



Environmental Audit Committee

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Rebecca Pow MP
Parliamentary Under Secretary of State
Department for Environment, Food and Rural Affairs

By email

20 May 2021

Defra consultation on Introducing a Deposit Return Scheme in England, Wales and Northern Ireland (Second Consultation)

Dear Rebecca,

The Environmental Audit Committee launched an inquiry into 'Next steps for a deposit return scheme' in March 2021. I am writing to provide you with the attached response to your consultation announced on 24th March 2021, which includes a summary of the evidence we received. We have focussed on answering the questions where there was a strength of evidence.

We held two oral evidence sessions on 17th and 24th March, and we were grateful for your appearance at the latter. We received 79 submissions of written evidence¹ and heard from representatives from British Glass, Alupro, British Plastics Federation, Reloop, the Local Authority Recycling Advisory Committee (LARAC), Veolia, CPRE, Coca Cola and the Association of Convenience Stores.

Data published in April for the financial year 2019/20 shows that recycling rates have plateaued in England for the fifth consecutive year. We are therefore pleased that a deposit return scheme will be introduced in England, Wales and Northern Ireland, and hope that there will be no further delays to the introduction of a scheme to boost recycling rates across the country.

I hope the attached document is helpful to you. As is the Committee's practice, this letter and attachment will be published on the Committee's website.

Yours sincerely,

Rt Hon Philip Dunne MP

¹ Available at [Next steps for deposit return schemes - Written evidence - Committees - UK Parliament](#)

Environmental Audit Committee: Response to Defra’s consultation on Introducing a Deposit Return Scheme in England, Wales and Northern Ireland, second consultation

Support for proposed implementation of a DRS in 2024

More than eight billion drinks containers were wasted across the UK in 2019, despite the existing kerbside collection system.¹ Although we received up to date collection figures for different types of container—such as up to 80 per cent collection for plastic bottles estimated by Valpak²—Reloop, an international NGO, told us that not all of these collected containers are actually recycled.³ According to Suez, recycling rates for the 2019/20 financial year show that England and Scotland have plateaued for the fifth consecutive year. England achieved an average recycling performance of around 45.5 per cent.⁴

There is clearly room for improvement to reach the target recycling rate of 90 per cent from a deposit return scheme (DRS). We also heard from the countryside charity CPRE about significant litter rates in the UK, which would be improved by the introduction of a DRS, and from Coca Cola that a DRS would enable it to collect enough good quality recyclate to make more new products out of recycled material.⁵ However, we have been told of concerns, including from the Cumbria Strategic Waste Partnership and Oxfordshire Resources & Waste Partnership, around the negative impact that a DRS could have on the loss of high quality recyclables from the existing kerbside collection (see more in the local authority section below), and questioning the net overall gain of introducing a DRS for materials already collected at the kerbside.⁶

CPRE emphasised that the global climate emergency, as well as national waste and littering figures, require urgent progress on the introduction of a DRS to improve the circularity of resources, and expressed disappointment at the scheme being delayed to 2024.⁷ We share this disappointment at the delay but given the covid-19 pandemic we appreciate that businesses would need sufficient time to prepare for the launch of a system following legislation. Reloop also told us that although the Government appears to have a clear desire to implement improved waste and recycling strategies, progress is being hindered by conflicting views from industry.⁸

1 [Q43](#)

2 Valpak Limited ([DRS0053](#))

3 [Q43](#)

4 Data published by Defra for the 2019/20 financial year on 03 March 2021. Scottish data is for the 2019 calendar year, as published by the Scottish Environmental Protection Agency (SEPA) on 27 October 2020

5 [Q73](#) (CPRE); [Q74](#)

6 Cumbria Strategic Waste Partnership ([DRS0055](#)); Oxfordshire Resources & Waste Partnership ([DRS0076](#))

7 [Q73](#); [Q80](#) (CPRE)

8 [Q43](#)

Extended Producer Responsibility

The proposed DRS forms part of planned extended producer responsibility (EPR) reforms, making producers responsible (financially and legally) for the full lifecycle of their product, through to collection and recycling. We heard from Reloop that this approach, in accordance with the ‘polluter pays’ principle, is much fairer than the existing scheme where recycling responsibility falls on local authorities,⁹ and Veolia told us that a successful EPR scheme will encourage producers to make their products more recyclable through modulated producer fees.¹⁰ However, The Local Authority Recycling Advisory Committee (LARAC) raised concerns regarding the relative timing of EPR and DRS, suggesting that EPR reforms should be given time to affect recycling rates before a DRS is introduced.¹¹

Question 6: Given the context of the Covid-19 pandemic we are currently experiencing, do you support or oppose our proposals to implement a deposit return scheme for drinks containers in 2024?

We support the introduction of a DRS in England, Wales and Northern Ireland as soon as is possible, and no later than the new proposed launch date of late 2024, to improve resource circularity and reduce waste. We are pleased that the consultation sets out the introduction of EPR reforms starting in 2023, staggered into 2024, allowing the DRS and EPR to work together to improve recycling.

All-in vs on-the-go

Defra’s support for an all-in scheme was indicated following the first consultation, a stance supported by some witnesses to our inquiry. In written and oral evidence, we heard from organisations including Alupro, Green Alliance, Wildlife and Countryside Link, CPRE, the British Soft Drinks Association, Reloop and the British Retail Consortium in favour of an all-in model. Their primary reasons are that an all-in model provides the greatest reduction in litter,¹² and most high-quality material collected for recycling,¹³ is the most intuitive model for consumers,¹⁴ provides greater economic benefits due to high volume of material passing through the system¹⁵ and avoids market distortion.¹⁶ Reloop and CPRE told us that, given the strong arguments in favour of an all-in model put forward by Defra in response to the first DRS consultation and that no on-the-go deposit return schemes currently exist, they are unclear why an on-the-go model is still being considered.¹⁷ We also heard from CPRE that it is difficult, if not impossible, to determine which containers are actually used on-the-go,¹⁸ and from Reloop that it would reduce the quality of the recyclate if some materials continue to be collected at the kerbside where they can be contaminated from co-mingling.¹⁹

9 [Q71](#) [Sam Harding]

10 [Q56](#) (Martin Curtois)

11 LARAC (The Local Authority Recycling Advisory Committee) ([DRS0019](#))

12 Green Alliance ([DRS0016](#))

13 British Soft Drinks Association (BSDA) ([DRS0037](#)); [Q74](#)

14 British Retail Consortium ([DRS0041](#))

15 [Q65](#)

16 [Q14](#)

17 CPRE, The countryside charity ([DRS0054](#)); [Q65](#)

18 [Q73](#) (CPRE)

19 [Q66](#) (Reloop)

However, we heard support for an on-the-go system from the British Plastics Federation, Veolia, and the Local Authorities Recycling Advisory Committee. Their primary reasons were to avoid replacing or undermining the existing kerbside collection,²⁰ target material that is most commonly littered or not recycled,²¹ and a lower cost than an all-in system.²²

Interoperability of different schemes

We heard evidence from multiple stakeholders including Coca Cola, CPRE, the Association of Convenience Stores and the British Plastics Federation that different schemes operating in different parts of the UK (e.g., all-in in Scotland, on-the-go in England) could lead to fraud,²³ logistical complications for producers,²⁴ consumer confusion and lower participation in the scheme.²⁵

Question 10: Do you believe we have identified the correct pros and cons for the all-in and on-the-go schemes described above?

We are pleased to see a thorough consideration of the pros and cons of both an all-in and on-the-go system in the consultation. Based on evidence described above, we consider that Defra have identified the correct pros and cons.

However, we would question why Defra has reverted to a neutral position on an all-in vs on-the-go DRS compared to its response to the first consultation, which indicated a preference for the all-in scheme. We are also concerned about the assessment of impacts on local authorities (see section later), and ask if Defra considers that there has been sufficient consideration of these issues to make an evidence-based decision on an all-in vs on-the-go scheme.

Question 11: Do you foresee any issues if the final scope of a deposit return scheme in England and Northern Ireland does not match the all-in decision taken in Wales?

Based on the concerns we heard regarding interoperability between the Scottish scheme and schemes in the rest of the UK, we strongly recommend that the same scope of scheme be adopted in England, Wales and Northern Ireland to increase consumer convenience and minimise the risk of fraud.

Question 12: Having read the rationale for either an all-in or on-the-go scheme, which do you consider to be the best option for our deposit return scheme?

We recommend that Defra pursues an all-in model for England and Northern Ireland, as indicated as its preference following the first consultation, following the lead set by

20 [Q44](#) (LARAC)

21 [Q16](#) (BPF); [Q56](#)

22 Environmental Services Association (ESA) ([DRS0048](#))

23 [Q79](#); [Q34](#)

24 [Q79](#)

25 [Q80](#); [Q81](#)

Scotland and the preference shown by Wales. A well-designed all-in system will maximise the environmental benefits over an on-the-go scheme, collecting most high-quality material for recycling, improving resource circularity, and reducing litter.

Material scope

We heard from the plastics and aluminium federations in the UK that in-scope materials should include at least steel and aluminium cans, PET plastic and glass bottles. CPRE and the carton manufacturing federation ACE UK²⁶ were also in favour of including drinks cartons. We heard that the benefits of a wide material scope are maximising the amount of material collected to be recycled and associated litter reduction,²⁷ preventing market distortion and the risk of associated environmental impacts from material switching,²⁸ and making the system easy for consumers to use and understand.²⁹

Glass

British Glass, Veolia and the Association of Convenience Stores told us about the key issues regarding the inclusion of glass in a DRS. The main concerns we heard were a higher level of producer fees for glass packaging due to the harder handling and management of glass in a DRS compared to PET plastic or cans (leading to material switching—examples given to us by British Glass included Germany and Finland).³⁰ There is also a challenge for retailers to accommodate more expensive reverse vending infrastructure to deal with glass,³¹ safety and storage issues of both bulky empty bottles and broken and/or crushed glass,³² and a risk of disrupting existing glass recycling from the kerbside.³³ There is a challenge in that crushing in a reverse vending machine reduces the storage space required for containers, yet crushed glass is less able to be recycled back into closed loop recycling than intact bottles.³⁴ We were told about successful international schemes that both include (Denmark),³⁵ and exclude (Norway),³⁶ glass. Both CPRE and Coca Cola supported following the example set by Scotland to include glass,³⁷ whereas British Glass said that diverging from the Scottish scheme and excluding glass,³⁸ had its merits.

Cartons

In the UK cartons are collected for recycling in 93 per cent of local authority areas which are processed either at a dedicated carton recycling plant in Halifax, or in paper mills. The Halifax plant alone has capacity to process 40 per cent of cartons on the UK market. The

26 Alliance for Beverage Cartons and the Environment (ACE UK) ([DRS0038](#))

27 [Q83](#) (CPRE)

28 [Q10](#) (Alupro); British Plastics Federation (BPF) ([DRS0014](#))

29 Link ([DRS0058](#))

30 [Q11](#) (British Glass)

31 [Q85](#) (Association of Convenience Stores)

32 [Q13](#) (British Glass); [Q85](#) (Association of Convenience Stores)

33 [Q66](#) (Veolia)

34 [Q19](#) (British Glass)

35 [Q86](#)

36 [Q11](#) (British Glass)

37 [Q80](#) (CPRE); [Q79](#)

38 [Q36](#) (British Glass)

recycling process produces two streams of materials—paper fibres that can then be turned into new products such as inner cores and cardboard tubs, and a polymer and aluminium stream.³⁹

TetraPak and the Alliance for Beverage Cartons and the Environment (ACE UK) said that they support the inclusion of cartons in a DRS to increase recycling rates and secure access to high quality recycled material to use in new cartons, which is currently not possible with mixed quality kerbside collection.⁴⁰ The Local Authority Recycling Advisory Committee (LARAC) told us that including cartons in a deposit return scheme would maximise litter reduction, and boost collection of a material not commonly collected at the kerbside.⁴¹ However, we also heard concerns about the difficulty of recycling multi-material cartons.⁴² The increased complexity required for reverse vending machines means a higher cost.⁴³ Viridor suggested that extended producer responsibility (EPR) reforms may be best suited to encouraging increased recycling of cartons, rather than their inclusion in a deposit return scheme.⁴⁴

Carton packages are already successfully included in deposit systems in Canada and Australia.⁴⁵ Tetrapak said that new Reverse Vending Machine technology can easily detect any shape or size of packaging including non-cylindrical beverage containers and recent trials in Serbia have not shown any technical or practical problems so far. Although Rebecca Pow MP told us that the lack of onward market for recycled cartons has contributed to their proposed exclusion from the DRS, Tetra Pak told us that the markets for recycled paperboard were well-established, and that the markets for recycled polymer and aluminium components of cartons, while still needing to grow in capacity, will naturally expand as more cartons are collected for recycling.⁴⁶

Question 16: Please provide any information on the capability of reverse vending machines to compact glass.

We welcome that the proposals do not include crushing glass, as we are concerned this may not be the most efficient way of recycling glass. We were not made aware of the compaction approach (into 4, 5 or 6 separate parts) and we would be interested to hear the feasibility of this when the consultation concludes.

Question 18: Do you agree with the proposed list of materials to be included in scope? [Glass bottles, PET plastic bottles, aluminium and steel cans]

We welcome the broad scope of materials included in the proposals, including the decision to include all the materials in scope of the Scottish scheme, which will support the interoperability between schemes across the UK.

However, we consider the Government should be more ambitious and should consider including cartons. Although we heard of potential complexity issues from including

39 Tetra Pak (DRS0085)

40 Tetra Pak ([DRS0063](#)); Personal communication, Rt Hon Philip Dunne and Tetra Pak, 28 April 2021

41 LARAC (The Local Authority Recycling Advisory Committee) ([DRS0019](#))

42 Natural Source Waters Association ([DRS0039](#))

43 British Plastics Federation (BPF) ([DRS0014](#))

44 Viridor ([DRS0052](#))

45 Tetra Pak (DRS0085)

46 [Q109](#); Personal communication, Rt Hon Philip Dunne and Tetra Pak, 28 April 2021

cartons, these do not seem to be a problem in deposit return schemes that are trialling their inclusion. We have heard no strong evidence as to why cartons should be excluded from the scheme. Instead, there are strong environmental arguments in favour of including cartons. Given the evidence we received on already established processing facilities and that cartons are proposed to be included in the forthcoming reforms on consistency of household collection, we recommend that cartons are included in the deposit return scheme for England, Wales and Northern Ireland from the outset. It would be more costly to try to add in cartons after the scheme was established.

We acknowledge the risks that the inclusion of glass could bring for industry, producers and retailers, and are pleased that Defra has undertaken cost benefit analysis of both including and excluding glass in the scheme for England, Wales and Northern Ireland. Given the inclusion of glass in the Scottish scheme, the ability to improve on current glass recycling rates and reduce litter and waste (of which glass is still a significant part—18 per cent of wasted containers in the UK in 2019⁴⁷—despite good kerbside collection), seeing successful international deposit return schemes which include glass, we support the proposed inclusion of glass in a scheme in England, Wales and Northern Ireland. Since Defra’s cost benefit analysis over ten years lies in favour of including glass from the outset, we support this approach. However, this support relies on the ability for glass to be compacted (not crushed), and that safety concerns for small retailers (particularly those who might rely on manual collection rather than reverse vending machines) are considered in obligating them to collect empty glass bottles.

Collection targets

Reloop told us that one of the key principles in a successful deposit return scheme is a high collection target (at least 90 per cent), linked to penalties if it is not met. We heard that this ambition can be achieved through a scheme that is convenient for consumers and the targets should be phased in over a suggested three years, where the monitoring of targets starts as soon as the scheme is launched rather than after one year, as we heard has been suggested in Scotland.⁴⁸

We welcome the high collection target of 90 per cent after three years, and that the targets start in year 1, as proposed in Chapter 2 of the consultation.

Deposit fee

Minimum fee

Alupro told us that its research suggested 20p is a good starting level for a deposit fee, and also has the advantage of consistency with Scotland.⁴⁹ However, the British Plastics Federation highlighted that items worth more than 20p are commonly littered and raised concerns as to whether this would be a sufficient incentive to consumers to return their containers.⁵⁰ We also heard from British Glass about the returnable glass bottle scheme

47 [Q43](#) (Reloop)

48 [Q53](#) (Reloop)

49 [Q30](#) (Alupro)

50 [Q30](#) (British Plastics Federation)

run by Irn-Bru, which used a 30p deposit, but was stopped in 2015 because customers were choosing to forfeit the deposit because of the convenience of recycling the bottle from home.⁵¹

Flat fee vs variable fee

Surfers Against Sewage and the National Federation of Retail Newsagents told us that a flat deposit fee for all materials and sizes of container would be preferable, to reduce the administrative burden of operating the scheme for small retailers,⁵² and to reflect that all container sizes which are littered cause environmental harm.⁵³ However, we heard strong concern from industry representatives about the potential for a flat deposit fee to distort the packaging market. Alupro, British Glass and the British Plastics Federation were concerned that the disproportionate increase in cost to consumers of buying multipack products (with a deposit set on each individual container),⁵⁴ would encourage consumers to buy larger individual plastic bottles rather than cans or glass,⁵⁵ with knock-on effects on the consumption of sugar and alcohol from larger volumes of drinks.⁵⁶ Alupro and British Glass told us they support a variable fee structure based on size of container, while the British Plastics Federation support a separate fee structure for multipacks. The British Soft Drinks Association told us that, in an optimal deposit return scheme, the deposit level should be set by a scheme administrator rather than set in legislation. This allows the deposit level to be adjusted to meet collection targets.⁵⁷ We also heard from the British Plastics Federation that flexibility should be at the core of a successful deposit return scheme.⁵⁸

Question 36: What should be the minimum deposit level set in legislation?

We support a minimum deposit level set in legislation of 20p, as research supports this is sufficient to incentivise participation.

Question 38: Recognising the potentially significant deposit costs consumers could pay on a multipack purchase, how best can we minimise the impact of the scheme on consumers buying multipacks?

We welcome that Defra is investigating the impacts on multipack purchases. Given the evidence we heard, we do not support one specific solution. We support the Deposit Management Organisation (DMO) being given the ability to adjust the fee structure (which could be based on any available evidence on impacts on multipacks from international schemes) to both minimise impacts from the outset, and counteract undesired consumer responses as they arise.

51 [Q43](#) (British Glass)
 52 National Federation of Retail Newsagents ([DRS0025](#))
 53 Surfers Against Sewage ([DRS0026](#))
 54 British Plastics Federation (BPF) ([DRS0014](#))
 55 [Q27](#) (Alupro)
 56 [Q32](#) (British Glass)
 57 British Soft Drinks Association (BSDA) ([DRS0037](#))
 58 [Q34](#) (British Plastics Federation)

Question 39: Do you agree with our approach to letting the Deposit Management Organisation decide on whether to adopt a fixed or variable deposit level, particularly with regards to multipacks?

We welcome the proposal to let the DMO decide on whether to adopt a fixed or variable deposit fee.

Retailers

We heard from CPRE, the Association of Convenience Stores, Coca Cola, the British Retail Consortium, British Soft Drinks Association and Environmental Services Association that both physical and online retailers should be obligated as part of a DRS.⁵⁹ This would maximise convenience and choice for consumers by providing a large number of return points and provide a level playing field for retailers. CPRE said it was essential for accessibility and for people's different preferences around how and where they shop.⁶⁰ Jim Fox from Coca Cola said there should be a small number of exemptions because some small retailers and kiosk-type areas do not have the space for collections, while James Lowman from the Association of Convenience Stores said exemptions for small retailers could be decided through strategic mapping of the distribution of return points.⁶¹

There may be challenges associated with obligating online retailers to collect containers, including the requirement of waste licenses, hygiene issues surrounding taking waste in a delivery vehicle alongside food,⁶² and a reduction in space in the delivery vehicles necessitating more journeys.⁶³

We welcome the approach to not specify the type of return point that retailers will be obligated to provide (p53 of consultation), given the challenges for small retailers for manual collection, and the possibility for future technological development. We also welcome that accessibility and ease of return is a crucial principle in the return point policy, although this should also be balanced against the cost of unnecessary duplication of reverse vending machines which are expensive.

Question 40: Do you agree that all retailers selling in-scope drinks containers should be obligated to host a return point, whether it is an all-in or on-the-go deposit return scheme?

We agree that all retailers selling in-scope drinks containers should be obligated in a DRS, but with scope for exemptions granted by the DMO (see our response to consultation question 44). We heard suggestions of exempting small stores, or a strategic mapping of collection points to avoid unnecessary duplication.

59 [Q96](#); British Retail Consortium ([DRS0041](#)); British Soft Drinks Association (BSDA) ([DRS0037](#)); Environmental Services Association (ESA) ([DRS0048](#))

60 [Q96](#)

61 [Q96](#); Environmental Services Association (ESA) ([DRS0048](#))

62 British Plastics Federation (BPF) ([DRS0014](#))

63 British Retail Consortium ([DRS0041](#))

Question 42: Do you have a preference [based on 3 options described in the consultation] on what the scheme's approach to online takeback obligations should be?

We would recommend the consideration of flexibility in a scheme that obligates online retailers to collect containers. We have no strong evidence in favour of one of option 1 (obligate all online retailers to offer a takeback service) or option 2 (a de minimis based approach to obligate qualifying retailers selling in-scope containers to offer a takeback service), but would caution against option 3 (no obligation for online retailers to offer some sort of takeback service). Obligating online retailers to offer a takeback service will ensure fairness across retailers, and maximise convenience and choice for consumers—both key aspects of a successful deposit return scheme.

Question 44: Please indicate which exemptions [for retailers] you agree should be included under the scheme.

We support that the consultation suggests that small stores can apply for exemptions based on proximity to other return points and safety concerns, and would encourage that the DMO undertakes strategic mapping of return point distribution to make most efficient use of these expensive resources balanced against consumer convenience.

Digital DRS

Members of the Digital DRS Industry Working Group, LARAC (the Local Authorities Recycling Advisory Committee), Tetrapak and technology companies told us they supported development of a digital DRS system which may have advantages over a traditional reverse vending machine (RVM)-based DRS.⁶⁴ These benefits include being able to use existing kerbside collection and the associated cost savings,⁶⁵ potentially increased collection rates since it is more convenient for consumers⁶⁶ and the ability to allow new materials in the future.⁶⁷ The Digital DRS Industry Working Group said that, until their further trials and research have been completed, the group remains impartial about their support for a digital DRS, but that the technology is one that should be fully considered for implementation.⁶⁸

We heard concerns from Alupro that the unique labelling on every container required for a digital DRS may be challenging for industry,⁶⁹ and from Reloop and CPRE that a digital system (which could use co-mingled kerbside collection) could adversely affect the quality of collected material as well as raising concerns for those without smartphones.⁷⁰ The results from pilots will be useful in guiding the next steps regarding a digital DRS, however we heard from CPRE, the Association of Convenience Stores and Coca Cola that as the system is currently unproven on a large scale, the possibility of a digital DRS should not distract from and delay the implementation of the DRS planned for England, Wales and Northern Ireland.⁷¹

64 [Q67](#); Digital DRS Industry Working Group ([DR50042](#)); Tetra Pak (DR50085)

65 [Q67](#) (LARAC)

66 British Retail Consortium ([DR50041](#))

67 British Plastics Federation (BPF) ([DR50014](#))

68 Digital DRS Industry Working Group ([DR50042](#))

69 [Q21](#) (Alupro)

70 [Q70](#) (Reloop); [Q98](#) (CPRE)

71 [Q98](#)

Question 49: Do you think the scheme could benefit from technological solutions being incorporated as a method of return, alongside reverse vending machines and manual return points?

We are encouraged by the idea of a digital DRS and the role it could play in contributing to world-leading deposit return schemes across the UK, potentially building on our existing kerbside infrastructure and allowing for flexibility in the scheme in the future. We welcome the steps taken to run pilot schemes across the UK, and look forward to seeing the results of these. However, we would strongly discourage the prospect of a digital DRS delaying the implementation of deposit return schemes in the UK, and instead recommend that flexibility is given to the DMO to be able to adopt new technologies such as app-based systems and smart bins into a deposit return scheme in the future.

Local authorities

Alupro emphasised that the UK is unique in introducing a DRS when it already has an established local authority-led kerbside collection.⁷² Therefore it is difficult to extrapolate from other countries' experiences of the impact a DRS could have on local authorities and the existing recycling collection.

We were told that the predicted economic costs to local authorities come from loss of revenue from recyclate which is removed by the DRS,⁷³ however with the new EPR reforms, the costs currently incurred by Local Authorities for dealing with packaging material waste will be covered by packaging producers.⁷⁴ Savings to local authorities could come from reduced kerbside collection costs (as there is less material to collect) and waste disposal costs⁷⁵. Reloop told us that in its study of global deposit return schemes, all the schemes that they looked at resulted in net benefit to local councils,⁷⁶ and the Local Government Association also said that they do not predict a major financial impact on councils from a DRS.⁷⁷

Cumbria Strategic Waste Partnership said that EPR payments notwithstanding, an 'all-in' DRS system would likely result in a higher loss of income in material revenue streams for local authorities. It said it has not been possible to model the precise financial impact due to the uncertainty on scope and materials included. It said it is therefore important that the DRS is not a standalone policy, and any loss of income arising from DRS is incorporated into EPR.

The consultation and impact assessment outlines predicted financial costs and benefits to local authorities from a DRS: in Wales, WRAP Cymru have estimated net benefits to local authorities of £500,000-£800,000 depending on the collection rate. The Impact Assessment for England, Wales and Northern Ireland predicts a material loss of revenue for local authorities of £85.5 million per year based on a 90 per cent collection rate with a DRS (table 13 on p49) but that local authorities will benefit from up to £64m to £85m per year of savings associated with reduced litter clean-up once the 90 per cent collection target has been reached.

72 [Q39](#)

73 [Veolia \(DRS0044\)](#)

74 [Q68 \(LARAC\)](#); Defra. 2021. Consultation on introducing a DRS [Impact Assessment](#)

75 [Q68 \(LARAC\)](#)

76 [Q71 \(Reloop\)](#)

77 [Local Government Association \(DRS0007\)](#)

We were pleased to hear from Rebecca Pow MP that the scheme is aiming to be cost neutral for local authorities and look forward to this being confirmed once the DRS and EPR reforms are introduced.⁷⁸