

Written evidence submitted by Reloop

Background

1. Reloop is an international non-profit organisation that brings together industry, government and NGOs who share a vision of a thriving global circular economy - a system where resources are kept in continuous use and waste and pollution are eliminated. Our broad network seeks to bring about positive change at all levels of resource and waste policy.
2. We use our collaborative and evidence-based approach to inspire and inform national policy makers, encouraging them to build policy that follows the waste hierarchy, encourages best practice and supports innovation, uses economic instruments when necessary and delivers behaviour change across the supply chain.
3. Our small, specialist team is a key influencer at a global level, making critical contributions to the development of circular economy policy across four regions – Western Europe and the UK, Central and Eastern Europe, North America and the Pacific.

Introduction

4. We welcome the Environmental Audit Committee's (EAC) ongoing commitment to ensuring an optimal deposit return system is introduced across England, Wales and Northern Ireland.
5. In particular, we appreciate the EAC's re-prioritisation of this issue during a busy political period.
6. Progress since the EAC's previous (but unfortunately halted) inquiry in September 2017 has been slow. It is only now, following the open consultation and related impact assessment on deposit return from February 2019, that we have news of an upcoming technical consultation, which we understand will begin shortly after the EAC's deadline for written evidence.
7. As further evidence is gathered, we hope the Committee will recall its previous recommendations for the proposed deposit system to collect a broad scope of materials, as well as for the system design to be harmonious with that of Scotland's.
8. At a time when producers, retailers and waste managers across the beverage supply chain react to the ongoing policy development by understandably attempting to protect their own interests, it is critical for decision-makers to remember our shared central objective - to reduce the waste and pollution caused by the absence of proper collection systems for beverage containers.
9. The proposed all-in deposit return system will achieve this ambition and the point now is to make sure this happens as quickly as possible and without perverse outcomes.

UK wastage figures for beverage containers

10. Reloop's analysis shows that beverage waste and pollution is occurring across the UK at an alarming rate. We will shortly be publishing our analysis of global sales data and nationally reported recycling rates for drinks containers in 93 countries, which in turn has revealed how

many bottles and cans are being wasted - with wastage defined as ending up in landfill, being incinerated or lost as pollution within our land and marine environments.

11. We include the UK wastage figures here, for the Committee's information.
12. Our analysis shows that, **in 2019, more than 8.5 billion drinks containers were wasted across the UK - an average of just over 270 containers wasted every second.**
13. Almost 40% of this wastage is PET bottles, just over 33% is cans, and 18% is glass. Per capita in the UK, around 130 empty containers are wasted each year.
14. Bear in mind this wastage is glass, plastic and aluminium - all finite materials that are easily recycled or re-used if collected properly.
15. For comparison, Germany, which has a deposit return system (both for single-use containers and refillable bottles, all subject to a deposit) sees an annual per capita wastage figure of just over 17 containers.
16. The move to a UK-wide deposit system for all beverage containers will see **a reduction in the UK's beverage wastage by over 85% per capita.**
17. Whilst the global pandemic has led to certain unavoidable delays, the ongoing calls from certain parts of industry to either restrict the deposit system's scope or to delay it until 2024 must be resisted. Each national government has to realise their commitments to reducing pollution and supporting methods of modern resource management as soon as possible.
18. International precedent shows that if best-in-class principles are followed - which we detail below in paragraph 65 - deposit return systems have the ability to transform our environments, reduce the burden on councils, boost the economy by creating new jobs and meet the calls from communities to reduce litter and pollution.
19. As deposit systems are an extended producer responsibility (EPR) scheme for beverage producers, they also meet the requirements for producers to pay for full net cost recovery, as opposed to externalising their costs onto the public sector and indeed the public.

Comments

The types of waste to be collected under the scheme

20. As a deposit return system is the EPR scheme for beverage containers, the types of waste collected should be drinks bottles, cans and cartons, including bottle caps, tethers and labels.

21. If the scheme is rightly focused on materials (the container) rather than liquids (the content), this demands that the system collects all drinks containers, regardless of what they contain.
22. The Scottish Government's decision to include all relevant materials regardless of the liquid they contain was based on the 2009 EU Commission communication, which states that the justification for including or excluding products needs to be on environmental grounds. For example, Scotland couldn't include glass bottles in its system but then exclude whisky in glass bottles on the grounds that the whisky industry - which is highly important within Scotland - wanted to be excluded from the system.
23. Given the UK Government's stated commitment to match or exceed any environmental legislation laid out by the EU, this should form the basis of the decision on what to include in the rest of the UK.

The materials to be included in the scheme's scope

24. At an absolute minimum, the scheme must align with the upcoming Scottish system and include all drinks containers made from glass, metal and PET plastic.
25. We would also refer the Committee to the UK Government's Impact Assessment (IA) of February 2019, which showed categorically that an all-in deposit system will deliver the widest range of benefits.
26. Glass is often the most contentious material to collect, as it presents unique complexities in terms of collection and handling, as well as being of far lower value than either PET plastic or aluminium. However, the UK Government committed to including glass within the deposit system in its 2019 manifesto (p43), which was a very positive step.
27. In addition, the high (and essentially unnecessary) costs of retrofitting a deposit system's infrastructure to accept glass at a later stage should also be taken into account.
28. The remaining UK nations could also consider including drinks cartons made from composite materials and HDPE plastic but, if they are excluded within this design phase, the returns infrastructure will easily be able to collect those containers in the future.
29. A system that is anything less than all-in risks creating customer confusion, alongside market distortion through producers potentially switching materials in an effort to avoid the scheme. This has been experienced in other countries where some materials were initially excluded, and it took further resources and parliamentary time to correct these mistakes.
30. There is now the opportunity to benefit from the experience of others and design and implement a best-in-class system from the start.

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

31. Again, when considering scheme design, achieving the central objective of the system - to reduce pollution and embed world-class resource management - has to remain the focus. For the system to do this the best option is an all-in system.
32. As the UK Government's Impact Assessment (IA) of February 2019 clearly shows, an all-in system is the only way to generate the best economic, environmental and social outcomes for England, Wales and Northern Ireland.

33. We anticipate that Defra will have updated this IA as part of the materials that support its upcoming consultation paper and would urge the Committee to consider any fresh evidence in this regard.
34. Scotland committed to an all-in system after extensive consultation, research and consideration, which it would be sensible to take into account. As the issue of 'interoperability' or harmonisation is so important, it is clear that the remaining nations of the UK should also follow this approach.
35. In terms of the deposit level, Scotland has already legislated for a flat deposit of 20p on every beverage container, so there is a strong argument that the remaining UK nations should consider doing the same, again for the purpose of seamless operations. People should be able to purchase a drink in Bath and return it in Bathgate without risk of confusion or additional costs to beverage producers and the deposit management organisation related to labelling and fraud prevention.
36. However, if the decision is taken to not harmonise the deposit amount with the Scottish system, it would be essential for the three remaining nations to set a minimum deposit level - for example, 20p - to ensure that consumers are still incentivised to make returns at a level that will ensure the system can reach its 90% target. If the deposit management organisation decides to introduce a variable deposit, then there could be a deposit scale set between 20p and a higher figure.
37. On the go - whatever that is decided to mean, as we understand a definition is still pending - has no precedent, as can be seen in [Reloop's bi-annual analysis of every deposit system](#) around the world.
38. In terms of the economic realities of the system, we would always recommend that the highest amount of material flows through it in order to be cost efficient, so the implied limitation of an approach where only some containers would be collected makes this option non-viable.

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

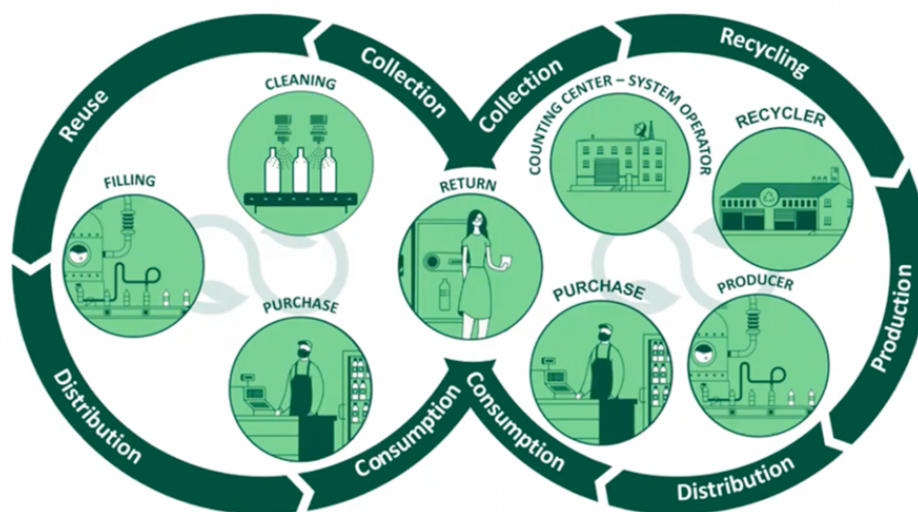
39. The fundamental principle here is that all retailers should be required to accept back any materials which they sell.
40. This should apply to online-only retailers too, if they are selling beverages.
41. This happens successfully in countries such as Norway and Germany and will also be a requirement in the upcoming Scottish system. More details of how this will work can be seen on the [Zero Waste Scotland website](#).
42. However, there will always be cases where a retailer legitimately needs to apply for an exemption, and this has been considered and regulated for clearly within the legislation for the upcoming Scottish system. As always, convenience for the consumer is critical, so exemptions must be considered on a per-case basis.

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

- 43. We assume this section relates to an assumption that people are currently shopping online more, as well as shopping less regularly for grocery items - moving from a more day-to-day approach to a weekly bulk shop - which of course is highly likely (and advisable) considering the current pandemic situation.
- 44. However, even if after the pandemic subsides the switch to online grocery shopping is sustained or even increases, a system that requires all retailers to be part of the system will withstand any shifts in consumer behaviour.

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

- 45. Our analysis has shown that following the demise of the UK’s previous deposit return system for refillable bottles in the early 1980s, there are only minimal, localised refillable systems for beverage containers. These systems would sit outside the proposed system, as its current scope does not include refillable bottle systems and so they would not be impacted.
- 46. However, if it was the intention of the deposit management organisation or governments across the UK to introduce refillable beverage bottles at a later stage - which for certain material types such as glass there is good reason to consider this, as our report from December 2020 shows - the UK-wide deposit system will already have created the system conditions for this.
- 47. As our graphic indicates below, from a consumer perspective the purchase and return of deposit-bearing containers, either single-use or refillable, remains the same, whilst the container collection infrastructure already in place allows the deposit management organisation to run complementary systems behind the scenes.



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

- 48. As the UK, Welsh and Northern Ireland governments have worked on three inter-related policy interventions at the same time - deposit return, extended producer responsibility across the UK and the harmonisation of kerbside services in England - the historic dependence of local councils on higher value materials to subsidise waste collection systems will become largely redundant.

49. However, as a successful deposit system with a return rate of 90+% will still result in a low number of containers being collected via street sweeping or local waste collections, it is important to get the approach for collecting these remaining containers right and ensure that local authorities and waste sorting facilities are fairly remunerated.
50. For the benefit of all stakeholders involved, the central principle is to make sure any containers that end up outside the deposit system are returned to it in the same way that the system accepts and counts all other returns – by unit (ie. by container).
51. Therefore, those received at a waste sorting facility should be picked off unit by unit and, as would be the case with any type of manual returns, be bagged, tagged and collected via the deposit system's logistics.
52. They can then be properly counted, maintaining the data transparency of the system and ensuring the highest possible volume of materials are flowing through it, in turn keeping the producer fees as low as possible.
53. The redeemable deposits attached to the containers should be returned to the waste sorting facility and the local council can be reimbursed for their handling of the containers via a negotiated share of the redeemed deposits as part of their contract with the facility.

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

54. The impressive work done by the teams within the UK Government, Welsh Government and the Northern Ireland Executive to weave together these inter-related waste initiatives must be recognised here. It is nothing short of a revolution for these issues to have been dealt with in this way and it is a model that Reloop now references and promotes in our work in other regions.
55. Fundamental to the success of each of these initiatives is to understand that improvement and evolution are not evidence of past failure. With what we now know in terms of climate change, resource scarcity and the catastrophic impact on our environment of packaging that's not collected properly, alongside advancements in technology for both industry and citizens, we have no choice but to advance all of the proposed policy interventions in order to achieve each government's ambition of improving the environment and repositioning costs fairly back onto the polluter.
56. The only negative factor of the policy interventions being so intertwined is that a delay to one may lead to a delay to all.
57. Pressure from certain sectors always has the potential to push these progressive policies into the long grass and we hope the Committee will urge all governments involved to press ahead with the original schedules agreed.

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

58. The Resources and Waste Strategy rightly outlines a range of ambitious targets, activities and interventions to improve environmental standards. In terms of deposit return, the most significant is likely to be the ambition to reach 65% recycling for packaging waste by 2025.

59. Of course, the deposit system would also contribute to the specific targets related to material type, including plastic, aluminium and glass.

60. As these targets are intended to come into force by 2025, it's worth noting that any delay to the introduction of a deposit system in England, Wales and Northern Ireland will strongly undermine the ability of producers to meet this target.

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

61. In order to be at its most efficient and economically viable, the system introduced in England, Wales and Northern Ireland must be interoperable with Scotland's upcoming system.

62. Ideally, both systems will include the same deposit level and materials, utilise a single labelling and barcode system, and operate within a return to retail model.

63. This will reduce the risk of consumer confusion, as well as any potential for fraud and support small and large producers in terms of eliminating the need for separate stock-keeping units (SKUs).

64. Other elements where there could be divergence between the systems, such as the approach to retailer exemptions being different, would be of much lower risk in terms of the integrity of the system.

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

65. Based on our knowledge about each of the deposit systems currently in place, alongside a great deal of ongoing research and analysis - available at www.reloopplatform.org - we offer the following principles for a best-in-class deposit system:

- An effective deposit value, which is high enough to incentivise returns
- Convenience for consumers, which is critical to the success of the system, with the best-performing deposit systems operating a return to retail model where retailers receive handling fees
- The widest possible scope of containers and material types, so that the highest flow of valuable materials supports the economics of the system
- A centralised system, run by both beverage producers and retailers as part of an independent non-profit organisation, to incentivise a high performing system that works for all stakeholders
- Mandatory targets for collection, recycling and convenience, which increase over a (typically) three-year period, with enforceable and substantial penalties in place if the targets aren't met, in order to avoid the perverse incentive of running a sub-optimal deposit return system funded by unredeemed deposits

- Full transparency in terms of the flows of material, funding and data
- A system funded by a combination of material revenues, unredeemed deposits and producer fees
- Consistent consumer-facing campaigns - both in advance of implementation and afterwards - to ensure the public are prepared and informed

Thank you for the opportunity to provide written evidence. We would be happy to provide oral evidence if the Committee decide that would be useful.

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