

# Deposit Return Schemes

## fdf member update

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# Agenda

- 1. What is a DRS, why is it being implemented?**
- 2. Implementing DRS in the UK**
- 3. Producer & Retailer Responsibilities**
- 4. Deposit & Material Flow**
- 5. Timings of Implementation**
- 6. Q & A**





# Deposit Return Schemes

## What?

In the UK, DRS will **financially incentivise consumers** to present single-use drinks containers for recycling

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## Why?

UK consumers use **14 billion plastic drinks bottles, 9 billion drinks cans and 1.5 billion glass bottles** a year

By volume, **drinks containers make up 75%** of the litter found on UK streets (National Litter Survey)

Current recycling rates of drinks containers around 70-78% with slow improvements of late; **alternative approaches needed?**



# Implementing DRS across the UK

**Separate DRS systems** being implemented at different times

- Both will target a **90%** container return rate

## **Scottish delayed until DRS 16<sup>th</sup> August 2023**

- 90% container return target in 2025
- Circularity Scotland set up as administrator
- 20p deposit

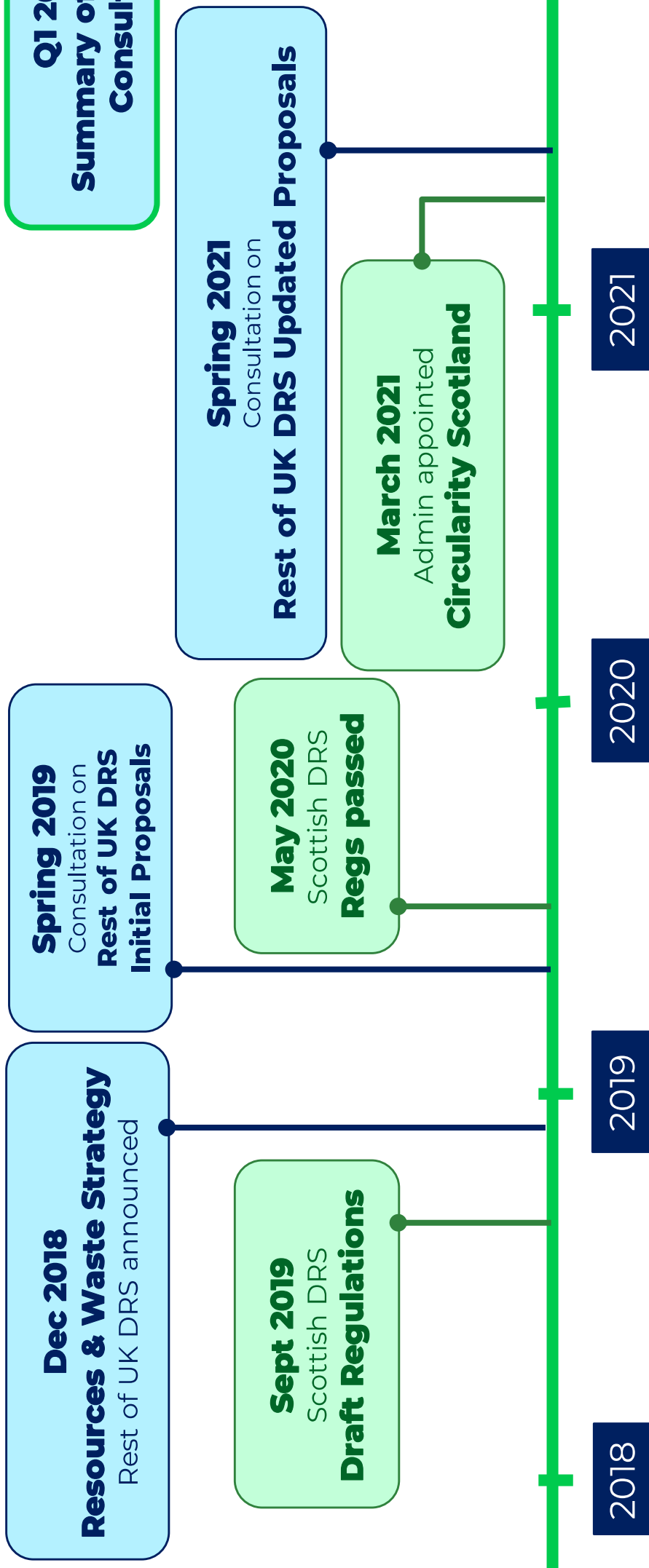
## **'Rest of UK' DRS proposed for 'late' 2024**

- Final implementation date and administrator TBD
- Deposit level will be set by the administrator
- More information expected early 2022



# The State of Play

## Where are we in the DRS reform process?



# What products does the DRS cover?

**Deposit added to each single-use drinks can/bottle intended to be sold in an airtight state**

**Both the Rest of UK and Scottish DRS plan to cover**

- PET plastic bottles
- Steel & Aluminium cans
- Glass bottles

**No beverage specific exemptions will apply**

- Alcohol likely in scope, milk often in HDPE

**Secondary/ tertiary packaging is not in-scope**

- Pay for placing multipack, shelf-ready and transport packaging on market through contributions to existing PRN or future EPR system



# What drink sizes are covered by DRS?

## **'All-in' DRS already confirmed in Scotland**

- All containers within in-scope materials, 50ml to 3L (2.2bn units)
- Multipacks included, treated same as single units

## **Rest of UK DRS size scope remains TBA**

- 'All-in' or 'on-the-go' approaches still being considered
  - 'On-the-go' = containers less than 750ml, no multipack units (7.4bn units)
  - 'All-in' would cover 23.7 bn containers per year
- Welsh Gov. keen to adopt 'all-in' but wants unified approach



# Producers' Responsibilities

**UK Brand Owners, Importers of Non-UK brands + Online Retailers**

**DRS systems are a form of Extended Producer Responsibility**

- **Payments to DRS Administrator(s) replace PRN or EPR payments**
- **Plastic packaging tax may still apply**

## **What do Producers need to do?**

- **Register** with the Scheme Administrator each year, declaring:
  - Sales numbers of in-scope products (last year & forecast)
  - Provide examples of in-scope containers
- **Record & report** DRS products sold in each nation, by material (at intervals TBC)
- **Finance** A) DRS Administrator's costs and central DRS infrastructure through paying **'product handling fee'**  
B) Operating costs of return points and services, through payment of **'handling fee'**





# Retailers' Responsibilities

## Bricks & Mortar, Online Retailers and Vending Machine Owners

### Provide DRS information to consumers at the point of sale

- Products in-scope, applicable deposit rate, how & where a deposit can be redeemed

### Operate a return point for any empty DRS containers, either manual or RV

- Costs offset through 'handling fees' from the DRS Administrator for each unit collected
- Exemptions may be granted on case by case basis e.g. cost, proximity to another return point

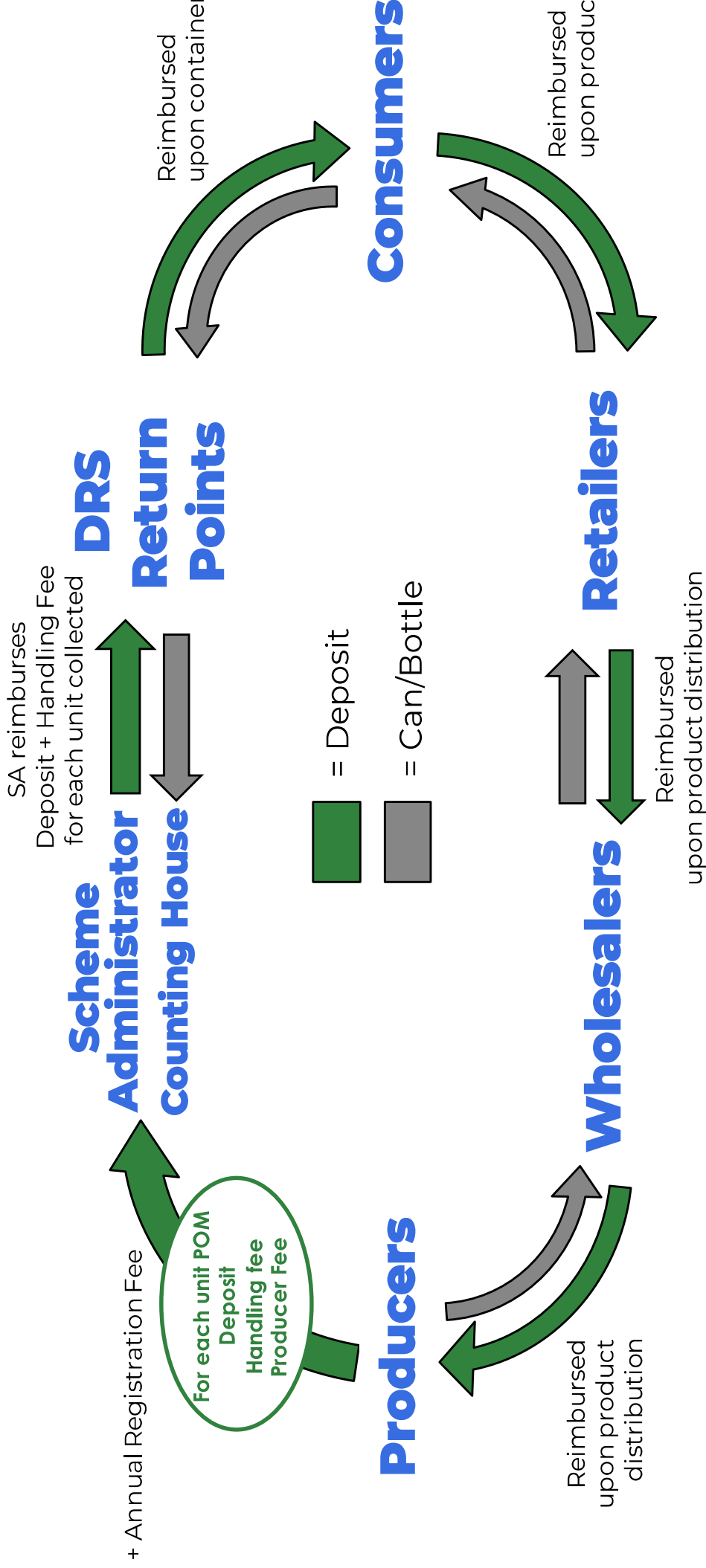
### Online retailers to offer DRS container takeback service from site of delivery

- Can charge collection fees that must be reimbursed to consumers returning in-scope articles

### Hospitality Retailers selling DRS products for on-site consumption only required to operate return points if they charge deposits to consumers

- Any hospitality venues allowing off site consumption must charge deposits and return point

# Material & Deposit Flow



DRS fees only become payable once DRS goes lives

# Financing the DRS

## Scheme Administrator's costs met through combination of:

- Sale of collected containers to recyclers
- Deposits unredeemed by consumers
- Shortfall made up by producer fees

Producer fees likely to vary

- a) Container material
- b) Cost of recycling the container
- c) DRS Labelling on containers

## 'All-in' Scottish DRS

- Initial implementation costs **£28 million**
- Ongoing operational costs **£75 million/year**

Achieving 76kT additional recycling

## Rest of UK DRS

### All In (23.7bn containers/year)

Initial implementation costs **£2.15bn**

Ongoing operational costs **£172m /year**

Vs.

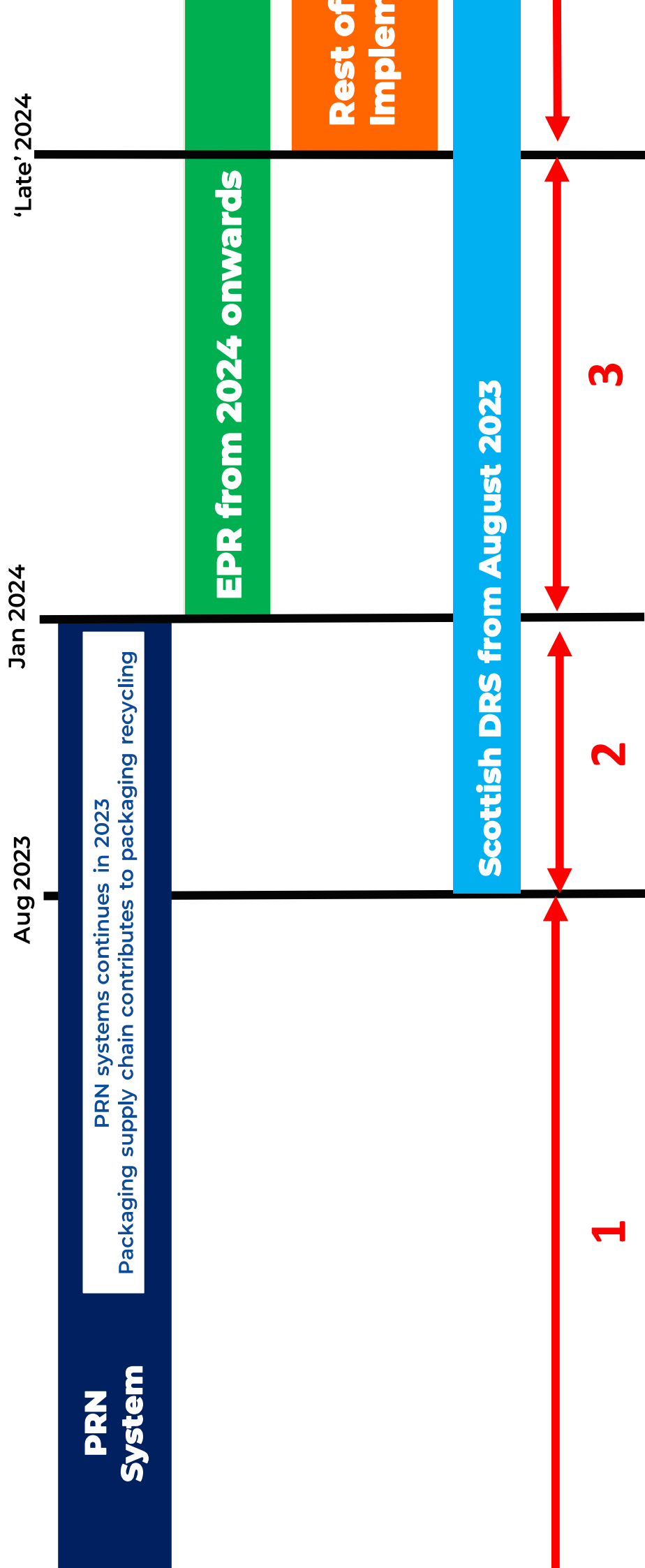
### On-the-go (7.4bn containers/year)

Initial implementation costs **£1.24bn**

Ongoing operational costs **£85m /year**

# DRS Implementation

## Numerous stages where producer responsibility rules change





# DRS Implementation

## Current System until August 2023

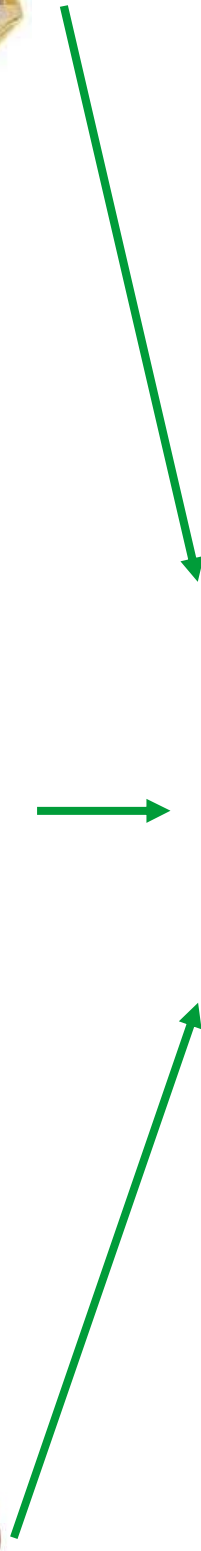
**Primary**



**Secondary**



**Tertiary**



### **UK PRN System**

Supply chain pays per tonne to obtain PRNs that contribute to packaging recycling based on last year's packaging usage

# DRS Implementation

16<sup>th</sup> Aug 2023 to 31<sup>st</sup> Dec 2023

Scottish DRS Implemented

**Primary**



**Secondary**



**Tertiary**



## Circularity Scotland

Brand Owner/Importer pays

20p Deposit

+ Producer Fee (TBA)

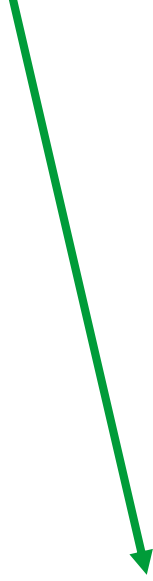
+ Handling Fee (TBA)

for each unit from August 16<sup>th</sup>

+ report 2022 sales data

## UK PRN System

Supply chain pays per tonne to obtain PRNs that contribute to packaging recycling based on 2022 packaging usage



# DRS Implementation

1st Jan 2024 – ‘Late’ 2024

UK Packaging EPR Implemented

**Primary**



**Secondary**



**Tertiary**



## Circularity Scotland

Brand Owner/Importer pays  
20p Deposit  
+ Producer Fee (TBA)  
+ Handling Fee (TBA)

for each unit from August 16th

## UK EPR System

Brand Owner/Importer pays per tonne rate  
reflective of full net waste management costs  
based on 2023 packaging usage & its recyclability

# DRS Implementation

## 'Late' 2024 onwards

## Rest of UK DRS implemented

**Primary**



**Circularity Scotland**

Brand Owner/Importer pays  
20p Deposit  
+ Producer Fee (TBA)  
+ Handling Fee (TBA)  
for each unit POM



**Rest of UK DRS Administrator**

Brand Owner/Importer pays  
20p Deposit  
+ Producer Fee (TBA)  
+ Handling Fee (TBA)  
for each unit

**Secondary**



**UK EPR System**

Single party pays per tonne rate  
reflective of full net waste management costs  
based on 2023 packaging usage & its recyclability

**Tertiary**





# Looking ahead to 2022/23

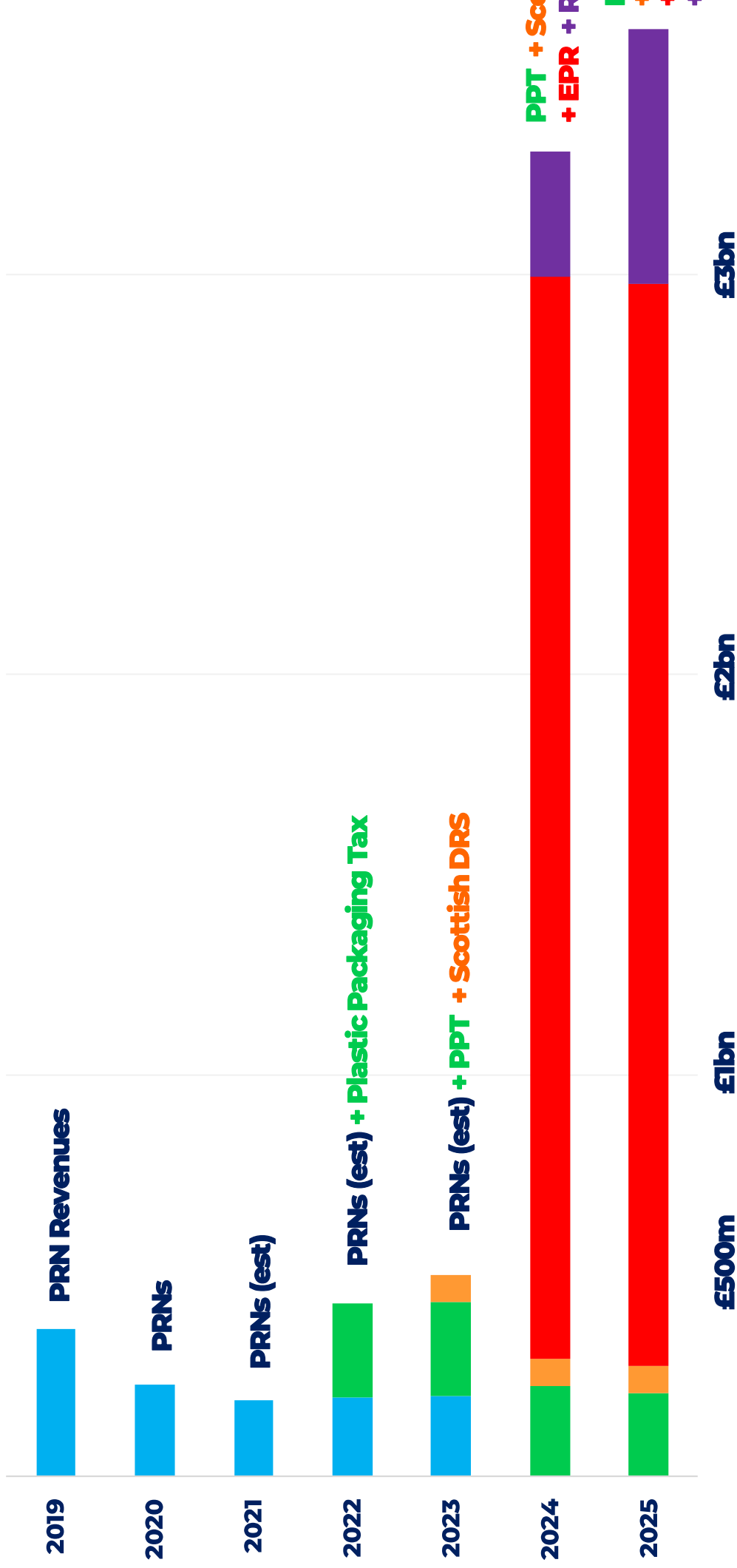
## What aspects of DRS are still to be decided/announced?

- Producer and handling fee levels for both systems
- Regularity of packaging sales reporting (quarterly/monthly)
- Cost estimates of EPR/DRS likely to change?
- Timings/Implications of DRS for PRN system
- Rest of UK DRS Administrator appointment
- Feasibility of digital DRS?
- VAT on deposits



# The Packaging Reforms

## How much will they cost obligated businesses?



# Thank you Questions?

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