuring producers contribute a set proportion of the costs of running the scheme (option 2). Just over half of respondents favoured option 1, with all unredeemed deposits going back into the system.

We have concluded that all unredeemed deposits should part-fund the scheme to whatever extent they remain in the system (option 1: 100% of unredeemed deposits will be reinvested back into the DRS). We considered whether this approach could create a perverse incentive whereby the DMO gains considerable revenue from unredeemed deposits and is therefore disincentivised to meet scheme collection targets due to the revenue gained from unredeemed deposits. To avoid this scenario, the DMO will be

subject to fines if it fails to meet its collection targets, set at a level to incentivise meeting of collection targets. This means the DMO will be incentivised to take action to maximise collection, for example through using the financial value of the deposit and enabling easy access to return point infrastructure to ensure consumers are incentivised and able to return their drinks containers.

### **Setting the deposit level**

We want the DMO to have the flexibility and controls required to support it in meeting its statutory collection targets. We believe giving the DMO the ability to set and then change the deposit level is a critical lever in this for the DMO to control.

Our consultation asked about minimum and maximum deposit levels with 60% of those answering the question about a minimum selecting 20p and responses were balanced with regards to whether there should be a maximum (47% yes / 53% no). A number of respondents argued that the DMO should be responsible for setting and changing deposit levels. The consultation response demonstrated mixed views on how multipacks should be approached and 56% of responses agreed to the approach of letting the DMO decide whether to adopt a fixed or variable deposit level, particularly with regards to multipacks (question 39).

We have concluded that the DMO will have the power to set the deposit level. Regulations will not set a minimum level but will set a maximum amount, giving the DMO flexibility to set an appropriate deposit level, i.e. one that will enable it to meet its collection target within this limit. We will determine what the maximum deposit limit will be as part of the next phase of work before the regulations are finalised.

The regulations will provide for the DMO to set the deposit level, having regard to considerations including the environmental, social and economic impacts of the deposit level, which would include the impact on affordability for consumers. The DMO will have the ability to set either a fixed rate or variable rate deposit (which could vary by drinks container size, format or material type). The regulations will outline the process that the DMO must follow in making a change to the deposit level.

In the event that there are multiple DMOs, those DMOs will be required to work together to agree and set the same deposit level(s) (whether that be a fixed or variable rate) across all in-scope containers. In the event that those DMOs are unable to agree what the deposit level should be, the regulations will make provision for the DMOs to approach the relevant minister(s) who would be able to set the deposit level in consultation with the DMOs.

As with other areas in this chapter, the setting of the deposit level will form a key part of the regular review of how the DRS is working, particularly to ensure that the method for setting the deposit level is driving achievement of recycling targets.

### **VAT**

Discussions have been ongoing between Government (including Scottish Government), HM Treasury and HM Revenue & Customs (the latter two being the lead departments on VAT), regarding the application of VAT on deposits within the DRS. We recognise a range of stakeholders have also contributed to this ongoing engagement and Government extends thanks to those that have provided input on this matter.

Work to ensure that a feasible, cost-effective VAT solution can be applied continues, and at the time of writing we are continuing engagement on this matter across Government and with relevant stakeholders.

# Retailers and return points

## Key announcements:

- Retailers selling in scope containers will be obligated to host a return point, with exemption applications made to the DMO.
- The DMO will be obligated to consider the strategic placement of return points, to ensure an accessible and comprehensive network of return points.
- Ensuring a takeback service is offered in respect of online purchases, particularly by large online grocery retailers, from day 1.

## Retailer obligations

Returning an in-scope drinks container should be easy for the consumer. It is therefore important that there is a comprehensive and accessible network of return points. On this basis, all retailers selling in-scope containers will be obligated to host a return point. There will of course be scenarios where it is not possible for a retailer to host a return point, and there will therefore be an exemption process, run by the DMO, for those retailers to seek an exemption. This is set out later in this section.

Achieving the core aims of the scheme, particularly on reducing litter, requires an extensive return point network across urban and rural areas to ensure consumers find it as easy as possible to engage with the scheme. The regulations will also set out a requirement on the DMO to consider the strategic placement of return points, based on factors such as the local geography and demographic make-up of an area. For example, this could involve exploring the provision of sufficient return points in areas of high footfall (shopping malls, transport hubs). As part of this assessment of the return point network, the DMO should consider working closely with retailers, businesses, and local authorities to identify suitable locations for return points outside retail-specific locations.

The regulations will leave it open for the retailer to decide how the return is accepted, whether this be through a reverse vending machine or through a manual takeback service. This allows retailers to choose a model that best suits their business and leaves the door open for future technological developments to be incorporated into the scheme.

As well as retailer return points, anyone wishing to host a return point will be able to apply to the DMO to become a voluntary return point operator through an application process set out by the DMO. We would expect the DMO to work with the third sector, encouraging community groups and not-for-profit organisations to get involved in the scheme, such as by hosting return points.

Retailers obligated to host a return point will have the right to refuse returns where certain conditions of takeback are not met. Regulations will set out a non-exhaustive list of such 'reasonable excuses' to refuse the return, including:

- the container not being identifiable as a DRS container
- the container being soiled.
- the container not being empty.
- On religious / ethical grounds (where alcoholic drink containers are being returned).

As set out in the consultation, where containers are sold in a closed loop environment, such as in pubs, hotels, restaurants and cafes, the retailer will not be obligated to pass on the deposit to the consumer where the drink in the container is consumed on site. In addition, these venues will not be obligated to host a return point if they do not pass the deposit on but will still be required to arrange for the collection and return of drinks containers back to the DMO. For these retailers, managing deposit returns could significantly disrupt their business model causing delays to service, particularly in crowded venues, and the nature of consumption in the closed loop environment means the exemptions listed above can be applied. They may still choose to pass the deposit price on to the consumer, but if they do so they will then need to provide a take-back service in line with the requirements set out for retailers.

## **Handling fee**

The consultation explored the payment of a handling fee to return point operators, to compensate retailers for non-recoverable expenses of participating in the scheme. The retailer will receive a retailer handling fee from the DMO to compensate them for costs incurred in hosting a return point. As with other scheme operating costs, the handling fee will be funded by a combination of revenue from the material the DMO collects and sells to reprocessors, producer registration fees and unredeemed deposits.

The consultation proposed that in setting the handling fee, the following criteria should be taken into account by the DMO:

- o Costs of purchase, lease, maintenance or upkeep of any collection/storage infrastructure, including any vehicle used for collections;
- o Costs of materials for collection/storage of containers;
- o Space requirements of return point;
- o Staffing; and
- o Utility costs of operating the return point (e.g. electricity).

83% of respondents to this question agreed with the proposed criteria, with a significant proportion suggesting that, given the likelihood of costs changing over time, handling fees should be reviewed on a regular basis. Taking these views into account, these criteria will be included in the regulations, which the DMO must consider when calculating the handling fee. The regulations will also require the DMO to regularly review the handling fee.

## **Exemptions from hosting a return point**

Whilst we want all obligated retailers to host a return point, we recognise that in some circumstances an exemption may be necessary. These exemptions may be of particular relevance to smaller, micro-sized retailers where hosting a return point may be physically impossible.

A significant majority of respondents were in favour of the two exemptions proposed in the consultation, 1) breach of safety (footprint of return point impeding walkway safety, for example) and 2) close proximity to another return point. The regulations will therefore set out that a retailer can apply to the DMO for an exemption based on either of these criteria. The DMO will be responsible for setting out the return point exemption application process and will determine whether exemptions are granted. Before granting any exemptions, the

DMO will need to be mindful of any accessibility issues which may be caused for consumers who want to return containers.

Retailers exempted from hosting a return point will, however, still have other obligations under the DRS. The consultation explored the role of signage in avoiding potential conflict between consumers and retail staff on where to return items, avoiding delays to service, and ensuring consumers can easily access return points. Most respondents agreed that exempted retailers should be obligated to provide signage stating their exemption from hosting a return point and pointing to the nearest return point, regardless of the reason for the exemption. In addition, some respondents also highlighted the need for information on how to contact the DMO to allow a route for comment or to highlight an issue with accessing a return point. Taking this into consideration, legislation will require any retailer exempted from hosting a return point, regardless of the reason for the exemption, to display signage indicating the exemption, information on how to contact the DMO and where the nearest return point can be found.

The consultation also asked respondents to consider an appropriate time limit for exemptions, after which point the DMO will be required to review the exemption. Most respondents selected 3 years as an appropriate period and legislation will therefore set out that exemptions will be reviewed by the DMO every 3 years and can be revoked where one of the following criteria is met:

- o the original reason for the exemption no longer applies
- o the retailer has failed to comply with their obligations as an exempted retailer (e.g. failing to display required signage)
- o the exempted retailer now wishes to operate a return point

The regulations will also allow for the DMO to revoke the exemption before this 3-year review period if the DMO is made aware of any of the above.

### **Online purchases of in-scope drinks containers**

In the case of online retailers, consultation responses showed a preference for obligating these retailers to offer a free take-back service for empty containers. The primary purpose of a take-back service is to support consumers who rely largely or solely on online shopping and who would otherwise struggle to access a physical return point to redeem their deposit. However, it is important to balance this against potential unintended consequences, such as significantly increased road traffic, and therefore pollution, where retailers are forced to make additional journeys to collect small numbers of containers from multiple addresses, thus offsetting the environmental benefits of the DRS.

We want to ensure consumers are able to receive a takeback service for their containers where required. We recognise there are consumers who will struggle to access return points to redeem their deposits, and therefore having a doorstep redemption of the deposit is desirable to support engagement with the scheme. We recognise concerns raised by industry on operationalising a takeback service and want to continue working through the detail of how this could work in practice with industry. We are particularly keen to ensure large supermarkets delivering grocery shopping are offering consumers a takeback service from day 1 of the scheme, as well as considering how other businesses could deliver a takeback service where feasible.

Online retailers offering a takeback service will be eligible to receive a handling fee to cover the costs of the service. Legislation will also set out the criteria the DMO will need to take into account when setting the handling fee for online retailers.

### **Planning permission for hosting a reverse vending machine**

The success of a DRS is dependent on the ease of access to return points for consumers. If retailers are obligated to apply for planning permission for reverse vending machines outside of their premises, it could result in delays to the scheme implementation and represent an additional cost to retailers. Responses to the consultation were strongly in favour of creating a new permitted development right for reverse vending machines to ensure the smooth implementation of the scheme.

As planning is a devolved matter, Government will therefore pursue an additional permitted development right for reverse vending machines in each nation. Permitted development rights should be brought forward in each nation, subject to consideration from relevant Ministers and including nation-specific conditions and limitations to manage local impacts and protect local amenity..

### **Using technology in a DRS**

The consultation also explored the growing emergence of technology solutions that use unique coding of containers coupled with the ability to scan the code with a smart phone that could mean deposits could be returned closer to the point of consumption, for example in the home, as well as the return to retailer model.

Responses, especially from consumers, indicated support for some sort of digital kerbside return system. The main driver was ease of use and general convenience as many other aspects of personal finance and shopping are now done using digital – particularly smartphone – technology. Support of a digital solution showed that it could reduce the reliance on retailer-located reverse vending machines, with a lower number of drinks containers being returned through this route, instead increasing use of other forms of return, such as via existing household kerbside collection services. Some businesses also expressed an interest in exploring a digital solution since it offers the opportunity for greater consumer engagement along with detailed tracking from cradle to grave of drinks packaging thereby further expanding knowledge of the destination of the packaging waste generated. This support was however tempered with a lack of knowledge and evidence on how a digital scheme could be introduced and run cost effectively.

More broadly, there was mixed support from respondents to the consultation. Concerns over the adoption of a digital model were raised regarding set-up and ongoing costs, particularly impacted by the risk of increased levels of fraud and the reduced control over the quality of returned recyclate into the scheme. Others stated that a digital DRS could be introduced with lower implementation and running costs, given the reduced reliance on reverse vending machines and use of existing collection infrastructure, thereby negating the need to set up a new DRS-specific logistics network and associated counting centres. The scope for maximising carbon saving benefits of a digital solution compared to sole return to retailer also arose given the potential to utilise the existing collection infrastructure. However, it was also recognised that the changes required to labelling of



containers to facilitate the implementation of a digital DRS are not currently possible within the industry.

Welsh Government is piloting the potential for a digital DRS, as it could allow householders to continue to use their local authority provided kerbside collection services to return DRS in scope containers when in the home, in addition to the obligation on retailers acting as return points. As such the separate economic impact assessment undertaken by Welsh Government for the implementation and operation of the scheme in Wales specifically modelled the cost of a digital system. Even with some uncertainty in the assumptions used it demonstrated a digital system could be implemented and operated at lower costs than a traditional return to retailer only model.

We recognise there remains a degree of uncertainty around how a digital home deposit/container return system might be implemented and if the assumed benefits can be realised. Welsh Government is currently funding further research on, and evaluation of, this topic. England, Wales and Northern Ireland will, through the DMO appointment process, look to understand more from applicants about how a digital system could be implemented or tested further as part of the eventual roll out of the scheme. Should the continued research and trials in this area show that the scaling up of the DRS to a form of digital scheme would be appropriate, the DMO and wider industry should begin to explore the practicalities and feasibility of introducing digital solutions to the scheme in the future.

# Local authorities, local councils and waste operators

## Key announcements:

- Local authorities and where relevant, waste operators, can participate in the DRS by separating out containers and redeeming the deposit on them.

We anticipate the scheme will be collecting upwards of 90% of DRS containers placed on the market from year 3 of the scheme's operation. It is likely that many of those containers not returned will continue to travel through local authority waste streams.

The consultation set out 3 options for managing DRS containers which appear in local authority / local council waste streams. Whilst many responses were in favour of option 2, which would see the DMO making payments via the Extended Producer Responsibility scheme administrator to local authorities for containers ending up in that waste stream, upon further examination we do not believe this to be a viable option, not least because of the risk of double payments if containers were still separated out and returned into the scheme.

We have therefore decided to pursue option 1 presented in the consultation, where local authorities and/or waste operators can separate out in-scope drinks containers found in their waste streams and then return these containers into the scheme, providing they meet the quality required for return, to receive the deposit amount, which acts a financial incentive. We also see this position as creating an incentive for the DMO to work with local authorities and waste operators to ensure as much DRS material is returned as possible, helping the DMO to meet its collection targets and keep the material as part of the closed-loop DRS model.

# Compliance monitoring and enforcement

Once the DRS is up and running, there needs to be a system in place to monitor compliance with the scheme. The regulations will place specific obligations on scheme participants (producers, retailers and the DMO) with corresponding compliance mechanisms. In terms of working with producers and retailers, it is our intention that the DMO would be expected to undertake initial monitoring and compliance to check whether businesses are complying with the regulations. We explored this role of the DMO in the consultation, and the majority of responses agreed that the DMO should seek compliance before escalating breaches to the regulator. It was thought that this could lessen the burden of the regulator by addressing less significant issues meaning the regulator could focus on the more serious issues such as organised fraud. If breaches persist, then the enforcement process will commence, and the regulator will provide legal enforcement as necessary.

As stated in the consultation, we consider the environmental regulators in England, Wales and Northern Ireland are best placed to be Scheme Regulators and we will continue to work with these regulators as we refine the enforcement aspect of the scheme over the coming years. The obligations these regulators will be responsible for will be set out in the DRS regulations but will follow the non-exhaustive list of breaches that were proposed in the consultation. Respondents broadly agreed that this list captured the core breaches that would need to be monitored and enforced in the scheme. Stakeholders suggested fraud and incorrect labelling as an area that required further consideration.

The consultation also explored the role for local authorities (through Trading Standards and the Primary Authority Scheme) to provide guidance and enforcement in relation to retailer obligations. The vast majority of respondents to the consultation thought Trading Standards were best placed to enforce certain retailer obligations. Local authorities raised concerns over the costs and staffing that would be needed to add to their existing duties with retailers. Again, enabling the DMO to carry out initial compliance checks of activity which is reported as in breach of the regulations was suggested by some respondents. That could allow Trading Standards and the regulators to receive a level of intelligence-based information and then take informed decisions on next steps. On this basis, we will place responsibility for monitoring and enforcing certain retailer obligations with local authorities through Trading Standards.

Risk-based and proportionate compliance monitoring undertaken by the environmental regulators will need to be funded by the producers as part of their fees to the DMO. We envisage a payment from the DMO to the regulators to be made to cover the required regulatory activity. The Government and the scheme regulators will continue to develop the detail and practicalities of monitoring and enforcement for the scheme ahead of it going live. It is our intention to work with the regulators in Scotland to develop a coherent approach across the UK where possible. We are also in communication with the Republic of Ireland's Government regarding potential impacts of, and interaction with, its DRS.

# Implementation timeline

## Key announcements:

- In the next phase of DRS implementation, we will be finalising the regulations and appointing the DMO. We are aiming for the regulations to be in force by end of 2023 and the DMO appointed by summer 2024.
- We propose to include in the regulations a commencement date for DRS of 1<sup>st</sup> October 2025. This is a stretching target date. We would like to continue to work with industry to assess the feasibility of this date as more detail is developed on the implementation phases of the scheme, including as part of the DMO application process.

The consultation explored the timeframe required for implementing a DRS, giving an overview of the key activities required to achieve this. Respondents were broadly in favour of a minimum 18-24 month roll out period from the point the DMO is appointed, recommending that any implementation period should allow enough time for labelling changes and infrastructure roll out to take place. Seasonal implications were also cited, especially around the Christmas period with its accompanying increased pressure on the supply chain.

As well as responses to the consultation, we have also considered evidence from other schemes and in particular that of Scotland's rollout. We want to ensure we set an ambitious yet realistic implementation date – we appreciate there are considerable changes for industry as a result of DRS and an appropriate lead in time is required.

There are three phases to delivering DRS:

- Phase 1: Government activity up to DMO appointment
- Phase 2: DMO Set Up
- Phase 3: DRS rollout

For phase 1, following publication of this document we will be finalising the legislation, taking necessary steps to ensure it will work in practice. The legislation then needs to go through the necessary clearances, before it can be laid in Parliament. We are aiming to have the regulations in place by end of 2023. We will then appoint the DMO with the intention of announcing the appointed DMO by summer 2024.

Once the DMO has been appointed, phase 2 will involve DMO set up activity. Tasks in this phase may include: getting a board in place; appointing DMO staff; making arrangements and securing set up financing; making initial design decisions e.g. on labelling and deposit level; and broader delivery planning such as finalising the DRS operational blueprint and developing the approach for collection logistics and counting centres.

Phase 3 is when the broader industry should move into DRS rollout. Key strands of work will include the DMO appointing and working with a delivery and logistics partner(s); setting up counting centres; launching communications campaigns; designing and launching an IT system; progressing with the reverse vending machine rollout; and giving guidance to producers to make the relevant labelling changes ahead of DRS go-live.

Phases 2 and 3 are industry led activities with changes required across a wide range of sectors. We therefore need to set a date upfront in the regulations for when the scheme will go live. We have proposed that the DRS commencement date will be 1<sup>st</sup> October 2025 at the earliest.

We would like to continue to work with industry to assess the feasibility of this date as more detail is developed during phase 1 of delivery, including as part of the DMO application process. We would also like to explore further options to implementation that could help support successful day 1 delivery – we will continue our dialogue with industry on this.

We will continue to keep this date under review as we work through each implementation phase to ensure it remains an ambitious yet feasible timeline.

### **Obligating England, Wales and Northern Ireland DRS packaging in an intervening period**

There will be a gap between the launch of Extended Producer Responsibility for packaging and the launch of DRS for drinks containers. This means that Government has had to consider how packaging due to be obligated under the DRS should be obligated in the intervening period between the two schemes going live.

Producers of packaging due to be captured under the DRS will be required to continue to meet recycling obligations by acquiring Packaging Waste Recycling Notes and Packaging Waste Export Recycling Notes. They can meet their obligations by joining a compliance scheme or by registering with a regulator and complying direct, as is the case currently.

Producers of DRS packaging will not be required to pay the disposal cost fees under Extended Producer Responsibility for their packaging ending up in household waste or in street bins. Given the primary focus should be on preparing for the DRS to go live, Government does not consider it desirable to obligate producers of DRS packaging to pay disposal costs under Extended Producer Responsibility for the intervening period.

In the intervening period before the DRS commences, glass bottles which will be included in the DRS in Wales once the scheme goes live will be covered by the disposal cost obligations under Extended Producer Responsibility, making this consistent with the requirements for glass bottles in England and Northern Ireland. When the DRS in Wales goes live, glass drinks bottles in Wales will be exempt from disposal cost payments.