

# Environmental Audit Committee

## Oral evidence: Next steps for deposit return schemes, HC 1221

Wednesday 24 March 2021

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Members present: Philip Dunne (Chair); Duncan Baker; Dan Carden; Barry Gardiner; Mr Robert Goodwill; James Gray; Helen Hayes; Caroline Lucas; Cherilyn Mackrory; Jerome Mayhew; John McNally; Dr Matthew Offord.

Questions 72 - 140

### Witnesses

**I:** James Lowman, Association of Convenience Stores; Maddy Haughton-Boakes, Campaigns Manager, CPRE; Jim Fox, Head of Public Affairs, Coca Cola Partners GB.

**II:** Rebecca Pow MP, Parliamentary Under Secretary, Department for Environment, Food and Rural Affairs; Chris Preston, Deputy Director for Waste and Resources Department for Environment, Food and Rural Affairs.

Written evidence from witnesses:

[Association of Convenience Stores](#)

[CPRE, the countryside charity](#)

[Coca-Cola European Partners](#)

## Examination of witnesses

Witnesses: James Lowman, Maddy Haughton-Boakes and Jim Fox.

Q72 **Chair:** Good afternoon and welcome to the Environmental Audit Committee's second oral evidence session on the deposit return scheme. We have two panels today: the first with industry practitioners and observers, and the second with the Minister and officials from DEFRA. I welcome the witnesses on our first panel in the order I have them written down, rather than any other specific order. We have James Lowman from the Association of Convenience Stores.

**James Lowman:** Good afternoon, and thank you everyone. I am James Lowman, chief executive of the Association of Convenience Stores. There are nearly 47,000 convenience stores in the United Kingdom and we represent them.

**Chair:** We have Maddy Haughton-Boakes from CPRE.

**Maddy Haughton-Boakes:** Thank you. I am Maddy Haughton-Boakes, campaigns manager at CPRE. I was also previously the chair of Wildlife and Countryside Link's resources and waste working group, which represents a number of environmental organisations. I lead on the deposit return work in that working group so I am also representing it today.

**Chair:** We are also joined by Jim Fox from Coca Cola, one of the largest users of drinks containers in the country.

**Jim Fox:** Good afternoon, Chair and Committee members. I am Jim Fox. As you heard, I work for Coca-Cola European Partners and I am the head of public affairs there. We make and sell quite a lot of the soft drinks you see on the shelves in Great Britain. We make them in pretty much every package—glass, plastic, metal—and we take them to almost every retailer, wholesaler and hospitality outlet in the land. I have been directly involved in DRS in the Scottish discussions for several years now.

Q73 **Chair:** Thank you very much. We will get into the detail of your experience in a few moments. The UK is relatively unusual in that we have a very successful kerbside collection system, operated by local authorities and their waste contractors up and down the country, yet we heard that that is not collecting some 8 billion drinks containers every year, which have to go to landfill or, I regret to say, litter our streets, verges and cities, often ending up in our water courses and ultimately the ocean. I will ask each of you to respond: what impact do you think a DRS scheme could achieve in cutting down that waste and improving recycling and reuse? James.

**James Lowman:** I am pleased you mentioned kerbside collection, which is a very important context of this. We do have a very good kerbside collection system but clearly it is not achieving everything it could. It is not achieving the recovery and recycling rates we see in many other



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places. It is worth nothing that there are some parts of the United Kingdom that do it better than others. There is more scope for improvement there. More and more people are coming to the view that something else needs to be done to push those recovery and recycling rates up.

Particularly there is a gap—and we may get on to it later—around the packaging with on-the-go drinks. Essentially, if people are buying and consuming products at home, it is relatively easy for them to recycle them in the kerbside collection at home. It does not always happen but it is very easy for that to happen and there is pretty strong compliance. There is very clearly a gap around on-the-go consumption and that packaging ultimately going into recycling. That is what is driving the discussion around introducing a deposit return scheme to fill that gap and improve that performance.

**Maddy Haughton-Boakes:** The 8 billion figure that was released by Reloop last week is definitely a staggering number for the drinks containers that are wasted when we apparently have a recycling system that is so effective. It is also important to note that the recycling rates that are often shared are just the collection rates; that does not necessarily cover the materials that are actually recycled.

I would add that this statistic is not exactly surprising for anyone who has spent time litter picking. Those of us at CPRE who have been doing this have been pulling glass, metal and plastic containers of all shapes and sizes from hedgerows, roadsides, parks and country lanes for years. I live in Brighton and I am really lucky to have the South Downs on my back doorstep. I regularly go running around there and it is shocking and disgusting to see the numbers of drinks containers littered along the roadsides and paths, in the really beautiful area that so many people go out to enjoy and to benefit their health and wellbeing.

A deposit return system would essentially eradicate littering of this type and drinks containers are some of the most highly littered items. It is true that we have problems with recycling containers when people are out and about or on the go, but it is difficult to distinguish what size of containers and what materials are consumed outside the home. I would suggest that it is probably impossible to distinguish which ones are consumed in different places.

The other reason why a deposit return system is so essential is that it is the best system for efficiently and effectively recycling these materials. There is no other system that is currently ready to roll out that can achieve the rates that a deposit return system does of upwards of 90%. There is no other system that can reduce littering because the financial incentive—that deposit—is what prevents people from littering those materials. There are no other options available to us at this stage.

I think it is also important to draw attention to the bigger context in which we are looking at this. The Government are, in part, looking at this



deposit return system because of public pressure. The public became aware of what was happening to items they thought were being recycled. They were being shipped halfway around the world, burnt or just dumped and people also became aware of items that were ending up, as you said before, in our waterways, harming our wildlife and polluting our oceans and our rivers. We have to keep that in mind when we are considering what a deposit return system will achieve and why it is so essential.

We also have to keep in mind that we have a climate emergency and the way that we use resources is absolutely not working in consideration of that. It is not responding to the fact that we have a really rampant throw-away culture that we need to deal with, if we are going to respond and have any hope of dealing with the climate emergency.

**Q74 Chair:** Thank you, Maddy. Jim, from your perspective, obviously as one of the biggest producers of drinks across the country—we heard that we have recycling rates of around 70% depending on whichever substance containers are made of in this country, compared with percentage rates into the 90s in the main economies in Europe that have introduced a deposit return scheme—would you expect to see that kind of marked improvement if a scheme is introduced into the UK?

**Jim Fox:** You might think I have come here against DRS, but I have not. We think DRS is absolutely essential in a circular economy. We want to make all our new cans and bottles from old cans and bottles. That is the future, and that is how we are going to bring our carbon down and bring the litter down.

Over the last several years we have improved our packaging enormously. We have light-weighted our packaging. We have avoided packaging where we can. We have redesigned our bottles and caps so everything is 100% recyclable now. We are buying recycling material to make new products but we cannot buy enough; we cannot get enough of what we want. Still too much of what we are producing has not been recycled or littered.

We look at countries where we also operate and we see that DRS systems do provide the recycled material in a clean, high quality way that is required for recycling. Recycling can be done at various different levels. What we call recycling isn't the same for everyone. What we want to see recycled is food-grade plastic converted back into food-grade plastic and so on.

We support the introduction of a DRS, but it is important to understand that we also support compatible systems across Great Britain. We want to see if not the same systems, then at least compatibility. We want to see systems—if it is at all possible, and this is quite late in the day, we understand that, if systems could be commenced at the same time that would go a long way to reducing the costs of industry, the cost into retail and the opportunities for fraud. We are absolutely supportive of DRS but we want to see it similar and we want to see it timely.



Q75 **Chair:** We will come on to that in a moment in relation to different schemes across the UK nations. Could you just address my question about your experience in other countries and whether it is DRS that brought the collection rates up so significantly?

**Jim Fox:** Every single country that we have looked at has started from a different place. We started from a kerbside collection place and other countries did not. It is very difficult to make like-for-like comparisons. What we do know is that every place that has a deposit return system does achieve very high rates of return and we are in a country where, although we have got good kerbside collections in places, it is not so good in other places. It does not join up and it does not really create the cycle that we need. DRS does. DRS has good, clean material that is immediately saleable and comes right back into the system. I cannot make a direct comparison because our kerbside collection was one of the few that existed in Europe before DRSs came in.

Q76 **Chair:** Thank you. Maddy, in the past, people have been used to using bottles for refilling and certainly it has become much more popular again of late. We know see milk bottle vending machines where you can take your bottle and refill from the vending machine. I have some in my constituency that are very popular. Do you think that those sorts of schemes will be put at risk if we have a DRS scheme? Do you think the public fully understand what a DRS would involve?

**Maddy Haughton-Boakes:** No, I don't think that those systems would be put at risk. Any deposit return system for single-use beverage containers should exempt reusable options because in the waste hierarchy they are above. We would hope that a deposit return system for single use containers could scale up in the future to further encourage reuse. Again, that deposit and the behaviour around returning a drinks container is essential to establishing any reuse system.

Regarding the public perception, the public absolutely do understand the difference and also do understand the deposit return system. Polling that we have done, and that other environmental organisations have done over the years, shows consistent support for a deposit return system across all demographics. We often hear the idea that people are just reminiscing about the old "give your glass bottles back" system, but lots of people are too young to remember that and still show support for a deposit return system.

Years ago, we also ran CPRE's green clean, which was a nationwide litter pick at which we were lucky enough to have a travelling reverse vending machine that was bright green that came around to lots of town centres with us. It was a great opportunity to engage the public on a deposit return system. Everybody that I and my colleagues spoke to—young and old up and down the country—absolutely understood it. They were really excited by the idea of being about to do something that they knew guaranteed that their drinks containers were being recycled. The machines are also quite fun to engage, so people like that aspect of it.



Following CPRE's green clean, we took the reverse vending machine to London with a class of children—they were not in the reverse vending machine, I promise. They got the opportunity to meet the then Secretary of State, Michael Gove, to quiz him on the deposit return system. This was a class full of seven-year-olds. In advance of the meeting, they drew pictures of how a deposit return system would work and why it was needed. This whole class of seven-year-olds completely understood what a deposit return system was. Their pictures were startlingly accurate about how it would work. They also absolutely understood the need for it. I think the public get it, no matter what their age and no matter what their demographic.

**Q77 Chair:** James, do your members get the idea of reverse vending machines? We obviously do not know what the design of the scheme is going to look like yet, but have you been consulting your members? We will come on to more discussions about the impact on retailers, but your members are typically relatively smaller premises than some of the larger outlets. What is their reaction?

**James Lowman:** That is right. Can I first answer the previous question about refillables and give some information to the Committee? About 5% of independent retailers are offering refillables in some form. That might be water. It might be household cleaners. It might be pulses and dry goods. That is growing but it is 5%, so still 95% are not. I agree with Maddy that the development of those initiatives would probably be unaffected by a deposit return scheme, certainly in the foreseeable future.

To answer your question, yes, our members do understand now more and more about deposit return schemes and reverse vending schemes because of the experience in Scotland. They are seeing what is happening there and are considering what it means in practice. In broad terms, there are some concerns, as you suggested, about space. We surveyed members about this a couple of years ago, and 71% of them were concerned about the lack of space in their stores.

When we have run various trials and pilot initiatives, we have seen ourselves how difficult it is to find not just that amount of space but that amount of space in the right part of the store where the machine can go. Getting that right, in terms of the reverse vending machine being operable and fitting into a store, is one of our immediate concerns about making a deposit return scheme work.

**Q78 Chair:** Finally, Jim, you were beginning to touch on your plea for the UK nations to adopt the same type of scheme at the same time. Scotland at this point is ahead in the UK. What is your experience, thus far, with the Scottish scheme and whether the English scheme should seek to mirror it, or do you have a different view? Does the Scottish scheme need to be adapted?



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**Jim Fox:** I am quite happy with the Scottish scheme, but with two or three caveats. The Scottish scheme has managed to strike a good balance, bringing together producers and retailers to form a central hub scheme administrator, which will go a long way towards creating a well-designed scheme. The scope in Scotland, which is for all bottles, cans and glass, seems to be acceptable quite widely in the industry. There has been some debate on glass and I am sure we will come back to that. The size of containers is pretty well accepted, from 3 litres down to 50 millilitres. That is pretty standard in DRS systems.

Where we disagree with Scotland and perhaps would not want that exported to England and Wales from Scotland, is that they have set a fixed deposit level. We do not think that is necessary or the right thing to do. The way that they constructed the regulation meant that retailers and producers had to debate for a long time how to form a scheme administrator. Now that those discussions have taken place, England and Wales will benefit from the post-regulation discussions that the industry has had. We have managed to find a common middle ground now that we can move forward on. I cannot hear.

**Chair:** Sorry, I was just inviting John McNally to follow up the Scottish discussion. I hope I have not stolen too much of your thunder, John. Over to you.

Q79 **John McNally:** That is fine, Philip. You have led us very nicely into the next questions I have, which are on the interoperability between the UK nations and the devolved Governments in particular.

Jim, by the way, I enjoyed the tour of Coca-Cola in East Kilbride. It seems like so many years ago now but it wasn't that long ago. I really enjoyed the trip. I enjoyed the way you hosted it. For everybody's information, I was very impressed with the skill of your engineers and the briefing you provided, Jim. It definitely stayed with me. It also provided a great insight into the planning and investment required by your company and the practicalities that you have to deal with on any proposed changes to legislation. You have made very clear that impact on any present investment or past investment and the plans that you had to put in place were made.

With that in mind, what are the implications of a DRS scheme for producers in the rest of the UK now that Scotland has adopted this legislation for the new DRS scheme? Also, while being mindful at the same time that an independent gateway review has looked at rescheduling the go-live date, and Ben Macpherson, Minister for Rural Affairs, has said that it will have to be reviewed due to the significant and obvious disruptions over the past year, could you give us your thoughts on the impact on producers in the rest of the UK?

**Jim Fox:** The UK, and Great Britain in particular, has for decades had a single food and drink supply chain. We, along with every other food and drink manufacturer, have been able to produce the same product for



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London, Edinburgh and Cardiff. That has given us benefits of scale and has led to us designing systems and designing logistics networks that work for that.

DRS moves away from that. If one pack north of the border needs a 20p deposit and the pack south of the border does not, and if we do not create different packs, we will get widespread fraud. To give you an example of the scale of the potential for fraud, if a truckload of Coca-Cola cans were bought in Manchester and shipped to Glasgow after Scotland imposed a deposit return system, before you sell and make profit on the products themselves, the value of that truck in terms of fraud is £15,000. There are a lot of trucks going up and down the M6, so you can understand the potential for quite a lot of criminal activity. We want to avoid that.

We think that Scotland's scheme is well designed. We think it could be rolled out across the whole of Great Britain. We would want to see a couple of changes, but the important thing is to get the benefits to the environment but to maintain the lowest costs to the industry, and therefore to the shopper, and to make sure that fraud does not bring down the system. If we could create one system or three similar systems at the same time, it would be excellent.

I am sure that no one, especially not the environmental activists, want to see any delays. We do not want to see delays, either. We would want to see people getting their heads together to find out how to develop the same scheme at the same time.

**Q80 John McNally:** Thank you, Jim. I absolutely agree with that. There needs to be a consensus. I think there is a consensus between everybody that we need to get this right.

Recycling has just been scheduled as a devolved matter and, although the producers have responsibility, it is aligned across the UK and has been for many years. It has been said to me privately by other people that if we were to design a new scheme, we certainly would not be starting from where we are now. I do not think anybody would disagree with that.

How different could the Scottish scheme be from those across the rest of UK? What scope could there be for differences?

**James Lowman:** I agree with everything that Jim has said. If we look upstream from our members up the supply chain, commonality, interoperability and co-ordination are absolutely essential. That is true for our members and consumers as well because they want to have clarity and understanding. We have many members operating in all parts of the UK, so they will want to have commonality as well.

There is no reason fundamentally not to have a slightly different system for selecting sites for the return network in different parts of Great Britain. It is quite possible to do that, so long as it did not interfere with



the confidence of the consumer about being able to access return points and broadly where they would be able to access them. Given that 98% of our issues about deposit return schemes relate to the operability of the return network, we would like to continue to talk about that as all parts of the UK develop a scheme. Fundamentally, the greater the alignment, the better.

**Maddy Haughton-Boakes:** To reflect on the past questions as well because they are very linked, a system down here will work best if we follow suit and have an all-in system in England and a similar deposit level. That primarily has been the public-facing consumer side of the system. For the two systems to work alongside each other, the consumer-facing sides have to be the same. The logistics behind the scenes could be different; there could be different deposit management organisations and system operators. But fundamentally it is the public side that would have to be the same. The risk, as Jim has mentioned, is that it leaves the system open to fraud and also public disengagement and the public losing their deposits, particularly for communities living on the border and those that might travel in between.

I would also like to reflect on the fact that we have seen in the news today that the system is touted to be delayed in England until 2024. These questions about how a system down here in England will work alongside a Scottish system feel a little bit jarring today, to be honest. Having it delayed until the end of 2024, which we know is after we legally have to have another general election, leaves open the question of whether we will ever get one. We have been having conversations about this for a long time and have been going around in circles on the benefits, the need and the scope of a deposit return system.

As has been said, we can face these questions and these logistical differences in how a system would work here alongside a system in Scotland, in Wales and in Northern Ireland, what should be in and out of scope and how it should work. We can face these questions head-on and deal with them if we all work productively together on it. At the moment, it feels like the Government are—excuse the pun—kicking the can down the road on this. It is upsetting, to be honest, to see it being delayed until the end of 2024. We hope that Scotland will not continue to delay as well.

Q81 **John McNally:** I liked the pun about kicking the can down the road. Last week the Government were kicking it into the long grass. One thing is for sure: it is very visible and it is highly offensive to most people. I do not know how many but we have all seen volunteers time and time again out litter-picking and cleaning the place up. These are basically things that we could all have avoided if we were to have maybe a deposit return scheme and get a wee bit more creative in the way we collect things from the consumer's point of view.

Maddy, what issues could or would consumers face if there are significant differences between the schemes? Give me any evidence you might have



seen or you know about of possible pitfalls or examples that should and could be avoided. What lessons can be learned?

**Maddy Haughton-Boakes:** The key things are that it would lead to public confusion and lost deposits, as referenced, and also fraud in the system. We have seen in mainland Europe that deposit return systems have worked well where neighbouring countries have deposit return systems in place as well. Yes, it is slightly different because we are devolved nations and not neighbouring countries in the same way, but similar lessons should definitely apply. It is particularly important for people having faith in the systems that they are using and to not be bamboozled or confused by it. Arguments down here for an on-the-go system could potentially lead to total disengagement from the system by the public because it seems confusing compared to the system in place in Scotland and, therefore, will lower efficiencies in the system and lower recycling rates as well.

Q82 **John McNally:** Jim Fox touched talked earlier about moving a lorryload of one type of material to another area. When I was chair of the APPG on flooding and various things, there was fly tipping. There were liveried lorries travelling from Scotland to England to dump rubbish and any kind of material, aggregates or whatever. Can you see some businesses developing locally, using Transit vans—other vans are available—moving from one area to another and making a business out of that?

**Maddy Haughton-Boakes:** Sure. Yes, as a countryside charity, we are definitely well aware of the problems with fly tipping and organised crime in fly tipping as well. Yes, it is incredibly feasible for businesses to be set up to do that. We have to make sure that the scope of the system does not leave space for that. It is intended to reduce littering and to improve recycling rates. It is very easy to design a system that can do that and does not leave space for fraud. We should be doing that as best we can.

Q83 **Duncan Baker:** I want to move the questioning on to what materials should be included within the DRS. The Government's consultation on a DRS gave rise to results that gave a wide range of materials to be included in any given scheme. Quite simply, what materials should be included?

**Maddy Haughton-Boakes:** I believe you are referring to the past consultation from 2019. Yes, we believe that drinks containers of all materials should be included in the system, so at minimum PET plastic, glass, aluminium and steel cans. We believe that HDPE should be included to avoid any switching of materials and other types of plastic as well. We also believe that cartons and pouches should be included because they, too, get littered but their difficulty in recycling should be reflected in sufficiently modulated fees.

Including all materials is essential because of how valuable those materials are and the fact that we do need to drive recycling rates of these materials upwards above 90%. The research referenced at the



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beginning about around 8 billion wasted containers was for all materials. The public will not understand—and we as the environmental organisations certainly will not understand—why certain materials should then be excluded, because they are all littered and could all be recycled to a much better standard.

**Q84 Duncan Baker:** You are right. Alluding to the point you raised about public confusion, effectively, there are issues—there certainly still are in my constituency—about what materials can and cannot be recycled. Any new scheme that comes in will have an implementation period when people will invariably be confused. Anything that is simple and understandable always works best with the public. Can I ask the same question to Jim Fox?

**Jim Fox:** We think the materials and the sizes in scope in Scotland strike a good balance, Duncan. We looked across the European schemes and so did the Scottish Government. We looked at schemes that included glass, schemes that did not and so on. We think that the all-in scheme in Scotland will do a good job.

Any packaging outside of that, which is smaller or larger, will be taken up by extended producer responsibility regulations in any case, so it will not be missed by the regulations. It just will not be in the deposit return scheme. Most of the reverse vending machines are designed for that particular scope from 3 litres to 50 millilitres.

We do not have a particular opinion on glass. This subject does not make a big difference to us as a business because most of our glass goes to hospitality, which already has a good commercial collection system.

I listened in on last week's Committee meeting and we see that the glass industry is looking to avoid being in a DRS system. We do not have a problem with that but we want all of our cans and bottles back. At the moment, we are not getting everything collected. Therefore, if anything lies outside a DRS, we would like to think that there were schemes in place at least as good as a DRS and we have not seen them anywhere else. We would still plump for a DRS as the best way forward.

It is also worth the Committee considering that if you put glass in at the start people will buy machines that will cope with glass. If you try to retrospectively add glass to the scheme, people will need to buy different equipment, which will add to the costs of setting up the scheme. It is important to get it right, right up front.

**Q85 Duncan Baker:** Let us bring in James Lowman on that point because it is important to explore further. I hear what you say and you are right that the British glass industry is reticent, but so are the majority of the British Retail Consortium members and the Association of Convenience Stores. They have some quite considerable concerns about including glass. Indeed, many countries that have set up DRS systems have omitted glass. It is a very important point.



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James Lowman, can you outline some of the issues? We have read about them and there are certainly nine or 10 that I am aware of. What are the particular problems with glass as a material?

**James Lowman:** Thank you. Our constructive challenge around the scheme and how the scheme works is about retailer operability. Glass being included in the scheme exacerbates the retail challenges we face. The machines that handle glass are more expensive. If you are going to take back containers manually over the counter, the hygiene issues and safety issues that then presents for colleagues and retailers are that much greater and that much more serious.

It comes down to that purely practical view, from our perspective, about the challenges for retailers in operating and providing these return points. They are greater when glass is included. It is as simple as that.

That is not to in any way argue against the points that have been made previously, about the convenience for customers and about the desire to increase recycling rates across everything, but it becomes that much more difficult and expensive. That is part of the whole equation about how many return points we are going to have and whether we are going to allow manual returns or whether it should be entirely through a reverse vending machine system. All of those decisions are part of the same decision.

From our perspective, the wrong decision would be to allow manual returns or to compel manual returns and to have lots of return points. If those decisions were made and if glass were included, it would compound into quite a serious challenge and a greater challenge for our sector than if those decisions were the opposite.

Q86 **Duncan Baker:** As an ex-retailer myself, I know that if you create barriers and issues for any new policies, you will end up starting to cause adverse side effects. If there is some risk with a DRS policy around including and, indeed, excluding materials, there will be potential issues with markets being distorted. What is your view on the risk that in some cases we might even see cheaper materials that are potentially not even recyclable coming to the fore?

**Jim Fox:** Can you tell me where? Do you mean from abroad coming into the country?

**Duncan Baker:** No. If we had a system that excluded particular types of material, we will get producers deciding to go down different routes, producing packaging that might not be recyclable, which then has market distorting effects.

**Jim Fox:** There are a couple of answers but, first of all, any packaging that is outside of the DRS should be inside EPR and should be caught by EPR.



Going back to the glass argument, if glass were excluded, it would cause some distortion. People may well move towards glass. In any case, glass is a heavier product. It is more carbon intensive. It is not an easily distributable product in terms of normal retail. It is really a product for bars, clubs and restaurants.

In the Scotland debate, we looked at where glass was included and where it was not. You are absolutely right that Norway and Sweden do not include glass in their systems, but Denmark, Germany, Latvia<sup>1</sup>, Croatia and a whole host of others all have glass. I visited Norway and Sweden and also Latvia<sup>2</sup> and Denmark. I saw glass being handled pretty well. There was no difference between one package and another package as far as the consumer was concerned. They very quickly got into a different mindset. It was a bit like when the carrier bag charge got introduced. People were almost reluctant about that and now we do not give it a second thought. In the retail outlets in Latvia<sup>3</sup> that I saw, glass came in with plastic and with cans. It was not a problem for anyone else.

**Q87** **Duncan Baker:** You have just said, Mr Fox, that if glass were excluded, it would cause some distortion but, in effect, we should be able to overcome these problems with extended producer responsibilities. What is your view on that? Is it as simple as that to sort out this potential distortion in the market, Maddy?

**Maddy Haughton-Boakes:** No, excluding materials does leave opportunities for market distortion. It also leaves a whole host of other problems that EPR will not solve. The risks that have been mentioned around glass relate to broken glass in stores but, as has been mentioned already, glass is a successfully collected material in multiple systems around the world. The technological developments taking place mean that it is getting safer and safer to take those back as well. I do not see a reason why the UK would be any different.

As I mentioned before, these types of issues are logistical questions that we have to consider and we do have to look at, but I would not see them as a reason for excluding glass, particularly when you consider the flipside of the question around the risks of including glass. What are the risks of excluding glass not just for market distortion but the continued littering of glass? The figure cited a number of times from Reloop's research of 8 billion wasted containers included 1.4 billion glass bottles wasted every year. That is a huge number, particularly when you consider that if they are littered, they are dangerous to the public.

Anybody who cycles will know how annoying broken glass is. It is also a danger to wildlife and to people. Broken glass is far more dangerous and hard to contain and clean up than it is in a controlled environment, such as supermarkets, where someone can be on hand to follow health and

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<sup>1</sup> We have been informed that the witness meant to say 'Estonia'.

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safety procedures and clean it up to make sure nobody is injured. It is vital that we include glass. Also, because glass is a carbon-intensive material, we need to be recycling it to the best of our ability and to upwards of 90%.

It was referenced that Norway does not include glass. I have heard that Norway puts wine in plastic bottles in some places. Unless we are happy to start switching to plastic wine bottles instead of glass, we need to include these commonly used materials in a deposit return system.

**Chair:** Colleagues, we have only a quarter of an hour before the Minister arrives. I would ask remind colleagues to be quite crisp in your questions and our witnesses to be crisp in their answers. Thank you. Robert Goodwill, be a model of crispness.

**Q88 Mr Goodwill:** I would like to ask some questions about the size of container. For example, this is a Coca-Cola product, Mr Fox, and we buy these in packs of 12. That would be £2.40 on a large Schweppes Slimline tonic pack. If next to that on the shelf there was a 2 litre plastic bottle and if we had a fixed price, it would be 20 pence. That might encourage me to buy the larger container, but it would probably go flat and I would end up throwing half of it away. Should we have different charges for different sizes of container, or is one-size-fits-all probably the best way?

**Jim Fox:** It is a debate we have had long and hard in Scotland. There are two sides to this coin. First, some would argue that it does not matter what size the deposit is because the consumer will soon get used to it and will see this as lending the system money and getting it back. The net result is that it does not cost them any more, whether it is a large bottle or a small bottle. We have not been able to test that yet and we do not know exactly what the impact of that.

Your question leads to the real question underlying, which is: would we favour variable deposits? I am going to avoid the answer to that question. We do not think the Government should set the deposit levels at all. We think the Government should set the targets for collection and get out of the way and let the scheme administrator set the deposit levels. The deposit levels may need to be adjusted from time to time to make sure we achieve all of the targets. If there is distortion because of the deposits that were originally fixed, it is the scheme administrator that may need to work quickly to correct those distortions.

As I said before, one of the few things we disagreed with in Scotland is the fixed deposit levels in the regulation. We ask you not to do that. We ask you to leave deposit levels to the scheme administrator. If the scheme administrator decides that they want to differentiate between large PET bottles and multipack cans, let them do that. That is how this will work best.

**Q89 Mr Goodwill:** You mentioned the lorry carrying £15,000 of deposits, in effect. No scheme is going to be able to return 100% of containers. Who



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will profit from the nonreturned containers? Would companies like yours reap the benefits or should there be some method to recoup those non-returned so that you do not benefit in a backdoor way?

**Jim Fox:** The beneficiary will be the scheme itself. None of that money will flow back to the producers. The scheme will be very expensive to set up, especially in the first one to three years, buying capital equipment, setting up logistics, buying vehicles, hiring people. There is a whole new business to set up. In Scotland, that business will turn over something like £500 million a year. In England and Wales, you can multiply that by 10. This will be a big business and the capital required upfront will be helped by some of those unredeemed deposits, but that will be locked into the system.

Q90 **Mr Goodwill:** An on-the-go scheme would have some merits. What would be the benefits of an on-the-go system instead? I guess the volume of bottles coming back would be dramatically less. You would not be taking materials that are currently being got rid of on the kerbside.

**James Lowman:** Yes, the argument from the go is about targeting the greatest gap where materials are not being picked up. There is an argument the other way, which says that the more volume that can go through the scheme, the better the chance of it adding up economically and being operable.

One of the key things here is to get the network of return points absolutely right. If that network is too large and incurs too much cost through very expensive reverse vending machines, the collections from those sites and the operating of those sites, the costs of the scheme will be greater than they ought to be. That will make it much harder to fund the whole thing.

One of the key things to get right at the start is that network of return points. The best way to do that is through strategically mapping a network that gets the optimal returns and maximises the opportunity for consumers to find convenient return points but does not have wasted return points. If we have too many return points, we probably will not be able to furnish all of them with reverse vending machines. When it comes to manual returns, our members start to get very concerned about the operation of those manual return points.

Q91 **Mr Goodwill:** Would you expect those centres to be located in stores or close to stores or would you rather that none of the material came back into stores, which are often in quite small and constricted locations?

**James Lowman:** At the moment, everyone is obligated and then there is a system of exemptions. Will that system of exemptions shake out in a way that we achieve that balance for the consumer with an effective and efficient network of return points? That is leaving quite a lot of risk.

At the very least, we need to have an effective exemptions system to give it the best chance of achieving that. Even better would be to map



those return points based on all the information we have. We have so much more information than we had even five years ago about how people move around, the footfall, where it goes, in what direction and so on. We can use that to map a good network of return points to maximise the chance for returns without inefficiency and also without obligating businesses that are probably too small to viably operate and offer return points through reverse vending machines.

Therefore, we will not get into a position where we have to force those businesses to take manual returns. A lot of businesses are concerned about taking dirty bottles back over the same counters from which they are selling food.

Q92 **Mr Goodwill:** Is there a danger that people will buy their beverages from big supermarkets and places like Majestic Wine but then find it more convenient to return the bottles to the corner shop when they pop down to buy a few items after tea at night? Will we find that your members are taking the bulk of the returns?

**James Lowman:** Possibly. There is a risk the other way as well that people buy from our stores and return to larger sites. They may bundle them up into large quantities and take them back to the supermarkets in the car and return them there. I suspect that consumers will divide up. Just as when people buy these products, there will be a similar split in terms of how people return these products. Some are more impulsive and return in twos and threes and some stack them up for a much longer period of time. There will be all sorts of factors feeding into that.

We have to be clear. We do want to play a leading part in terms of offering return points. That does not mean the same as everywhere being compelled to offer return points, particularly on a manual basis with all the concerns that brings.

Q93 **Caroline Lucas:** I have a question for Maddy in the first instance about the role that producers should play in a deposit return scheme. Are there any particular obligations we should put on producers?

**Maddy Haughton-Boakes:** Producers play a central role in a deposit return system. A deposit return system is primarily a producer responsibility scheme in the same way that extended producer responsibility is, but it is a system for drinks containers. Producers should be represented in the system as part of the running of the deposit management organisation and should also fundamentally play that crucial role of shouldering the financial burden of the deposit return system. As Jim has been saying, Coca-Cola definitely understands that.

It is important to think about the fact that for decades now we have had a household recycling system that has been paid for by taxpayers and local councils. The costs of packaging have gone up, as we have seen different types of packaging and different types of plastic increase over the years. It is important that producers now start to pay for the full cost



recovery of those items and take responsibility for them. If they ensure there is an effective and efficient way of recycling those materials, which for drinks containers—no matter the size or the material—is a deposit return system, then that responsibility will be passed right down the supply chain to consumers as well, following that “polluter pays” principle.

**Q94 Caroline Lucas:** As well as giving us your view, Jim, on that question, how will the DRS be affected by EPR reforms? How do these two systems work without crossing over one another? How do they work in synergy?

**Jim Fox:** I will take the question on the role of producers first. I agree with Maddy. However, it was not clear to me—at least before we got into the detail of the Scotland regulations—that it is not just about producers. The producers and retailers must work together. That is essential. Otherwise, it will not be as good as it can be for the shoppers. The system will find it much more difficult to meet the targets. It will make fraud easier as well.

The role of the producers then is about forming the hub of the system, pushing money into the system and taking recycled material out of the system. It is about providing shoppers with clearly marked packaging so that the shoppers are not confused at all. They know that when they buy that package, they are going to get some of their money back. We agree that producers should pick up the financial shortfall of the sum of the parts. The income would be the revenue from the collected materials, the aluminium and the glass that comes back, the unredeemed deposits Robert mentioned and the reasonable payments to retailers for the cost of the collection points. Once we have summed all of that, the producers should be picking up the difference.

The role of the retailers, on the other hand, is about making the point of sale clear to the shoppers and making sure the shoppers know exactly when they are paying a deposit and how to get it back, and also running a clear, safe and efficient return point with no queues so that people do not get fed up and go elsewhere or ditch the product outside.

**Q95 Caroline Lucas:** I am going to move you on, because I am aware of time, and quickly get you to respond about the interface between the EPR and the DRS.

**Jim Fox:** We think that the DRS is absolutely an EPR scheme. It sits inside EPR. Anything that is inside DRS should be excluded from any other form of EPR. Anything that is not inside DRS should be obligated under the EPR system. That is the quick version.

**James Lowman:** I will give a very short answer. EPR offers a much more effective, simpler and better solution in terms of producer responsibility. We support the direction of travel and look forward to the next consultation on that.

**Q96 Helen Hayes:** Should all retailers be included in the DRS, both those



with physical stores and online retailers?

**James Lowman:** If return points were mapped, we should start from the point of what makes a scheme work best and what gives consumers reliable and convenient return points. That means a lot of return points, but some retail outlets will not be appropriate for that and some, frankly, could be duplicating one another. We can address that through an exemption scheme, which is the approach in Scotland. We can better address that through strategic mapping to make sure we do not go beyond the costs that are necessary to operate the scheme by operating more return points, which are very expensive. Every return point is a significant additional cost.

In terms of online retailers, yes, we should work with online retailers to look at the most effective way. Fundamentally, the principle is that they are selling the product and should offer some sort of opportunity for the customer to return. We should try to embrace that principle as we develop the regulations.

**Jim Fox:** Our principle would be that if you can buy a product somewhere, then you should be able to take it back there. That includes online. There will be exemptions. There needs to be exemptions. I hope there will be a small number of exemptions because some small retailers and kiosk-type areas just do not have the space to do it. We understand that.

I would caution, though, that retailers, especially small retailers—and James will probably advise on this anyway—should avoid asking for an exemption if they do not really need one because it will affect return visits to the store. If a consumer or a shopper cannot get that service there, they may be reluctant and may go elsewhere.

**Maddy Haughton-Boakes:** Yes, simply, all retailers, whether they have bricks and mortar or whether they are online, should be required to take back. It is essential for accessibility and for people's different preferences around how they shop and where they shop.

Also, if that is going to be the case—which is definitely the best for consumers—we need the most amount of materials going through the system. Anything limiting the system, or limiting the size of drinks that are included, will mean that the economies of scale of the system just are not there. This idea of on-the-go being more efficient for people will be completely undermined because we will have less money going through the system and will not have as many return points available, whether online or instore.

Q97 **Helen Hayes:** Are there any particular challenges that you foresee with including online retailers? Would the expectation be that they are contributing to the same network of return points or that additional return mechanisms would be needed to accommodate the packaging from goods bought online?



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**James Lowman:** I am expecting that they will have to have a different method of collection. When they are delivering, they will have to have a facility to take back, which will be challenging. That is why there should be dialogue about that.

**Maddy Haughton-Boakes:** It is important to consider. It is also worth considering that online retail has grown enormously and technology is constantly developing. If we can approach the sale of products in that way, why can we not approach the takeback of products in exactly the same way? Look at the technology developing for speedy pickups. Digital systems to pick those up would be essential for making sure that people can return their containers easily and efficiently.

Q98 **Helen Hayes:** We heard in our last evidence session that digital DRS offers promise and should be considered but is currently also underdeveloped. What are the benefits and drawbacks of a digital system?

**James Lowman:** I am not an expert in digital DRS, but the benefit would be that it sounds like an extremely convenient system for the consumer in many cases. The drawback is that it is still very early stages, so further research is very welcome. We should be careful about being distracted by digital DRS.

**Maddy Haughton-Boakes:** I would echo that. At the moment, it is just an idea. There is no proven way of rolling out a digital DRS. There is a huge amount of unknowns. I would caution against, again, getting distracted by it. What is at risk for the supposed ease of being able to pop it in your recycling bin instead of the supposed faff of taking a container when you go shopping? The risks are driving down the quality of the materials that are recycled and not achieving the same rates and delaying the system even further. The risks are high if we get distracted by a digital DRS, whatever it might be. Also, it could be incredibly exclusive if it requires people to have a smartphone and a data plan.

**Jim Fox:** We are in agreement. We do not think DDRS is ready to be considered yet. Certainly, at our level, the technology is not capable of marking our cans and bottles at the speed we need. The quality of the material it will provide will not be as good as the quality you get from DRS because it will take up the services of the comingled kerbside collection and, therefore, we would be back to that quality standard. Littering will not be improved because DDRS is not secure yet. You could scan something in but it would not need to go in the bin. That is an opportunity for littering, as far as we are concerned.

Q99 **Helen Hayes:** James Lowman, you have spoken quite a bit about some of the challenges for small retailers. I wanted to give you the opportunity to put on the record for the Committee any other challenges for small retailers around DRS that we have not already mentioned this afternoon.



**James Lowman:** I have already mentioned them but they are about space, hygiene and all the costs of housing and operating return points. Those are the practical issues we want to work through to make the scheme work.

**Chair:** Thank you, Helen. I conclude this panel by thanking our witnesses, James Lowman from the Association of Convenience Stores, Maddy Haughton-Boakes from CPRE and Jim Fox from Coca-Cola. Thank you all very much indeed for your contributions today.

## Examination of witnesses

Witnesses: Rebecca Pow MP and Chris Preston.

Q100 **Chair:** I would like to welcome an alumnus from our Committee, Rebecca Pow, the Environment Minister from DEFRA. Could you introduce your accompanying official, Chris Preston?

**Rebecca Pow:** Hello. It is great to be back with the Committee. I have Chris Preston with me, who is from my waste and resources team. I cannot see him but I assume he is still there.

**Chair:** Can you introduce yourself, Chris, so we can all see you on our screens?

**Chris Preston:** Hello. I am the deputy director for resources and waste in DEFRA.

Q101 **Chair:** Thank you. Minister, I am afraid I have to start by expressing some disappointment that the newspapers were full of stories this morning about a consultation being published today on the DRS, and Chris indicated that it had not yet been published. Are you able to let us know whether it has now been published?

**Rebecca Pow:** I am sorry that you are expressing your disappointment, Chair, because you can change that immediately. The consultation as of this afternoon has been published. This is a very apposite moment for me to be coming before the Committee.

Q102 **Chair:** If I may say so, it is disappointing for us because you are a former member of this Committee and you would know that our session would be much better informed if we had an opportunity to read it. You have and we have not. It is somewhat discourteous to the Committee to publish a document while we are sitting.

**Rebecca Pow:** I am afraid that it was not actually in my personal hands. In fact, it was never promised that the document would be published to coincide with the Committee. When I was booked to come before the Committee, we did not have a date as such for it. I do hope that everyone there will get the chance to have a look at it and, indeed, to



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feed into it, because this was a manifesto commitment. I for one am very delighted that we are able to publish it today.

**Q103 Chair:** We share your enthusiasm for getting it out there. It is somewhat disappointing for us that we have not been able to read it. I will take into account what was said in the media and you can correct it or not because you will be able to tell us what is actually in it. The main headline in the media was that you were anticipating rolling out a scheme in 2023. Does the consultation now delay this—as the media has been suggesting—to late 2024 and, as has been said in our previous panel, probably, therefore, to after the next general election?

**Rebecca Pow:** As you pointed out, the intention originally set out in our waste and recycling strategy was that we would be aiming for 2023 but, as everybody knows, we have been hit by the pandemic. This last year has been a rather unusual year and that has affected a great deal of the way officers and admin and all the rest of it operate.

The timeline is likely to move to 2024. With the best will in the world, measures that will enable the DRS to be set up are being brought forward in the Environment Bill, which because of the pandemic has been delayed and slowed. That is not to say that all the work behind the scenes is not carrying on. We have demonstrated that by launching the consultation today. We have then to get Royal Assent for the Environment Bill, so it will be back very shortly for the next stage of reporting into Parliament and then it will go to the House of Lords. We are hoping for Royal Assent in the autumn.

Then we have to go through the whole process. We have to finish this consultation. We have to publish the findings. Then we have to set up the scheme administrator and it will take 12 months for the administrator to set up the process—which is complicated, as you have gathered from the other people you have been speaking to today—with a view to that being up and running in 2024.

The EPR consultation, which is also out today, is still on track for 2023. These are all within our mix of packaging reforms and are huge and positive steps towards our new world with a much greater focus on recycling, reusing and cutting down on the waste we produce.

**Q104 Chair:** We are very sympathetic to the objective; it is just the question of implementation and delivery. We are not holding you responsible for covid or its consequences on the Government and the knock-on effects for the Environment Bill timetable, but I would urge you to pass on to your officials the degree of embarrassment you have had to suffer by them not being able to get the document out so that we could look at it earlier today. I will not dwell on that anymore.

In the first consultation, there was a suggestion that you were intending to include containers up to 3 litres. We heard evidence from the previous panel about the desirability of that. Are you able to confirm to us now



whether that is also included in the second consultation?

**Rebecca Pow:** The second consultation is consulting on whether it is going to be an all-in scheme or an on-the-go scheme. If it is an all-in scheme, it will be up to 3 litres. If it is an on-the-go scheme, it will be containers up to 750 millilitres.

Q105 **Chair:** That remains an open issue from the Department's perspective?

**Rebecca Pow:** Yes. An awful lot of stakeholder engagement has already taken place on this and we have had a previous consultation. There is still very much a desire from those who will be affected by this that we consult on both schemes before making a final decision.

Q106 **Chair:** Are there any other features of this consultation that you would like to bring to our attention, so that we can reflect on those as we question you today?

**Rebecca Pow:** The whole intention of the scheme is to drive us towards this ambition to recycle more and to cut down on our waste. We have set ourselves a great many targets, which are challenging but will be possible with this package of reforms. The DRS is a very big part of that. We have set ourselves targets of zero avoidable waste by 2050, of doubling resource efficiency, of increasing recycling of municipal waste to 65% by 2035 and of having no more than 10% to landfill by 2035.

All these targets are ambitious and rightly so. We need measures like the DRS and the EPR and the consistent collections to work together to drive us towards those aims. These are all the tools that we have put into the waste and resources strategy and these are now going to come forward, with the enabling powers set out in the Environment Bill, to enable us to do it. No one is saying that these things are easy but we will work together across all of our country—England, Northern Ireland, Scotland and Wales—to make this work.

Q107 **Chair:** You have given us the overarching waste ambition targets, which is very helpful. We currently have a recycling rate for drinks containers of around 70%, depending on the composition of the container. Have you set a target for what you are trying to achieve from DRS? Is it going to get into the mid-90s, as it does in continental Europe?

**Rebecca Pow:** That is a very good point, Chair. We are setting a target of 90%—it is great if we can go above that—of in-scope containers getting recycled through this new system. That is in line with countries abroad.

Q108 **Chair:** Is glass one of those in-scope substances?

**Rebecca Pow:** Yes, the in-scope containers are PET plastic, aluminium, steel cans and glass bottles.

Q109 **Chair:** Not cartons?



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**Rebecca Pow:** No, not cartons at this stage. That is for a number of reasons. One is that we do not have the onward chains in place for competent recycling of those products yet. If we get evidence that we can put them through this system, they can be brought on board later.

We have to remember that these single-use containers are all classed as packaging and anything else that is not caught by this system will be caught by the extended producer responsibility system, which deals with the other packaging. Cartons will go down that route together with sachets, pouches and things that are not collected by this scheme, and also milk containers, which are out of scope because they are a different type of plastic. They are HDPE containers and will go down the EPR route.

Q110 **Chair:** As we have been talking about, will refillable containers be out of scope, too?

**Rebecca Pow:** Yes, they will be out of scope. That is not to say that through the consultation if we get feedback that there are, for example, small groups of refillable containers or containers that special measures can be worked out for, then it is possible to consider it. But they are not considered in the scope of this at the moment. I use a lot of refillable containers myself at home. When they reach the end of their lives, they can go through the EPR system. I do not know whether Chris is wanting to chip in there.

**Chris Preston:** No, I do not have anything to add, Minister. You have covered all the points. We do have plans to look at how we can encourage greater reuse of containers through the system in the future, but I have nothing further to add. Chair, we sent a blind copy of the consultation this morning to the Committee clerks.

Q111 **Chair:** The clerks had sight of an embargoed copy and, therefore, they kept it to themselves because it was embargoed. If you want a Committee to have a chance to look at something, you need to publish it. I am not going to talk about it anymore. If you want to keep raising it, I am going to get increasingly agitated because it was discourteous to the Committee. Please pass that back to your officials.

Minister, we heard of the challenge and complexity of identifying billions of individual containers to enable them to be marked to allow refunds, if we are going to have a digital scheme. Clearly, it will take time for manufacturers to adapt to a scheme. How much time do you expect to give manufacturers and retailers after settling on the design of the scheme before implementation? How will that link in with the extended producer obligations that you are also consulting on, as you just told us?

**Rebecca Pow:** Yes, I caught a little of your last interviews on the digital side. Of course, for a lot of this we are going to gather the information in the consultation. There will be opportunities to go down the digital route and have digital apps on phones that will recognise barcodes. They could potentially put your deposit back into your bank account. You might be able to put your container into a smart bin on the street.



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Equally, the main focus of this is that it is retailer based. We will legislate so that retailers have to be part of this scheme unless they are exempt. There will be a logo and there will be very clear labelling on all of the containers. That is very much part of the scheme. We are mandating for labelling. But then it will be up to the scheme administrator to decide exactly what the logos will be and what the digital system will be. There will be the opportunity as time goes on for both.

You were questioning me on the one hand about this being moved on a bit from 2023 to 2024 and now you are asking me whether we are going to give people enough time. It is a balance of trying to get that right for everybody. Of course, the people involved in it will need to be given enough time to work this out, but it will be up to the scheme administrator.

All of the producers will be involved in this. It will work only if they are a big part of it, if their views are taken into consideration and if they work with the scheme administrator. This is all about giving the responsibility to the producers for the waste's lifecycle. Once we have the legislation in place and the scheme administrator is up and running, they will be part of it. The onus will be on them to make this work.

**Q112 Chair:** We are all aware that we have a pretty unusual asset in this country with our kerbside collection scheme. How are you going to ensure that the design of this scheme does not put that at risk?

**Rebecca Pow:** You make a good point there, Chair. That consultation on the consistent collections will be coming out shortly because that is the third part of our packaging reforms. As you say, it has already been pretty successful and we are building on that to make those collections more consistent for glass, metal, plastic, paper, card, food waste and garden waste. This scheme will have to work with that.

Single-use containers that go into the DRS, we feel, will be taken out of the kerbside collection but we will still have to be mindful that in some cases not all containers will go back to the retailer. They might be put in kerbside collections but they will have the logo. That is what we are consulting on as well. We will be working to get the best way for the local authorities to be reimbursed for the deposit and are not penalised for that.

One of your previous interviewees made the point that one of the main aims of the DRS is to help us collect good-quality material for recycling, because it puts the containers into different chambers. I have watched a video about how the machines work. We will get good-quality material, which will help us to get back to this recycling and reuse, which is what we need.

Sometimes at the kerbside it gets mixed up and we get contamination, so we should avoid that and that will be beneficial. We are making it very clear that the kerbside collections will dovetail into this scheme and they



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will all work together. We will be taking views on that in the consultation as well.

**Chair:** I am pleased to hear there will be a consultation on that.

Q113 **Jerome Mayhew:** Good afternoon, Minister. The area I want to look at is the interoperability between this scheme and the one proposed for Scotland. You have already talked about the timetable for the implementation of your scheme. We know that the Scottish scheme was originally intended to be implemented in July 2022 but that has now been delayed. Is there a chance that you could take advantage of the Scottish delay to have a co-ordinated approach, which must surely be in the interests of all the consumers in the United Kingdom? Have you spoken to the Scottish Government about that kind of negotiation?

**Rebecca Pow:** Yes, of course, we are in constant communication with the Scottish scheme and that system. You are right; they had expected to be delivering their DRS in July 2022 but they are currently reviewing that particular timeline.

We are consulting with them on our system because it is important that they work together. Schedule 8 of the Environment Bill is the power that enables each national authority to set up a DRS scheme and then the details will be set through secondary legislation. That also gives us the flexibility to work together on these schemes to make sure that they do fit together. That is important. For example, the powers will enable us to make payments to the Scottish scheme administrator from our DMO. If people have bought a product in Scotland, they will be able to put it into the system in England. That is being very carefully thought about.

It will be very important to get right the labelling on the containers to make this work. At the moment, we are mandating that labelling has to be on the containers and then the detail of the labelling will be thrashed out by the scheme administrator. In Scotland they do it the other way around. They have not made labelling mandatory. They are leaving it to the scheme administrator to sort that out. It will be very important that people understand the labels so that the system works across both areas.

Q114 **Jerome Mayhew:** That was a very interesting and reassuring answer. Some of the evidence we have heard has been complimentary to the Scottish scheme but it is fair to say that other bits of evidence have been less complimentary, particularly that from British Glass.

Is there a risk or is there any opportunity—I am going to phrase it like that—that you can use the ongoing interaction between you and your Scottish counterparts to perfect and improve their scheme as well as develop your own? Is it one-way traffic that you are co-ordinating or is there still room for mutual development?

**Rebecca Pow:** Our doors are always open. We have to make this work for everybody. In particular, we need to make it work for the consumer so that it is as easy to return the container and get the deposit as it is to



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buy the item in the first place. Working with all of our friends across every border is important. We have been looking at what they have been doing in Scotland to learn lessons from that. I would like to think that they do the same with us. We are sharing a great deal of information on that front, yes.

**Q115 Jerome Mayhew:** You have mentioned how important it is that consumers are not adversely affected by the interoperability of the two schemes. Could you expand a little bit on how you are going to protect producers from additional costs and difficulties when having to operate within a United Kingdom framework with two separate systems?

**Rebecca Pow:** That is why we are consulting and that is why it is very important to get the schemes right. We do not want to introduce extra hardships for business. Our main aim is to cut down on waste and we all have to work together to do that. We are consulting with the producers so that they know what is coming down the track for them and what we will be expecting of them.

A lot of engagement has already gone on. We want to make the system fair. We want to make it as flexible as possible and as straightforward as possible. We want the deposit to be meaningful. We want a system where producers are involved and they know where the flow of the finance is going. Then they will start to think about designing their products with a view to hitting all our waste targets.

I do not know if Chris wants to come in any further on that. The idea is not to penalise people. It is to get this fully circular economy going, which we have talked about for so long. Now we have the measures in place to make it function properly. Also, one of the really important aspects is that we are going to reduce litter. That is one of the main aims as well. I will ask Chris quickly if there are any other producer issues that he can touch on.

**Chris Preston:** The advantage to the producer-led approach that we are taking in the rest of the UK and in Scotland is that those producers will be able to work together across organisational boundaries. That is a real strength of the scheme administrator approach we are taking. We can deliver a more seamless service to consumers and, also, producers can work together to design a scheme that delivers the waste objectives of the Governments from each individual part of the UK and delivers for producers and consumers at the same time. Hopefully, that is where we will end up.

**Rebecca Pow:** Of course, to reiterate, if your company put its containers into the DRS, but if they came in loads of plastic packaging and all the rest of it, that packaging goes into the EPR system, so everything will be covered in terms of packaging.

**Q116 Jerome Mayhew:** I am going to move to my final area, which is slightly technical: concern about fraud. In the design of this scheme and



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particularly with reference to its relationship with neighbouring schemes, is fraud a significant issue? Should we be worried about that? If so, what steps are you taking to minimise the risk of fraud?

**Rebecca Pow:** We want to minimise the risk of fraud. That is why labelling is going to be so important. The whole system will be well tracked, though, of course. Producers have to sign up with a scheme administrator and pay fees, so that will be well recorded. The scheme administrator then sells on to the reprocessor and the reprocessor has to give evidence of the amount of material that it has taken so that we can start to chart the whole cycle of this waste.

An area we also have to be mindful of is unclaimed deposits in the machines. We do not want a situation whereby there is money left in the machine, for example, from the deposits that have accumulated if they are not claimed, so we have to make sure that the scheme administrator is not taking advantage of that. We do not want extra money left in there. We want the whole system to work in this cycle that I have just described to you so that we remove the opportunity for fraud.

Q117 **Jerome Mayhew:** That is interesting to hear. Do you think there is a risk that, if you have a differential in the deposit rate between the Scottish system and our own, you are going to have waste migration? There are some international examples of this—particularly Estonia and Finland—where large-scale transportation of waste from one jurisdiction to the next is taking advantage of the differential in price. Are you concerned by that and what are you going to do to prevent it?

**Rebecca Pow:** I am not quite sure how that could happen with our system in the way I have just described it to you—I might bring in Chris in a minute—because also the DMO is going to be held to account by the regulator, who will fine the DMO if it fails to reach the targets that Government are going to set it. That target is for 90% of material to be recycled, as we talked about at the beginning. It has to get this evidence of handing over the material to the reprocessor and so on.

The large-scale transportation of waste that you are talking about, I do not see quite how that could happen. We also have lots of other measures coming forward in the Environment Bill about electronic waste tracking—much better data and tracking of all waste—because we are very mindful that those things have occurred in the past, but I am not quite sure that they could happen through the DRS. Chris, I don't know if you want to add to that.

**Chris Preston:** I was trying to reflect, Minister. Waste is already moved around in a market-based system anyway, so I guess the DMOs will look for where they can get the best price, so stuff may well move around. I know that different parts of the UK have very specific objectives to try to retain value in particular locations. I think what we would see over time is the market respond and put in place new waste infrastructure. We might



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see almost the reverse, because people will see opportunities to buy and sell waste closer to its source. Does that answer your question?

**Jerome Mayhew:** I think that is all I have time for; I am very conscious that I rabbit on too long. On that note, I will hand back to the Chair.

**Chair:** Thank you very much, Jerome. Minister, you are probably too young to remember Green Shield Stamps but, in my understanding, the entire business model of Green Shield Stamps was based on the unredeemed stamps, which allowed the scheme to function, so there is value in the unredeemed. On that happy note, I am going to ask Matthew Offord to pick up the questions.

Q118 **Dr Offord:** Thank you, Philip. We have heard lots of conflicting evidence from different parts of the sector on the types of materials and, indeed, the waste that should be included in the scheme. What evidence are you basing your decisions upon?

**Rebecca Pow:** We have already conducted one consultation, Matthew, and there was big support for the material that we are now focusing on, which is the PET, the aluminium and steel cans and the glass bottles. A lot of research has already been undertaken and we have consulted. For example, in that first consultation and the work we have previously done, the stats came out that, if we did an all-in system, it would capture just over 23 billion containers a year, and if we did an on-the-go, it would capture 7.4 billion containers of the materials that I have just explained to you. There was very big support for those products that we have talked about. For glass, which I know has been much talked about, 86% of the respondents to that first consultation wanted glass to be in it.

Q119 **Dr Offord:** You have already mentioned that you are considering cans, plastic and glass bottles in the scheme. You have also mentioned that you are not considering cartons, but the beverage industry is particularly keen—the manufacturing side, at least—and they would like to see the inclusion of those products to increase their cycling rates. How do you respond to that?

**Rebecca Pow:** We looked at cartons and we are still in the consultation asking about these other containers, but cartons can still go into the EPR system, so they are being captured as packaging, because they are all packaging. At the moment, with the information we have so far, it does not stack up putting them through these machines in our shops, basically.

Partly what I referred to at the beginning was that we do not yet have a very good and aligned onward system for the cartons. Once we get that sorted out or there is more evidence, there is a good case for the scheme administrator opening up and saying, "Let's include cartons." They are not left out because they go through the other part of the scheme.

Q120 **Dr Offord:** You have already mentioned the decision by the Scottish Government to include glass. What impact do you think that will have



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upon the scheme in England and Wales? Do you know why the Scottish Parliament came to that decision?

**Rebecca Pow:** Sorry, to include glass, did you say?

**Dr Offord:** Yes.

**Rebecca Pow:** Glass is already within the scope of our consultation.

Q121 **Dr Offord:** What impact will the Scottish Government's decision to include glass in their scheme have upon the scheme in England and Wales? Do you think it will particularly affect the cost price of recycled glass?

**Rebecca Pow:** Sorry, I am not absolutely with you, Matthew, because we are going to include glass anyway. We are consulting on it. There is a lot of discussion with the glass industry themselves about collecting glass, but the point about it—

**Dr Offord:** I will try to rephrase it then. What do you believe the impact of the collection by the Scottish Government will be upon the scheme in England and Wales?

**Rebecca Pow:** We are hoping that they will all work together. The idea is that they work together, but we also have flexibility in there so that if you happen to be a consumer buying something in Scotland, you can get your deposit in England and vice versa. That will be important. You go on holiday to Scotland or someone comes to Cornwall—where I know you like going, Matthew—you come from Scotland and bring your Coke cans, you can pop them in the machine in Cornwall and get your money back.

Q122 **Dr Offord:** I was particularly thinking of places like Carlisle, where a colleague, a friend of mine, is the MP in Carlisle and the impact it will have in that area, and indeed where the Chair's constituency lies, so the differences between the English and Welsh scheme—well, that will be the same—but particularly in the Highlands in and around Scotland. That is what I was trying to get at.

**Rebecca Pow:** Yes, I see what you mean. Sorry, Matthew. All of these things will be considered and of course all of the manufacturers, they trade throughout, don't they? It has to work. That is why we have this system whereby one scheme can pay the other to balance it up if they need to so that we make it work between them, because we still want to have an open and flowing market. The idea is that we can do just that. They must have exactly the same system on the borders of France and Belgium. We are making it work across all our borders, but we are consulting, so we haven't given the final details of it, but those are all things that we are very mindful we have to make work.

Shall I just ask Chris if he wants to add anything to that? In Scotland, they have already said they are going to set a flat rate for their deposits, whereas we will probably have a flexible and variable rate. That is what we are consulting on at this moment.



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**Chris Preston:** I have nothing to add to what you have said, Minister. Drinks flow between different jurisdictions, in other places and generally it operates very effectively, so I would not expect it not to be the case within the UK.

**Dr Offord:** There are still those exports of Irn-Bru. Thank you, Philip.

**Chair:** Thanks very much, Matthew. Drinks flow across the border with Wales, as Matthew was suggesting, when the Welsh border is open. We look forward to that. Barry Gardiner.

Q123 **Barry Gardiner:** Thank you, Chair. Minister, the estimates that you have made of the benefits of an all-in scheme I think hinge on the way in which people were asked how much extra they would be willing to pay to see a reduction in litter. This year we are seeing a 5% increase permitted in council tax, which has provoked some disquiet among people. This would be a more than 10% increase in council tax, wouldn't it? Do you think that that is going to, first, be acceptable to people, and secondly, do you think that it is fair that the burden of this, in effect, is put on to local authorities in that way?

**Rebecca Pow:** I am not absolutely clear what you are saying, Barry, I am afraid. I do not know what you mean by an increase in council tax collected. This is not funded by council tax; it is funded by the producers signing up to the scheme and paying fees and then the consumers are paying a deposit, but they get their money back. I am not exactly sure where you are going there.

Q124 **Barry Gardiner:** The financial benefit from a reduction in the disamenity of litter from a DRS, which makes up 90% of the total financial benefit of an all-in system, according to DEFRA, then the financial benefit from reducing the disamenity of litter is estimated by you, by the Department, at £213.75 per year per household. Based on that, have you estimated how much extra council tax households would be willing to pay to see a reduction in litter? If those figures are not robust, if they are not correct, the scheme could end up operating at a loss. Maybe Chris would be better to answer that one.

**Rebecca Pow:** Just generally, the point that you are making is that by running this scheme there will be an overall reduction in litter, particularly the on-the-go containers and cartons, because they are a very high percentage. Something like 80% plus of our litter is from the on-the-go cartons, which everyone will know and will have seen in their streets. I have talked to the fast food industry about all of this and how we tackle it. With that going into the—

Q125 **Barry Gardiner:** Look, we want the scheme and we accept the benefits of it and we all want to get rid of litter. I am asking a specific question, and that is about the financial benefit that DEFRA calculated, which was £1.2 billion, based on that willingness to pay for a reduction in litter. Was that the only evidence that you used in your decision making? Was there any other evidence that you took into account when trying to calculate



the operational costs of the scheme?

**Rebecca Pow:** I am going to bring Chris in, but there is also no need to get aggressive with me, Barry. Cutting down on littering is part of the whole scheme. It is one of the things that will occur for the local authorities, which at the moment have to do a lot of the litter clear-up and the cost of it. That is millions of pounds a year. I do not have the exact details at my fingertips, but either Chris will have them or I will send them to you. Of course, much of the littering cost that they have to spend will be reduced by the introduction of this scheme. That was highlighted as a very positive reason for bringing forward these packaging reforms to cut down on our waste, but also to help with the litter reduction.

Currently of course it is the taxpayers who are paying for our kerbside collections, but what will happen through this scheme is that that will be transferred so that the costs will fall on the producer, so that will be a benefit for our local authorities, but we have absolutely committed that through this consultation and in the final scheme local authorities won't lose out through this scheme. We propose that the DMO will pay local authorities if they are collecting any of the material that does not get to the DRS machine. There will be factored in there some money back to the local authorities. Chris, I do not know if you want to add anything there.

Q126 **Barry Gardiner:** It is very welcome that you have made the commitment to local authorities that you have, because in the evidence session that we had last week, the local authorities did express concern that some of the revenue that they currently have from the kerbside collection—selling the aluminium cans and so on—would no longer be available to them. It is very good that you are saying that the Government will step in there, that they will not let local authorities lose out in that respect. Chris, thank you, over to you.

**Chris Preston:** There are several things at play here. The litter disamenity isn't money that is going to be taken away from households. It is part of the normal process that we go through in Government when we are putting together our impact assessments and saying, "How much more would you be prepared to pay if you could have this level of cleanliness?" It does not mean that we are going to take that money away from households. What we are saying is that is how much it is worth. We have done quite a lot of research to back up that proposition as part of our overall customer benefits.

To pick up the Minister's point about money for local authorities, local authorities have expressed their concern about loss of income of things that they would normally sell on. Of course, that would be the case were it not for the fact that we are also going to have our producer responsibility regime. It will be packaging producers, not drinks container producers. They will provide funding for that packaging collection system, so that is why the two reforms are being considered together at the same time. All packaging will be captured by producers, and meeting that full



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net cost of that packaging at the end of its life will be met now by producers. Does that answer your question, Barry?

**Q127 Barry Gardiner:** It goes some way towards it, yes. Absolutely, I get the point that you were saying, "How much would you be willing to pay?" and that is a standard form of estimating these things. The trouble is that sometimes people, when they are asked a specific question, will give a figure, but when you then put it into real terms they wouldn't be quite so willing to pay, as I phrased it, a 10% increase in their council tax, which is what it would amount to. It is a huge sum. Therefore, I am challenging the basis of the evidence that you use. I did ask you, Chris, if there was any other evidence that you use or was it only based on those figures?

**Chris Preston:** We did quite a bit of research to come to the litter disamenity, because that is one of the areas we wanted to test and challenge, because it is such a big part of the benefits from the system. We have pressed that research hard and that should be publicly available, so that can be looked at by the Committee. Of course, it is more than just the litter disamenity benefits, which are incredibly important; there is also the kind of climate change impacts as well. The overall costs and benefits look at a range of different factors and they are all built into the impact assessment. Again, that is going to be out and people will be able to look at that and scrutinise that and challenge that. We welcome the tyres being kicked really hard on that.

**Q128 Barry Gardiner:** I think everyone on this Committee wants to see a scheme in place and they see the benefits of it. We are simply trying to scrutinise it so we get the best possible scheme. Can I ask you about any assessment that you have done on the gaps in reprocessing and recycling infrastructure, which we will need in the country when a DRS scheme and the EPR schemes come into place? What sort of both public and private investment have you calculated will be necessary?

**Rebecca Pow:** I am going to hand over to Chris for this, but of course the whole chain has to work properly. There is a value put on this waste, as you know, Barry, so very much the private market is really engaged in this because there is a value on where there is money. There is a value on this, and even more so once we get the DRS system right. Because you will be getting guaranteed high-quality sorted waste, which is what the industry wants. In order to be able to turn it back into things, it is one of the areas that industry really wants. It is the high quality so that we can turn it back into the materials that we want.

**Q129 Barry Gardiner:** I agree with you. We certainly want a clean waste stream. My worry is that the infrastructure may not yet be there and able to keep pace. That is why I am asking the question about what evaluation you have done of whether that infrastructure is in place and what further investment is needed in order to make sure it works.



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**Rebecca Pow:** Yes. I am going to hand over to Chris, because they are all important parts of this chain that we have been consulting and working on with industry. Chris.

**Chris Preston:** Without a doubt, there is going to need to be further infrastructure to manage the change in the process. That will be one of the key strategic aims that the deposit management organisation, the scheme administrator, will need to look at. You are going to need new bulking centres and sorting centres bringing things together. There is also going to be quite a lot of infrastructure that will need to be rolled out across the country to put in place reverse vending machines—thousands and thousands of machines.

Again, that is part of the reason why it takes longer, so we can put legislation in place. Legislation is almost the easy bit. Getting that right, the consultation and making sure the legislation is correct is obviously important, but that roll-out of the whole system is the much harder bit. That is why you need that strategic time and that lead-in time for the scheme administrators to do their job properly.

Q130 **Barry Gardiner:** Indeed. In terms of my question about what gaps you have currently identified in the infrastructure and what investment targets you believe are necessary in order to fill those gaps, if you do not have figures to hand, perhaps you could write to the Committee with that.

**Rebecca Pow:** I am very happy to supply the Committee with those details, but I would say that is also why targets are important, to drive the change and the infrastructure and the investment. That is why it is so important that we are setting a target for this DRS, as you will understand, in order that the industry has the surety for the investment that they are going to make.

**Barry Gardiner:** Absolutely right, yes.

**Rebecca Pow:** That is something they have highlighted, as we know, in other areas.

Q131 **Barry Gardiner:** The Welsh Government have outlined their preference for an all-in scheme. Do you think there will be any issues if the final scope of the scheme in England and Northern Ireland does not match the all-in decision that has been taken in Wales?

**Rebecca Pow:** We will have to wait for the results of the consultation on that. We are consulting on both schemes, all-in and on-the-go, and then—

**Barry Gardiner:** No, I understand that.

**Rebecca Pow:** —as and when the analysis is done and the review is published and we come down on one side or the other, the essential thing then is to make sure all the schemes can work together, whether they are on-the-go or all-in.



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**Barry Gardiner:** I think I understand what from what you—and I am not trying to put words in your mouth here—

**Rebecca Pow:** I think you are, Barry.

**Barry Gardiner:** No, no. I am certainly giving you the chance to deny them. I think what I have heard from you is that you will take an independent decision and then try to reconcile that decision with the decision that has already been taken in Wales, not that you will consider as part of the decision the importance of compatibility with the Welsh scheme. Is that correct? As I say, I am not trying to put words in your mouth; I am just trying to understand.

**Rebecca Pow:** I think you are trying to put words in my mouth. Wales, as you know, has signalled a preference for all in, Scotland is going for all in, Northern Ireland and England are exploring all in and on-the-go. Once we get the analysis from the consultation, we will be able to let you know what side we are coming down on. The point that I keep on making is that we do need to make sure, whatever the scheme is, it works across the borders, but we will have to go for what we think the right scheme is for England and Northern Ireland. They are not the same necessarily as the Scottish market or the Welsh market.

Q132 **Barry Gardiner:** DEFRA of course has responsibility for food as well as for waste. I wondered what consideration you had given to the impact of the size of containers that are included in the scheme, and perhaps any unintended consequences that might flow from that, which could see perhaps a move towards larger portion sizes, increased sugar consumption and increased alcohol consumption as a result and how you are proposing to manage what might be perverse consequences.

**Rebecca Pow:** This is obviously on-the-go drinks containers, single-use drinks containers that we are talking about, so we are not talking about food containers as such right now. This will be very much on size. It will be up to 750 ml if it is on-the-go and 3 litres if it is all in. There will be a flexible approach—that is what is being proposed, anyway—towards the deposit, the amount on the bottles or the containers or the cans according to a range of parameters. We are taking a lot of advice on that and there will be—

Q133 **Barry Gardiner:** You say there will be a flexible approach on the deposit return?

**Rebecca Pow:** At the moment in the consultation the thinking is that the scheme administrator will be responsible for setting the rates, but it is likely there will be a minimum and a maximum because one wants to be fair to all takers. For example, yes, one does not want to do exactly what I think you are suggesting, which is drive people to get bigger containers because they think they will get more money back. All of those things will be embedded in the scheme to make it fair and to avoid those perverse consequences that I think you are driving at, Barry.



Q134 **Barry Gardiner:** In some cases it might be because they would go for a different option because they do not want to pay the money up front that would be involved in multiple smaller cans.

**Rebecca Pow:** Yes. All that is being considered, because of course the multipacks come into this discussion as well, which I am sure you are aware of. Chris, do you want to pick that up? We have had a lot of conversations about this.

**Chris Preston:** Yes. We propose to leave the deposit rates to the DMO, to the scheme administrator, to work out what is best. Ministers from different Administrations will set the objectives for the scheme administrator and it will be for the scheme administrator to go away and work out what it thinks will work best. We know that there are definitely strong views in favour of fixed deposit or in favour of a variable deposit. Hopefully, we can tease a little bit more out around that through consultation as well.

Q135 **Barry Gardiner:** I wanted to move on to the issue of the digital DRS. You may have caught a couple of our earlier witnesses saying that they thought the digital DRS was a distraction. Do you see it working instead of or alongside a traditional deposit return scheme? What have you learned from the trials that have already been conducted on digital DRS?

**Rebecca Pow:** Yes, I heard one of those comments in your previous interviews, but of course we are exploring all these options. That is why we are consulting. It is not set in stone. What is clear is that this will be very much based in retail outlets, so that will be the requirement. Although there will obviously be the latest tech, reverse vending machines in the stores or in the retail departments, also we are exploring new technology and innovation because it is only right to do that, isn't it? We have lots of people who would much prefer to use a digital system, to have an app on their phone and to just run a barcode on their phone and have the money put into their bank account.

There will be lots of opportunities, which I think are exciting, but you are absolutely right in that we do not want it to be confusing. It has to be clear to the consumer how they can get their deposit back and where they can return stuff to. I think that is quite exciting in a way, in that this will be a new way of thinking in terms of if it looks like those methods of electronic redemption of your deposit are going to work, we should have both systems that can suit a whole range of people.

What we do need to be clear about is that we get the right quality and the right containers returned. We would not want confusion with any digital apps or whatever. Also, we want clean material returned. We do not want contamination and mixed-up containers. We have to know that the technologies are going to what we want them to do, but we have some trials running, don't we, Chris? You have been running some in Northern Ireland.



**Chris Preston:** Yes, and in Wales as well. Again, these are pilots. I think it is always good, as the Minister said, to try out new ways of doing things and new technology. I think the evidence shows that the easier you can make it for people to recycle and do what they want to do, which is the right thing, the better the outcomes. No door is closed, I think, in terms of—

Q136 **Barry Gardiner:** Are there specific lessons that the pilots have shown you? Chris, I think you were still on the Zoom at the stage where Jim Fox from Coca-Cola was saying that the delays in the production line were a key issue, because of the barcoding or the labelling that might need to go on the containers, the cans and the bottles, and that these they felt were going to delay the production line.

**Chris Preston:** I guess that is part of what you would need to think about in terms of any new system. How do you make it all mesh together? How do you make it easy? How do you make it as smooth and as straightforward as possible? Labelling is one part of it, but even it if goes into a reverse vending machine, it still has a barcode and a label on it because the machine has to read it when it goes through, so it will need something to read it electronically anyway.

Q137 **Barry Gardiner:** Were there any lessons from the pilot scheme?

**Chris Preston:** I think it is still happening at the moment, the pilot scheme, isn't it?

**Rebecca Pow:** Yes, but there are things that I have already been flagging up to you, Barry: is the container clean? Is it very clear to the individual where they can then return it to once they have scanned it on to their phone or however they scan it? We are still learning all of this, but we are a society that is moving, using science and tech and innovation, so it would be wrong not to try to open our minds to all of these methods.

**Barry Gardiner:** Of course. Chair, thank you.

Q138 **Chair:** Thank you, Barry. I have two quick questions. It may be that you have answered these to a degree, but one is whether there are any models in other countries of the 40-odd schemes that have been established that you look to or you could encourage the Committee to look at as the best schemes, from your perspective, that could be translated into England and Wales.

**Rebecca Pow:** It is always worth learning from other people. Certainly the model that is considered the best is the Norway model, where they collect 97% of their plastic drinks containers to go into their system, which is pretty incredible. They have less than 1% littered in the environment, so they definitely have something right. I would recommend you have a trip out there, Chair, when you are able to.

**Chair:** You may have been on the Committee when it last went to the



Arctic. Unfortunately, I did not go on that one.

**Rebecca Pow:** No, sadly I wasn't. Yes, that is a very successful model.

Q139 **Chair:** Thank you. We will have a look at that. My other question was just going back to the kerbside collection. I was very intrigued by what you had to say about some compensation going to local authorities. Would that run to the extent of the valuable elements of the recycling through kerbside collections, namely the aluminium cans? If the income reduces very significantly because they get taken back to claim the deposit, which would seem quite likely, will local authorities not have to incur significant extra expense if that revenue stream has gone?

**Rebecca Pow:** The intention is for it to be cost neutral for local authorities. Our DEFRA analysis does set that out, but the point is that—and I think I have said this before—they will be collecting other things in the kerbside waste. Anyway, it is all paid for by the taxpayer, the collection service that the local authorities run, so they won't be losing as such. We have said that we will obviously be working very closely with them to make sure that they are not in any way penalised by what will be a changing system in relation to their kerbside collection, but they will be also collecting other things, like food waste and potentially garden waste. We will be consulting on all of those things shortly. Chris, did you want to add anything to that?

**Chris Preston:** No, only to say that producers of other types of packaging will be meeting the full net cost of collecting packaging from kerbside for local authorities. There will be one set of costs transferred to producers of drinks containers, for them to meet that cost, but then there will also be a cost transfer from the public purse to producers to meet the full net cost of packaging waste collection at kerbside as well. In a way, it will be a different revenue stream for local authorities and it will shift away from the public purse meeting that packaging waste collection cost.

Q140 **Chair:** That is helpful. Minister, thank you very much for joining us today. We will be providing a short report on the back of our investigations, which I am pleased will be taken into account in your consultation, hopefully. When do you expect the consultation to close? You have probably said this today but I have not seen it.

**Rebecca Pow:** It is a 10-week consultation.

**Chair:** Good. That gives us something to aim at then.

**Rebecca Pow:** Yes. We very much look forward to hearing your thoughts, because this is a consultation, Chair, and your Committee is always incredibly constructive in its views and thoughts. As you know, it is complicated. It is a complicated picture and we still have a great deal of evidence and detail to take in. This is an absolute commitment that we have made to introduce this system. I hope that we can work positively and take your views into the consultation as well. Thanks very much to everybody.



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**Chair:** We are very grateful to you for saying that. Thank you to Minister Rebecca Pow, the Environment Minister, and to Chris Preston, the deputy director for waste and resources from DEFRA.