

ACS Submission – Introducing a Deposit Return Scheme

ACS (the Association of Convenience Stores) welcomes the opportunity to respond to the Department for Environment, Food and Rural Affairs' consultation on introducing a Deposit Return Scheme in England, Wales and Northern Ireland. ACS is a trade association, representing 33,500 convenience stores across the UK. Our members include the Co-Op, Spar UK, Nisa Retail and thousands of independent retailers. For more information, see Annex A. This submission also represents the views of Retail NI, which represents over 1,300 members wholesalers and independent retailers of all kinds.

ACS has concerns about the impact that a deposit return scheme would have on retailers, particularly regarding their role in taking back containers. As such, we have developed principles on what a well-designed deposit return scheme looks like to ensure that the introduction of a DRS does not place considerable burdens on small retailers. ACS' preferred model for a deposit return scheme includes the following principles:

A DEPOSIT RETURN SCHEME THAT WORKS FOR LOCAL SHOPS


the voice of local shops

1 HOW THE SCHEME SHOULD BE MANAGED



How should the scheme be introduced?

- Principles of the deposit return scheme, such as return point exemptions and handling fees, should be defined in legislation and informed by objective evidence.



What's the role of the Deposit Management Organisation?

- Must be industry led and include representatives from businesses which operate return points.
- Cover the costs of purchasing, installing, maintaining reverse vending machines, and backhauling of material through the supply chain.



How should DRS work with other schemes?

- Must be coherent alongside other extended producer responsibility schemes, including reforms to the PRN system and introduction of the plastic packaging tax.

2 GETTING RETURN POINTS RIGHT



Where should return points be located?

- Return points should be determined by **strategically mapping** locations rather than mandating every location that sells drinks to take back containers.
- Outlets smaller than 280 sqm should be exempt from the scheme as they have limited sales and storage space to facilitate a deposit return scheme.
- Small outlets should be allowed to apply to the Deposit Management Organisation to opt-in if they do want to participate in the scheme or participate in a community run Reverse Vending Machine.



Which materials should be in scope?

- PET bottles should be in scope, alongside metal drinks cans.
- Glass presents logistical challenges for return points as well as health and safety issues for staff.
- On-the-go products should only be in scope to minimise the impact on kerbside household recycling collections.

3 RETAIL ISSUES



Manual returns or reverse vending?

- Drinks containers should only be returned through a network of reverse vending machines.
- No retailer should be forced to ask staff to manually take back packaging. It is not workable for small shops due to the limited space in store, the pressures and risks this would place on staff, and the hygiene issues it presents.



What should handling fees cover?

- Handling fees must adequately cover the costs of taking back drinks containers, accounting for staff time, the cost of reverse vending machines and lost sales space, so that a DRS is cost neutral for return points.

For more details on this briefing, contact a member of the ACS team on 01252 515001. For more details on ACS: Visit: www.acs.org.uk Call: 01252 515001 Follow us on Twitter: @ACS_Localshops

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Based on the plans announced by the Scottish Government on what a deposit return scheme would look like in Scotland, the scheme would have a significant impact on small shops. The Scottish Government has confirmed they will mandate the manual handling of returned packaging at small stores and ruled out an exemption for shops smaller than 280 sqm. This is despite committing in their Programme for Government in 2017 to address specific difficulties that small retailers will have under as part of the design of a deposit return scheme. While we have previously called for one unified scheme across the UK to promote consistency, Scotland's design of a deposit return scheme should not be replicated in England, Wales and Northern Ireland given the significant impact it would have on small shops. The government should consider whether it would be beneficial to monitor the progress of a deposit return scheme in Scotland to understand the successes and challenges of the scheme before introducing a deposit return scheme in the rest of the UK.

ACS Research

To inform our submission and our position, we have referred throughout to research that ACS commissioned in May 2017 which comprises of six focus groups across the UK to look at the views of both retailers and consumers on DRS¹ (a summary of the focus group findings can be found in Annex B). There was a strong consensus from retailers that a DRS should not be introduced as it would place additional burdens and pressures on retailers. They raised specific concerns about the lack of space in-store to process returns, increases in staff costs, in-store delays, and staff handling dirty containers.

In addition to the retailer focus groups, we asked 1,210 independent retailers in the ACS Voice of Local Shops survey whether they would have the space to accommodate DRS in their store. The results of the survey reiterated retailers' concerns that lack of space-instore to process returns is a significant concern. 71% of retailers responded that they either did not have the space to process bottle returns in-store or would have to make significant changes to their stores to facilitate a deposit return scheme².

ACS' research also looked at how consumer behaviour may change if a DRS is introduced. The focus groups suggested that while consumers were sympathetic to the principles of DRS, they believed there were other solutions that would be more effective to increase their level of recycling. In particular, consumers had concerns that a deposit return scheme would place additional costs on consumers, make recycling more complex, and may impact on individuals who cannot return their empty containers, for example, car-less households³.

To support the work of the consumer focus groups, we commissioned consumer polling of 2,000 UK adults to understand their current recycling habits and what interventions would encourage them to recycle more. The polling⁴ suggests that that 70% of consumers preferred to have kerbside household recycling collections rather than a DRS for bottles and cans. Consumers also responded that they were likely to recycle more if more packaging was recyclable (37%), packaging was more clearly labelled as recyclable (35%) and recycling household collections took a greater range of recycled goods (29%). A summary of the results from consumer polling can be found in Annex B.

¹ Jericho Chambers: Deposit Return Scheme – views of retailers and consumers 2017

² ACS Voice of Local Shops survey May 2017

³ Jericho Chambers: Deposit Return Scheme – views of retailers and consumers 2017

⁴ Populus DRS Consumer Polling 2017

We would welcome further engagement with the Department for Environment, Food and Rural Affairs as they develop what a deposit return scheme would look like in England, Wales and Northern Ireland, including what measures should be taken to mitigate the impact on small retailers. For more information about this submission, please contact Julie Byers, ACS Public Affairs Manager by emailing Julie.Byers@acs.org.uk or calling 01252 515001.

1. Would you like your response to be confidential?

No.

4. Please provide information about the organisation/business you represent.

Business representative organisation/trade body. ACS represents 33,500 convenience stores across the UK.

5. Please provide any further information about your organisation or business activities that you think might help us put your answers in context. (Optional)

Please see Annex A.

6. Does your organisation have any recent experience of a DRS or related policy schemes? If so, can you please briefly explain your experiences?

ACS part-funded and supported the 'Leeds by Example' campaign by Hubbub, launched in October last year, which is trialling a range of new on-street recycling infrastructure to increase recycling rates including; recycling reward machines, 'bubble-blowing' bins, and recycling collection bikes in Leeds. The campaign aims to provide customers with an 'on the go' means of recycling for plastic bottles, drinks cans, coffee cups and other packaging. The trial also placed 7 recycle reward machines across Leeds, including a reverse vending machine in a convenience store in Leeds. An evaluation of the first phase of the trial has been carried out which found that the recycle reward machines had less than 10% contamination but only 5% of the rewards were redeemed. The evaluation also found that 95% of people liked the idea of recycle reward machines, but usage was mostly motivated by a belief in recycling rather than financial reward.

ACS also works closely with the Scottish Grocers' Federation (SGF) which is currently undertaking a Reverse Vending Machine pilot in three independent convenience stores in Scotland. Information on the results of the pilot will be available shortly.

7. Are you content for the UK government, or in Wales, the Welsh Government, or in Northern Ireland, DAERA to contact you again in relation to this consultation?

Yes.

8. Do you agree with the basic principles for a DRS?

We agree with the basic principles for a DRS. In particular, we agree with the principle which sets out that schemes should not create unfair or unreasonable costs of compliance for businesses. ACS has concerns regarding the impact that a deposit return scheme would have on retailers regarding their role in taking back containers. A well-designed DRS could

ensure that it does not place considerable burdens on small retailers. See ACS' principles for a deposit return scheme in the introduction of our submission.

9. Should the following materials be-in scope of a DRS:

a. PET bottles

Yes, as the system should be first and foremost intended as a way of tackling plastic waste. If a DRS included PET bottles as the only material in scope this would reduce the cost and number of reverse vending machines required at return points. For example, a return point would only be required to provide a single reverse vending machine to accept plastic. Limiting a DRS to PET plastic drinks containers could ensure that the introduction of a DRS is straightforward and simple for consumers to understand.

b. HDPE bottles

No. HDPE plastic is largely used to milk-based products which presents hygiene implications as these materials may still contain dairy residue. This has particular implications for return points if they are required to manually handle these products as they may be stored in open bags and there is potential for cross contamination.

c. Aluminium cans

Yes. Including metal drinks cans alongside PET drinks containers will have a minimal impact on a return point as one reverse vending machine can accept both materials. However, we believe that the definition of metal cans should only capture "on-the-go" drinks containers.

d. Steel cans

Yes. Including metal drinks cans alongside PET drinks containers will have a minimal impact on a return point as one reverse vending machine can accept both materials. However, we believe that the definition of metal cans should only capture "on-the-go" drinks containers.

e. Glass bottles

No. We believe that glass should not be included within a deposit return scheme as it would require return points to invest in additional or more sophisticated reverse vending machine. Lower cost reverse vending machines will only accept plastic and metal containers. If a return point was required to take back glass containers manually this could present additional health and safety issues for staff as there is more of a risk for breakage, which would mean staff handling broken glass.

10. Should the following materials be-in scope of a DRS:

a. Cartons e.g. Tetrapack

No. The scheme should ensure that the products in scope are manageable in the operation of the system. Therefore, we believe that cartons should not be in scope of a DRS as they would not be able to be accepted by most RVMs and therefore would have to be accepted manually. Manual take back presents significant operational implications for return points as stipulated in our response to Question 34b.

b. Pouches and sachets, e.g. for energy gels

No. The scheme should ensure that the products in scope are manageable in the operation of the system. Therefore, we believe that pouches and sachets should not be in scope of a DRS as they would not be able to be accepted by most RVMs and therefore would have to be accepted manually. Manual take back presents significant operational implications for return points as stipulated in our response to Question 34b.

11. If a DRS were to be introduced, should provisions be made so that glass bottles can be re-used for refills, rather than crushed and re-melted into new glass bottles?

No. This would require new infrastructure to be developed in addition to a deposit return scheme for single-use drinks containers.

12. Should the following drinks be in-scope of a DRS:

Other (please state which):

The government should start with the material of the container rather than the product it contains for the basis of deciding the scope of the scheme as the purpose of a deposit return scheme is to tackle the packaging waste rather than the product. However, defining the scope of a deposit return scheme may provide clarity for consumers.

As stated above, HDPE plastic which contains milk-based products should not be included within the scope of the scheme as it would present additional hygiene issues. We also believe that glass should not be included due to its operational implications on return points. Therefore, the government should consider whether it would be useful for clarity for consumers to exclude alcohol from the scheme as alcohol products are largely bottled in glass.

13. Do you think disposable cups should be in the scope of a DRS?

a. Disposable cups made from paper with a plastic lining (such as those used for coffee)

The scheme should ensure that the products in scope are manageable in the operation of the system. Therefore, we believe that disposable cups should not be in scope of a DRS as they would not be able to be accepted by most RVMs and therefore would have to be accepted manually. Manual take back presents significant operational implications for return points as stipulated in our response to Question 34b.

b. Disposable cups made of plastic (such as those used in vending machines)

The scheme should ensure that the products in scope are manageable in the operation of the system. Therefore, we believe that disposable cups should not be in scope of a DRS as they would not be able to be accepted by most RVMs and therefore would have to be accepted manually. Manual take back presents significant operational implications for return points as stipulated in our response to Question 34b.

14. Do you agree with the proposed material flows as described above?

Yes.

15. Do you agree with the proposed financial flows as described above?

Yes.

16. Should producers obligated under a DRS be:

a. Exempt from obligations under the reformed packaging producer responsibility system for the same packaging items.

If shared responsibility is retained under the reformed packaging producer responsibility system, producers obligated under a DRS should be exempt from obligations. We support the packaging producer responsibility system moving to a Single Point of Compliance at Brand Owner. If Single Point of Compliance is introduced, retailers would not be obligated for the same packaging items as under a DRS as they would not be obligated producers. The government must consider how the change to extended producer responsibility including the introduction of a deposit return scheme and reforms to the packaging producer responsibility system will interact to avoid double taxation on businesses.

17. If producers were obligated under both a DRS and a reformed packaging producer responsibility system for the same packaging items, how could we effectively ensure that they would not be unfairly disadvantaged by a 'double charge'?

We believe that the exemption for producers should apply to ensure that they do not face a 'double charge'.

18. Do you agree that the DMO should be responsible for meeting high collection targets set by government?

Targets should be agreed between the DMO and government and be informed by objective evidence.

19. Should the DMO also be responsible for meeting high recycling targets set by government?

Targets should be agreed between the DMO and government and be informed by objective evidence.

20. Should unredeemed deposits be used to part-fund the costs of the DRS system?

Yes. In other countries, unredeemed deposits are used to fund the costs of the DRS system.

21. If unredeemed deposits are not used to part-fund the costs of the DRS system, do you agree they should be passed to government?

No. Unredeemed deposits must be used to part-fund the costs of the DRS system.

22. Do you have alternative suggestions for where unredeemed deposits could be allocated?

No. Unredeemed deposits must be used to part-fund the costs of the DRS system.

23. If the scheme is managed by the DMO, which of the following bodies should be represented on the management board:

Industry, Government, Companies representing those hosting return points

The ownership of the DMO will play a key role in the accountability and delivery of the deposit return scheme and therefore should be representative of the whole supply chain involved with DRS. As such, the DMO should be accountable to a Board. Given that return points will play an integral role in the delivery of a deposit return scheme, we believe that there should also be representatives from businesses which act as return points on the Board.

To ensure that the Board has the appropriate expertise to hold the DMO accountable for the delivery of the deposit return scheme, members of the Board should include representatives involved with the day-to-day operations of the deposit return scheme in their own businesses. This will allow for more technical issues to be discussed and resolved to ensure the smooth running of the deposit return scheme.

The government should consult on the corporate governance that would inform the management of the DMO, such as which processes must be in place to ensure that an election of members to the Board is fair.

24. Should there be government involvement in the set-up/running of the DMO body?

Yes. The principles of the deposit return scheme, including return point exemptions and handling fees, should be defined in legislation and be informed by objective evidence. This will ensure that all parts of the DRS supply chain, including small format retailers are represented.

25. Do you agree with the government's proposals that a DMO would:

- a. **Advise government on the setting of the deposit level/s**

Yes.

- b. **Set producer/importer fees**

No.

- c. **Be responsible for tracking deposits and financial flow in the DRS – and ensuring those running return points are paid the deposits they refund to consumers**

Yes. The DMO should ensure that the money in the deposit return scheme is fully accounted for and that the cost of operating return points is fully reimbursed. There should also be oversight by the DMO board and the government to ensure that return points are compensated appropriately.

d. Set and distribute the handling fees for return points

We believe that the DMO should only be responsible for distributing handling fees. Any DRS that requires retailers to take back drinks containers must be cost neutral and therefore to ensure that handling fees adequately compensate return points as part of the scheme, the government must consider how handling fees would be agreed. Would handling fees be agreed commercially or through legislation? How would handling fees change over time, for example, reviewed each year to take retailers' costs into account? Would handling fees increase with inflation? Will larger retailers receive a better 'commission' due to negotiating power, leaving smaller retailers disadvantaged? We also have concerns that handling fees may deteriorate over time, similar to other commission rate services operating in convenience stores.

The government should instead be responsible for setting handling fees which should stipulated in Primary Legislation to ensure that the handling fee fully compensates return points. To ensure that DRS is cost neutral for retailers there could also be a requirement to conduct economic analysis of the impact of the deposit return scheme on return points and review it on an annual basis to determine the handling fee, which would also take into account factors including inflation and operating costs. This will mean that the DMO is bound by legislation to fully compensate return points for the costs of taking back containers rather than the fee being subject to commercial decisions by the DMO as this could mean that the handling fee falls short of covering the costs of taking back containers at the return point.

As there is no uniform rate for setting handling fees⁵, the government should consider determining its own system to calculate handling fees. The calculation of handling fees in other countries where deposit return schemes can be confusing as they vary depending on both the material accepted and whether it was returned through manual take back, reverse vending machines (without compaction) and reverse vending machines with compaction. As such, we would encourage the government to undertake research into the cost of handling for different types of return points so that the handling fee provides appropriate compensation.

We have heard from retailers in Sweden⁶ and the Netherlands that handling fees often do not cover the cost of taking back containers. In the Netherlands, retailers have even called for container collection points to be relocated from stores because of the cost of processing DRS significantly outweighs the handling fee paid to them⁷. Therefore, we believe that retailers' handling fees should be proportionate to the burden placed on them rather than based on the value of recycling.

e. Be responsible for ensuring that there are appropriate return provisions for drinks containers in place, and that these are accessible?

⁵ [Reloop: Deposit Systems for One Way Beverage Containers Global Overview](#)

⁶ Conversations with Swedish retail trade association in 2017

⁷ Discussions with Netherland retailer in 2017

Yes, it should be up to the DMO to map optimal locations to host reverse vending machines to ensure that the deposit return scheme can achieve the highest return rate possible, however, where exemptions have been agreed, such as an exemption for shops smaller than 280 sqm, should be set out in Primary Legislation to ensure that a DMO does not simply reverse the exemption and require retailers not obligated to take part in the scheme to take part.

The process to determine which locations should host reverse vending machines should be based on evidence of which locations consumers most frequent to ensure that the scheme is convenient to consumers. This will mean that the scheme has the highest chance at success to change consumer behaviour from recycling at kerbside to bringing drinks containers to a reverse vending machine. For example, if a deposit return scheme was targeted at “on-the-go” products, then return locations must be at locations where drinks containers are consumed “on-the-go” including transport hubs, on-street, or workplaces.

The process should also be determined by the location’s feasibility of hosting a return point. For example, it would be unlikely that a convenience store under 280 sqm would be able to sacrifice the sales space to provide a reverse vending machine. However, it could be practical to place a communal reverse vending machine outside the store, on a shopping parade for instance. The process should also consider which rural locations would be most convenient to consumers to ensure that a deposit return scheme is also effective in rural locations as well as urban.

Mapping optimal locations to determine the locations of return points can also account for logistical issues, for example the DMO can ensure that that backhauling route for drinks containers is the most efficient. If every location that sells drinks was required to take back containers, not only would this be incredibly burdensome for convenience retailers, but it could overwhelm the logistical operations of the DMO.

This process would be similar to existing mapping criteria used for Post Offices, ATMs and National Lottery terminals. For example, the Post Office have a statutory duty to comply with the government’s access criteria for post office branches, which focuses on the distance to a Post Office and how much of the population is ‘x’ distance from a Post Office⁸. LINK has a Financial Inclusion Programme to ensure that consumers have free access to cash through ATMs which is based on distance⁹, while Camelot determine locations based on criteria including current and projected sales, footfall, store size, access and potential demand, It works by subsidising The government should consider how the mapping criteria is developed for these types of services and incorporate it within the deposit return scheme in England, Wales and Northern Ireland.

As evident in Australia, deposit return schemes can be effective without requirements on retailers to take back containers. South Australia for instance, has reached an 80% return rate^{10,11}. We encourage the government to assess whether mapping optimal locations, for example, a community reverse vending machine at a parade of shops, recycling centres, or public parks would be more appropriate than mandating any place that sells drinks to take back containers. This would not only mitigate the impact that a deposit return scheme would have on small shops but would provide more convenient and practice solutions for

⁸ [The Post Office Network Report 2018](#)

⁹ [LINK Financial Inclusion Programme](#)

¹⁰ Conversations with Australasian Association of Convenience Stores on Thursday 9th November 2017 4pm

¹¹ [Reloop: Deposit Systems for One-Way Beverage Containers: Global Overview](#)

customers looking to redeem their products “on-the-go”. However, there should be detailed consultation on how the process to map optimal locations would work.

f. Be responsible for maintenance of reverse vending machines (RVMs) and provision of bags/containers to those running manual return points

Yes. We believe that the DMO should not only be responsible for the maintenance of reverse vending machines but also the cost of reverse vending machines. DRS should be cost neutral for return points as they will face significant operational burdens, while manufacturers will benefit from the scheme. Therefore, we believe producer fees should be used to place reverse vending machines at return points to ensure that return points are not financially burdened from outlaying significant amounts of capital in investing in a reverse vending machine.

g. Own the material returned by consumers

Yes. The DMO should maintain ownership and income from the sales of material to ensure that it can offset the operational costs, including the cost of operations for return points to take back containers.

h. Reimburse those transporting returned drinks containers to recyclers/counting/sorting centres – and manage these contracts

Yes. If the DMO retains ownership of the material, they should also be responsible for the material to be collected from return points rather than it being backhauled through existing retailer logistics. As such, we would support an in-house or contracted collection system for the collection of material from return points.

If return points were required to backhaul the material using existing logistics, this would present challenges to the convenience sector due to the different types of convenience store ownership. Larger multiple retailers would own, or directly contract with, the logistics operation servicing their stores. Independent retailers are supplied by third party wholesalers who will have their own business decisions on the return of packaging to a central point for recycling or disposal with a specialist waste provider. In most cases, vehicles supplying convenience stores will service a number of outlets on each round of deliveries.

The complexities of the convenience sector mean that there are already logistical issues in convenience retailers' backhauling and waste disposal systems. Following consultation with retailers, the vast majority do not currently backhaul beverage container waste. Those who do backhaul only accept packaging waste including shrink wrap and cardboard and aim to cut down on their carbon footprint by backhauling packaging when they are making deliveries to a store. Retailers will have waste contracts in place with either their local authority or a specialist waste contractor to pick up their general waste and mixed recycling waste. According to ACS' Voice of Local Shops survey, 43% of independent convenience retailers use local authority collection for their mixed recycling.¹²

Retailers and wholesalers would also have to consider the impact of a deposit return scheme on the hygiene of the container backhauling process as containers collected would be of unknown cleanliness. It's likely that retailers would need to adapt their vehicles to

¹² ACS Voice of Local Shops survey

ensure the hygiene of their vehicle remains at a high standard. In addition, for a convenience retailer, the potential to have a mix of stores on a delivery/collection route with and without bottle crushing/compaction would add a further level of complexity in dealing with the returned bottles.

- i. **Fund counting sorting/centres – and manage the contracts for counting/sorting centres**

Yes.

- j. **Be legally responsible for meeting the high collection targets set by government for drinks containers within scope of the DRS.**

Yes.

- k. **Measure and report recycling rates to government**

Yes.

- l. **Run communications campaigns to aid consumer understanding of the DRS**

Yes.

26. Do you agree with our proposed definition of a producer?

Yes. We agree that retailers should not be within the scope of the proposed definition of a producer.

Return points, the majority of which will be small businesses under the government's proposals, will be responsible for the take back of containers and will incur operational costs for doing so. Return points will not benefit from the scheme and therefore, we welcome that the definition does not include return points which means they will also not be obligated to pay producer fees.

27. Should there be a de minimis which must be crossed for producers and importers of drinks in-scope of a DRS to be obligated to join the scheme?

No.

All producers should be required to put deposit return scheme-related information on each container to ensure consumers have clarity regarding which drinks containers are within scope of the scheme. Allowing producers to place drinks containers on the market without the information but be within scope of the scheme could lead to customer confusion, where customers may bring other containers not within scope of the scheme to return points.

ACS' Crime Report 2018 found that the top triggers for violence and verbal abuse are when staff and their staff are going about their typical working day, enforcing the law, for example, retailers when enforcing age-restricted sales through age-verification schemes such as

'Challenge 25'¹³. Therefore, customer clarity is key to ensure to minimise the triggers for violence and verbal abuse to the operator of the return point.

28. Should a de minimis be based on:

N/A

29. If there is a buy back scheme for recycled materials, do you have evidence for how this could be effectively run?

N/A

30. In line with the principle of full net cost recovery, the government proposes that producers would cover the set up costs of the DMO? Do you agree with this proposal?

No. If the government are introducing a deposit return scheme, they should be required to outlay the initial set up costs of the DMO. Producers should only be responsible for costs occurred by the running of a deposit return scheme through their producer fees administered by the DMO.

31. Should the DMO be responsible for co-ordinating the set-up of the DRS, including buying RVMs and an IT system?

Yes. As stated in response to question 25f, we believe that the DMO should not only be responsible for the maintenance of reverse vending machines but also the cost of reverse vending machines.

32. Should producers of drinks within a DRS be responsible for DRS operational costs?

Yes. Schemes in other countries administer producer fees to part-fund the operational of a DRS. Given that a DRS cannot fully rely on unredeemed deposits to operate, it is likely that producers will also be required to part-fund the scheme in the UK.

33. Which of the following should be obligated to host a return point?

f. Other (please specify)

Return points should be determined by mapping optimal locations rather than mandating all retailers based on whether that location would contribute to an effective return rate of containers. This could lead to not only more effective return rates but would also minimise the operational and financial burdens on small retailers

Designated drop-off points could be in a wide range of locations but should be considered in centralised, convenient, and accessible locations. It should be the responsibility of the DMO to determine which geographical locations would be suitable for reverse vending machines to be placed in. This process should be based on evidence of which locations consumers most frequent to ensure that scheme is convenient to consumers. For instance, if a deposit

¹³ ACS Crime Report 2018

return scheme is targeting “on-the-go”, then return locations must be at locations where consumers are “on-the-go” such as transport hubs, on-street, or workplaces. Not only does this option have the potential to minimise the impact of the scheme on retailers but would also assist the DMO in determining which locations would deliver the most effective return rate. It would also support the DMO in determining which rural locations would be most convenient to consumers to ensure that a deposit return scheme is also effective in rural locations as well as urban.

Mapping optimal locations to determine which locations should be return points can also account for logistical issues, for example the DMO can ensure that that backhauling route for drinks containers is the most efficient. If every location that sells drinks was required to take back containers, not only would this be incredibly burdensome for convenience retailers, but it could overwhelm the logistical operations of the DMO. Backhauling from even just the convenience sector which would make up over 41,000 of return points¹⁴ would be a logistical nightmare and could lead to an ineffective deposit return scheme where the sheer magnitude of the scheme overwhelms its operations.

As evident in Australia, deposit return schemes can be effective without requirements on retailers to take back containers. South Australia for instance, has reached an 80% return rate^{15,16}. We encourage the government to assess whether mapping optimal locations, for example, a community reverse vending machine at a parade of shops, recycling centres, or public parks would be more appropriate than mandating any place that sells drinks to take back containers. This would not only mitigate the impact that a deposit return scheme would have on small shops but would provide more convenient and practice solutions for customers looking to redeem their products “on-the-go”. However, there should be detailed consultation on how the process to map optimal locations would work.

34. What might the impacts be on those hosting:

a. Reverse vending machines? Where available, please share evidence to support your view.

While an automated system would mitigate a number of burdens placed on small shops if the deposit return scheme requires all locations which sell drinks containers to participate, it presents its own challenges including cost of purchasing and running machines, and space to put machines in-store. While there are a number of RVS models available for the take back of containers, for the purposes of this submission we have used two estimates¹⁷.

As recognised in the table above, the up-front costs of a reverse vending machine would range from £7,000 + VAT to £30,000. This is a considerable investment for a small convenience retailer. Zero Waste Scotland’s study suggests that 40% of convenience stores would require one reverse vending machine¹⁸, as such, this would cost between £115,640,000 to £495,600,000 for the 16,520 convenience stores in England and Wales¹⁹.

¹⁴ We do not hold data for convenience stores in Northern Ireland – this applied to ACS Local Shop Report 2018 data for England and Wales

¹⁵ Conversations with Australasian Association of Convenience Stores on Thursday 9th November 2017 4pm

¹⁶ [Re-loop: Deposit Systems for One-Way Beverage Containers: Global Overview](#)

¹⁷ Eunomia: A Scottish Deposit Refund System (Appendix to the Final Report for Zero Waste Scotland) 2015 cited that a RVS could cost around £30,000 with £2,000 installation costs and take up around 5m² of sales space in-store. [Reverse Vending Corporation suggest that one machine would cost £7,000 + VAT](#). Leasing over a 5 year lease would be £36 per week (£9,360) + VAT with £5.40 monthly energy costs. This machine would take up around 1m² in-store.

¹⁸ Eunomia: A Scottish Deposit Refund System (Appendix to the Final Report for Zero Waste Scotland)

¹⁹ 40% of convenience stores in Scotland

There also may be options for retailers to lease reverse vending machines rather than being presented with one upfront cost, which will be preferable to independent retailers. Valpak have suggested that while one machine would cost £7,000 + VAT upfront, leasing the machine over a 5-year lease would be £36 per week²⁰. However, for convenience stores, operating low margin business, putting up £1,872 a year to lease an RVM still presents a significant financial cost.

To put this in perspective, in the last year convenience retailers in England and Wales invested £666m in their business. On average, each non-affiliated independent retailer in England and Wales invested £6,626 in their business in the last year, while each independent symbol group retailer invested £11,258 in their business. The main areas of investment included refrigeration, in-store lighting and shelving. If a retailer were to invest in a reverse vending machine in their store, this would account for a considerable amount of their investment spend. A non-affiliated independent retailer would need to more than quadruple their investment spend that year if they purchased a £30,000 RVM up-front and would need to increase their investment by 6% to purchase a £7,000 RVM up-front. 28% of their investment would be spent if they were to purchase an RVM. While independent symbol group retailers would need to more than double their investment spend to purchase a £30,000 RVM up-front, 62% of their investment to purchase a £7,000 RVM up-front, or 17% to lease a RVM. Investing in an RVM could mean that retailers may decide to postpone or cancel planned investments to improve their store.

RVMs may also be rated and therefore retailers would be further burdened by increases in business rates by complying with the scheme. RVMs could face the same ratings challenges which ATMs experience under a business rates system as ATMs are rated on a turnover basis which means a high rateable value. We have concerns that if RVMs are rated by their turnover, or throughput, this will mean that an effective deposit return scheme would significantly impact return points financially. We also would like the government to clarify how business rates bills for RVMs would be administered, whether this would be paid by the DMO or to the return point hosting the RVM. Currently business rates are administered to the ATM operator as they own the machine and the sq.ft. that is located, however, this cost is often passed to retailers. As stated throughout our submission, we believe that DRS should be cost neutral for return points and as such, if return points do face higher business rates bills, these should be paid by the DMO.

Many convenience stores are unlikely to have access to outside space to place RVM – retailers in our focus groups identified that for those who place it outside it could be vulnerable to criminal damage²¹ - meaning they have no choice but to sacrifice sales space in-store. Reverse vending machines are estimated to take up one metres² to five metres² in store. Giving up this much space in-store will result in significant costs for retailers and loss of important sales space for other products and services. Sales space per metre squared in a convenience store is estimated at £7,689²². To accommodate an RVM, each convenience store could lose from £7,689 to £38,445 every year in lost sales.

²⁰ [Reverse Vending Machine Corporation: Cost of a Deposit Return Reverse Vending Machine](#)

²¹ Jericho Chambers: Deposit Return Scheme – views of retailers and consumers 2017

²² Estimate based on IGD Data from 2017. £7,689 is how much a m² of space is worth in a convenience store. Based on 38bn sales figure / 53,200,000 sq. ft. (total footage of all convenience stores according to IGD). We then converted the square footage figure into m².

Retailers in our focus groups were also concerned that the space for an RVM would not only take the place of profitable retail lines leading to reduction in business, but would also mean there would be fewer products available to those who rely on local shops. One retailer noted that: *“if they are the size of a regular vending machine, that’s takes the place of quite a few shelves of product that I could sell, that I won’t be able to sell that, and I won’t be able to provide for my customers.”*²³

All the points above also assume that reverse vending machines are working effectively. Retailers have experienced machine hardware failures in the past (for example, ATMs, bill payment services, coffee machines, and photo booths). Currently, there is no clear plan how a retailer would need to respond if a machine broke down in their store, even though consumers would hold the retailer responsible for the breakdown. Therefore, contingencies must be considered.

To ensure that a deposit return scheme is cost neutral for convenience retailers, the DMO should be responsible for the costs for purchasing, installing and maintaining the reverse vending machine. Hosting a reverse vending machine should not be an additional cost placed on return points.

b. Manual return points? Where available, please share evidence to support your view

It is not feasible for a small retail business to manually manage returns in the store due to the limited space in store, the pressures and risks this would place on staff, and the hygiene issues it presents. In a manual system, a staff member would have to check that the bottle is in the scheme, scan it (if they have an EPoS system), store it by the till, clean and process the bottles and store in a secure container either at back of house or outside then ensure that they have backhauling systems in place. Therefore, the introduction of a deposit return scheme should require a network of automated reverse vending machines rather than requiring return points to accept returns manually. To ensure that return points are not burdened by an automated system, we believe the DMO should cover the capital costs for installing reverse vending machines at return points.

We strongly disagree with the assumptions in the consultation that small retailers (also referred to as smaller convenience stores) would only accept returns manually. This assumption does not account for the significant impact that manually handling would place on small retailers and is also not an accurate reflection of how reverse vending machines would be allocated, which would also consider its footfall and the number of returns to the store rather than solely on the size on the store. Moreover, the assumption that convenience stores would accept returns manually also incorrectly suggests that convenience stores are not “areas of high footfall” where RVMs could be located. We do not believe that it is straightforward as simply suggesting that a whole sector should be have the ability to take back containers through reverse vending machines, it would be based on the circumstance of each location and therefore, we encourage the government to remove this reference in future consultations and communications as it develops the design of a DRS.

Moreover, the impact assessment suggests that “for some stores, RVMs will not be an economic solution (for example, small convenience stores). Such stores would be required to take back drinks containers manually instead.” We do not agree that where an RVM is not

²³ Jericho Chambers: Deposit Return Scheme – views of retailers and consumers 2017

economically viable that retailers should be required to manually take back containers instead. As stated in our response to 25e, locations which host return points should be strategically mapped to ensure that a deposit return scheme is as effective and as efficient as possible through a network of reverse vending machines. This also includes exempting stores where it is not feasible to operate a deposit return scheme, including stores smaller than 280 sqm. More information is provided in our response to Question 27. No retailer should be forced to ask their staff to manually take back packaging.

We have provided more information about retailers' concerns, related particularly to manually handling containers, below.

Limited Space

Space is always at a premium in convenience stores. Convenience stores by their very nature are small format businesses, they are generally defined as being under 280 square metres. 91% of independent convenience retailers are smaller than 1,999 sq. ft., and 58% are under 999 sq. ft.²⁴. From the retailer focus groups there was considerable concern about where and how they would collect and store bottles and packaging; *"We are fighting for every space inch of space. If someone comes in with a black bag of plastic bottles, where are you going to keep this stuff?" Retailer, Scotland*²⁵. In addition to the focus groups, we asked independent convenience retailers in our Voice of Local Shops survey whether they would have the space to accommodate DRS in their store. The results of the survey reiterated retailers' concerns that lack of space in-store to process returns is a significant concern. 71% of independent convenience retailers said that they either did not have space in their store to take back containers or would have to make significant changes to their store to take back containers²⁶.

In-Store Delays and Lost Staff Hours

For beverage containers to be accepted manually, retail staff would need to be able to recognise deposit labels, inspect the packaging to ensure it is still intact, and refund the value of the deposit. This would require a great deal of time from staff in store and delays at the till point.

Once collected by staff, the containers would have to be sorted, bulked and sent for reprocessing – again this would impose time pressures on employees. We conservatively estimate that based on the 45 seconds²⁷ of staff time required for each transaction, that each store could lose over 43 minutes in lost productivity each week due to the introduction of deposit return schemes²⁸, however this is likely to be much higher. While this is difficult to quantify, one retailer in the focus groups noted: *"If you come in the front door with a can, it's got to go somewhere where its being recycled, so now a member of staff – at 12p a minute – has got to walk out the back and walk back again. That's 5 minutes, or 60p we're paying to get a 5, 10 or 20p refund on a can – it doesn't make sense. And most of this stuff is already recycled in private anyway."* Therefore, while retailers will not have to invest in a large

²⁴ ACS Local Shop Report 2018

²⁵ Jericho Chambers: Deposit Return Scheme – views of retailers and consumers 2017

²⁶ ACS Voice of Local Shops Survey May 2017

²⁷ Eunomia: A Scottish Deposit Refund System (Appendix to the Final Report for Zero Waste Scotland)

²⁸ 123 containers per day / average number of containers per transaction (15) = 8.2 transactions every day to return bottles. 45 seconds per transaction x 8.2 = 43.05 minutes.

amount of capital for a RVS, they will be financially burdened by having to employ more staff or increase staff hours to process returns²⁹.

Transaction time is considerably important to the convenience store business model. One of the top drivers for customers to visit a convenience store is the fast speed of service/short queues³⁰. The average consumer spends 4 minutes and 12 seconds in a convenience store. With the majority of consumers visiting for 1-3 minutes (39%), and 8% of consumers visit a convenience store for less than a minute³¹. Therefore, any additional time at the till will have a considerable impact on retailers as well as the customer's experience. Zero Waste Scotland estimate that the time it would take for a cashier to manually process and accept an average of 15 containers and store them is an estimated 45 seconds³², while the average shopper queues for 42 seconds in a convenience store³³. Staff processing container returns would more than double the length of queue in a convenience store.

Hygiene & Health and Safety

Retailers in the focus groups also raised concerns that a DRS would not work alongside current food hygiene and health and safety regulations. Using the same physical space at point of sale used to serve food-to-go and accept unhygienic returns would be challenging for convenience retailers and to still comply with food hygiene regulations. While it has been recognised that this would be challenging for food service businesses by other stakeholders, it would also be a challenge for convenience retailers as 22% of stores have in-store bakeries, 22% have hot food counters, 19% have food preparation areas or a kitchen, and 10% offer a food to go concession³⁴.

We also believe that retailers may experience hygiene issues when they retain returned containers for a considerable period. Retention of used packaging for such a long period is likely to attract pests and be a general hygiene risk for retailers and their staff. This could impact their Food Hygiene Rating, which has not been considered in other impact assessments or studies. The Food Hygiene Rating Scheme helps consumers choose where to eat or shop for food by giving them information about the hygiene standards in food businesses. An Environmental Health Officer will inspect a food business and score it according to its food hygiene compliance. One of the checks that an officer will undertake will be the condition and structure of the buildings which will include the cleanliness, layout, lighting, ventilation and other facilities of the premises³⁵.

In addition, retaining bags of returned containers behind the till could represent a health and safety risk for staff both in terms of trip and hygiene hazards. The Workplace (Health, Safety and Welfare) Regulations 1992, Regulation 9 Cleanliness and Waste Materials stipulates that "so far as is reasonably practicable, waste materials should not be allowed to accumulate in a workplace except in suitable receptacles". According to the Zero Waste Scotland feasibility study, the average retailer will most likely store 4 containment bags at one time, which equates to 2 metres² being given up to store the bags³⁶. Retailers may also

²⁹ Jericho Chambers: Deposit Return Scheme – views of retailers and consumers 2017

³⁰ ACS Local Shop Report 2018

³¹ Him CTP Data 2018

³² Eunomia: A Scottish Deposit Refund System (Appendix to the Final Report for Zero Waste Scotland)

³³ Him CTP Data 2018

³⁴ ACS Local Shop Report 2018

³⁵ [FSA: Frequently asked questions about the food hygiene rating scheme](#)

³⁶ Eunomia: A Scottish Deposit Refund System (Appendix to the Final Report for Zero Waste Scotland)

have to deal with damaged containers and broken glass, which presents additional hazards when processing returns.

EPOS

DRS could also present technical issues for convenience retailers. If DRS is to be introduced, retailers processing returns manually could be required to have an IT system in place in their store to process the return in order to update the centralised DRS system. If this is the case it could place considerable burdens on the convenience sector as nearly a third (31%) of independent retailers do not have an EPOS system in their store³⁷. In order to comply with DRS, retailers would have to ensure that they have EPOS system in place in their store, but also upgrade their EPOS software to be able to administer returns. This would present additional costs for the retailer.

35. Are there any Health and Safety-specific implications that may be associated with hosting return points?

Yes.

Retailers in the focus groups also raised concerns that a DRS would not work alongside current food hygiene and health and safety regulations. Using the same physical space at point of sale used to serve food-to-go and accept unhygienic returns would be challenging for convenience retailers and to still comply with food hygiene regulations. While it has been recognised that this would be challenging for food service businesses by other stakeholders, it would also be a challenge for convenience retailers as 22% of stores have in-store bakeries, 22% have hot food counters, 19% have food preparation areas or a kitchen, and 10% offer a food to go concession³⁸.

In addition, retaining bags of returned containers behind the till could represent a health and safety risk for staff both in terms of trip and hygiene hazards. The Workplace (Health, Safety and Welfare) Regulations 1992, Regulation 9 Cleanliness and Waste Materials stipulates that “so far as is reasonably practicable, waste materials should not be allowed to accumulate in a workplace except in suitable receptacles”. According to the Zero Waste Scotland feasibility study, the average retailer will most likely store 4 containment bags at one time, which equates to 2 metres² being given up to store the bags³⁹. Retailers may also have to deal with damaged containers and broken glass, which presents additional hazards when processing returns.

36. Is there a de minimis level under which businesses who sell drinks in scope should be exempt?

Yes

The government should consider an exemption for small stores which have limited sales and storage space to facilitate a deposit return scheme. Regardless of the method of take back (automated or manual), a retailer would be required to sacrifice space in-store to operate a deposit return scheme – either by storing drinks containers nearby the till and at back of house for collection, or with a reverse vending machine taking up significant space in store.

³⁷ ACS Local Shop Report 2018

³⁸ ACS Local Shop Report 2018

³⁹ Eunomia: A Scottish Deposit Refund System (Appendix to the Final Report for Zero Waste Scotland)

37. Should a de minimis be based on:

a. Floor size

Yes.

i. If yes, what floor size?

280 sqm.

f. Other (please specify)

The government must consider meaningful exemptions for small shops and other food service businesses, including: a small shop exemption, manual handling exemption, and an exemption for businesses where operating a deposit return scheme would be to the detriment of their food hygiene practices in-store.

38. Please briefly state the reasons for your response. Where available, please share evidence to support your view

Small Shop Exemption

First and foremost, the Government should consider an exemption for small stores which have limited sales and storage space to facilitate a deposit return scheme. Regardless of the method of take back (automated or manual), a retailer would be required to sacrifice space in-store to operate a deposit return scheme – either by storing drinks containers nearby the till and at back of house for collection, or with a reverse vending machine taking up significant space in store.

Space is always at a premium in convenience stores. Convenience stores by their very nature are small format businesses, typically smaller than 280 sqm. 91% of independent stores are smaller than 1,999 sq.ft., and 58% of independent convenience stores are smaller than 999 sq.ft⁴⁰. Therefore, we believe the government should consider an exemption for stores under 280 sqm. Schedule 1 of the Sunday Trading Act 1994 uses 280 sqm as the cut-off point for a small shop, which is widely understood amongst industry. This definition has also been used in other legislation in England such as the Employment Rights Act 1996, Tobacco Advertising and Promotion (Display) Regulations 2010 and the Tobacco Advertising and Promotion (Display of Prices) Regulations 2010. For stores exempt from taking back containers under a deposit return scheme due to their size, the Government should allow them to apply to opt into the deposit return scheme voluntarily if they take the commercial decision that they wish to take back containers in their business.

In practical terms, this would mean that the DMO has three scenarios where they can request that the business participates in the deposit return scheme and hosts a reverse vending machine. These include:

- Approaching a business larger than 280 sqm mapped as an optimal location to host a reverse vending machine. In this instance, the business would be required to host

⁴⁰ ACS Local Shop Report 2018

the reverse vending machine as their shop/café/leisure centre etc is larger than 280 sqm.

- Approaching a business which is smaller than 280 sqm mapped as an optimal location to host a reverse vending machine. In this example, the DMO would request the business to host the reverse vending machine. However, it is at the business' discretion whether or not to do so.
- Approaching a business which is smaller than 280 sqm but not mapped as an optimal location to host a reverse vending machine. These locations would be businesses that have applied to opt in voluntarily to participate in a deposit return scheme. It is up to the DMO whether they meet the criteria to participate

Where small shop exemptions exist in other countries, including Croatia, Estonia, Germany and Lithuania, there is no standardised exemption, it is determined by the scheme in each country. In Croatia, retailers smaller than 200m² are exempt, while in Estonia, only retailers in urban areas under 20m² are exempt from taking back containers. Retailers between 20-200m² can apply for an exemption but this is decided by the local authority⁴¹. The convenience market is very different in the UK compared to other countries in Europe. Therefore, the government cannot simply replicate an exemption from another DRS, they must consult with industry to determine if and what size a small shop exemption should be set at. We believe that the small shop threshold should be set at 280 sqm to reflect the convenience market in the UK.

Manual exemption

As set out in response to Question 34b, it is not feasible for a small retail business to manually manage returns in the store due to the limited space in store, the pressures and risks this would place on staff, and the hygiene issues it presents. In a manual system, a staff member would have to check that the bottle is in the scheme, scan it (if they have an EPoS system), store it by the till, clean and process the bottles and store in a secure container either at back of house or outside then ensure that they have backhauling systems in place. Therefore, the introduction of a deposit return scheme should require a network of automated reverse vending machines rather than requiring return points to accept returns manually. To ensure that return points are not burdened by an automated system, we believe the DMO should cover the capital costs for installing reverse vending machines at return points.

Hygiene Exemption

The government should also consider whether return points which would incur hygiene issues from taking back containers should be exempt from participating in a deposit return scheme.

As stated in our response to Question 34b, retailers in the focus groups also raised concerns that a DRS would not work alongside current hygiene and health and safety regulations. Convenience retailers may experience hygiene issues when they retain returned containers for a considerable period. Retention of used packaging is likely to attract pests and be a general hygiene risk for retailers and their staff. This could impact their food hygiene rating, which has not been considered in other impact assessments or studies. The Food Hygiene Information Scheme helps consumers choose where to eat or shop for food by giving them

⁴¹ [Reloop: Deposit Systems for One Way Beverage Containers Global Overview](#)

information about the hygiene standards in food businesses. An Environmental Health Officer will inspect a food business and will determine their rating based on its food hygiene compliance.

39. Do you have alternative suggestions for return provisions that could be used to accept the return of drinks containers? Please provide details.

Under a deposit return scheme, the DMO would be responsible for ensuring that there are appropriate return provisions for drinks containers in place and that these are accessible. In our response to Question 25e, we recommended that the DMO should determine return points by mapping optimal locations based on whether that location would contribute to an effective return rate of containers. As part of mapping optimal locations, the DMO could determine other locations such as transport hubs, on-street, or workplaces.

40. For consumers who would have difficulty returning empty drinks containers, what provisions could be put in place so that these consumers are able to return drinks containers and receive their deposit refund?

N/A

41. What provisions could be put in place for rural areas where there may be few small retail outlets spread over a wider area, in order to ensure that there are adequate return and collection facilities?

Under a deposit return scheme, the DMO would be responsible for ensuring that there are appropriate return provisions for drinks containers in place and that these are accessible. In our response to Question 25e, we recommended that the DMO should determine return points by mapping optimal locations based on whether that location would contribute to an effective return rate of containers. Mapping optimal locations for return points would also support the DMO in determining which rural locations would be most convenient to consumers to ensure that a deposit return scheme is also effective in rural locations as well as urban

42. Do you have evidence that would help inform us about whether there is potential for siting RVMs outdoors e.g. in parks, at existing outdoor recycling centres, on highstreets?

The government should consult with reverse vending machine manufacturers to find out more information regarding whether RVMs can be located outdoors.

43. Should online retailers selling drinks in in-scope containers be obligated to pick up and refund DRS material?

Yes. The government must consider the role of online retailers within a deposit return scheme and whether they should be required to provide return facilities. If online retailers have no obligations as part of a DRS, this will result in traditional bricks and mortar retailers being responsible for taking back packaging from online retailer sales, resulting in another competitive advantage for online retailers.

When considering the role of online retailers, the government must consider whether drinks sold online would also include a deposit and would this mean that online retailers would be

required to take back containers? How would this work for online retailers based outside of England, Wales and Northern Ireland? Would grocery home delivery services be required to take back containers? And how would that work? Online retailers will also experience issues with backhauling drinks containers.

44. Should there be a de minimis under which online retailers would not be obligated to pick up and refund DRS material?

N/A

45. Should certain businesses which sell drinks in in-scope drinks containers host return points, e.g. pubs, hotels, cafes? Please provide details.

When consider which businesses should be in-scope, the government must consider whether the business only sells drinks to consumed on the premises or whether they sell drinks to be consumed both on and off the premises as it may not be as straightforward as defining by business type. For instance, the Home Office Alcohol and Late Night Refreshment Licensing statistics for England and Wales found that in 2018, 36,208 premises were licensed to only sell alcohol for consumption on the premises, 51,558 premises were licensed for consumption off the premises and 76,855 premises were licensed to sell alcohol for both consumption on and off the premises⁴².

46. Should there be an opportunity for retailers that don't stock drinks / those who may not be obligated to provide a return point to 'opt-in'?

Like shops smaller than 280 sqm, the government should allow retailers who may not be obligated to provide a return point to take back containers voluntarily if they take the commercial decision that they wish to take back containers in their business.

47. Do you have any further views, comments or evidence in relation to retailers not already covered above?

If there were to be customer confusion in a DRS, this could significantly impact retailers. For example, it would be extremely likely that a customer would attempt to return a bottle or can that was not part of the DRS. Not only would this lead to in-store delays increase queue times while the retailer determined if it was part of the scheme, but if the retailer had to reject the claim for a deposit return, this could be a trigger for verbal abuse or violence from the customer. ACS' Crime Report 2018 found that the top triggers for violence and verbal abuse is when retailers and their staff are going about their typical working day, enforcing the law, for example, when enforcing age-restricted sales

48. How should a DRS account for 'on-trade' sites such as bars and restaurants

Please see response to Question 45.

49. What do you consider to be the optimum deposit level to incentivise return of drinks containers?

⁴² [Home Office: Alcohol and late night refreshment licensing England and Wales 31 March 2018](#)

The deposit should be set at a level which encourages consumers to take back containers. However, the government should consider the affordability of the products once a deposit has been applied and the implications of imposing a deposit which is too high. For instance, where a 15p deposit is applied on an “on-the-go” bottle this would increase its price by 10%, however, if it is applied to a multipack of six drinks containers, this could increase the price by 26%⁴³. Therefore, the government should minimise the costs on consumers by excluding multipacks and targeting “on-the-go” drinks containers.

50. Should the deposit level be a flat rate across all drinks containers covered by the DRS?

Yes. All types of drinks containers, regardless of material or size, should have the same level of deposit applied. This will not only ensure that there is clarity for customers to interact with a deposit return scheme but also provide clarity for return points on which the level of deposit that is applied onto drinks containers. A deposit return scheme should be straightforward and be easily understood by customers as customer confusion could limit the effectiveness of a deposit return scheme.

51. Should there be an alternative deposit level for drinks containers in a multipack, rather than each container carrying the same deposit?

Neither. We believe that multipacks should not be in scope of a deposit return scheme. Please see our response to Question 49 for more information.

52. How do you think deposits should be redeemed? Please tick all that apply.

- a. Voucher (for deposit value, printed by the reverse vending machine or by the retail assistant at manual drop-off points)
- b. Digitally (for example a digital transfer to a smartphone application)
- e. Option to donate deposit to charity

A key part of the deposit return scheme will be consumers redeeming their deposit and we welcome that the government has considered this as part of their consultation. The capability of reverse vending machines will ultimately decide how deposits can be redeemed, whether this be by voucher, digitally or providing an option to donate the deposit to charity.

We do not agree that cash or debit card should be considered as ways that the deposit should be redeemed as these would present logistical issues for retailers as they would be required to have a role in the redemption of the deposits rather than solely relying on the reverse vending machine. Logistical issues include retailers’ cash flow if they consumers are redeeming their vouchers at the till, and convenience for customers, for example, would a consumer be required after queueing to return their containers to queue again to redeem their deposit? We also have concerns about the implications of redeeming the deposit by debit card, not only do some retailers (6%)⁴⁴ not accept debit cards but it could also mean additional fees for retailers through increased use of card machines, meaning increases in interchange fees.

⁴³ Assuming deposit level was set at 10-20p, e.g. 15p – the deposit placed on a typical 500ml soft drink costing £1.45 would increase the price by 10.3% to £1.60. A deposit placed on a typical six pack of 330ml soft drinks costing £3.50 would increase the price by 26% to £4.40.

⁴⁴ ACS Local Shop Report 2018

53. Should the DMO be responsible for ensuring that there is evidence that drinks containers have been recycled?

N/A

54. In addition to reporting on collection rates, should the DMO also be obliged to report on recycling rates of in-scope drinks containers?

N/A

55. How do you think transparent financial flows in a DRS could be achieved most effectively?

The DMO should be accountable to a Board, which include representatives of the whole supply chain involved in DRS to ensure that the financial flows remains transparent

56. Would Environment Agencies in England, Wales and Northern Ireland be best placed to monitor/enforce a DRS covering England, Wales and Northern Ireland? If no, why and is there another body that would be better suited to perform this function?

While the expertise of the Environment Agencies in England, Wales and Northern Ireland is to ensure that business and industry is aware of and complies with environmental regulation, which suggests that they should be responsible for regulating the deposit return scheme, we do not believe that its expertise would extend to all of the system administrator's responsibilities. For instance, Environment Agencies could have oversight of waste collection management processes and the flow of materials, but it would not be appropriate for an environmental agency to oversight of the deposit through the supply chain. Therefore, there must be oversight not only of the material through the scheme, but also the data collection and reporting, and the scheme's finances including deposit and handling fees, by the appropriate government body.

57. How frequently should the DMO be monitored? (This monitoring would look at, i.e., financial accounts, material flows, proof of recycling rates, setting of deposit level (if done by the DMO))

a. Annually

58. How often should producers be checked for compliance with the DRS (if compliance is obligated)?

N/A

59. Should enforcement focus on:

- a. A sample of producers?
- b. All producers?

N/A

60. Should any penalties (fines) on the DMO or producers/importers be set by the regulator appointed to monitor the DMO?

We believe that any penalties or fines on the DMO should be informed by objective evidence and set out in legislation.

61. Are there any points in the system which you think would be particularly susceptible to fraud?

As recognised by the consultation document, “manual return points, or alternative collection provisions such as any potential pick-up services or returns through online retailers, may be more susceptible to fraud than automated return points using RVMs”. While reverse vending machines would be able to detect whether a barcode was fraudulent upon scanning, it would be more challenging for a retailer to detect a fraudulent label. Particularly as nearly a third of convenience retailers (31%) do not have EPoS which is required to scan a barcode in-store⁴⁵.

Therefore, if return points are required to accept returns manually, not only would a high security label be required, but retailers would also need to manually report the number of returns they received, counting each one as they accept it from a customer, this would mean that the retailer would more at risk of miscounting. Retailers would also need to put in place procedures for staff to check drinks container labels manually to ensure that they are not fraudulent. This would mean that retailers would need to ensure that staff were trained to understand which labels are authentic, costing staff time. While convenience retailers have systems in place to protect themselves from fraud, including staff training procedures, these systems are not always effective due to the sophistication of the fraud. Therefore, an automated reverse vending machine system is the most effective way to mitigate the risk of fraud at the return point.

We would also welcome clarity on who would be liable for the money lost through fraudulent returns. We are wary that under a manual system, retailers will be under pressure to provide a quick and prompt service to customers, which could lead to some retailers losing out to deposit returns because bottles they have received may be fraudulent. We would seek clarity from any DRS in existence about where the responsibility lies for fraudulent returns

62. Which labelling/markings on drinks containers in scope would best protect against fraud?

- c. Existing product barcode (containing DRS information when scanned)
- d. Other (please specify)

Dedicated DRS barcode

63. How could return via reverse vending machines (RVMs) best be protected against fraud? We are particularly interested in any evidence you may have to support suggestions.

The government should consult with reverse vending machine manufacturers to determine how they can be best protected against fraud.

⁴⁵ ACS Local Shop Report 2018

64. How could the process of manual returns best be protected against fraud? We are particularly interested in any evidence you may have to support suggestions.

Further to our response to Question 61, under a manual system, return points would be required to store drinks containers in a secure location either at back of house or outside to ensure that they are not stolen. 43% of independent convenience retailers currently store their mixed recycling waste inside their store or outside in a non-secured bin⁴⁶. Therefore, convenience retailers would be either be required to compromise on space at the back of house which could present a risk to health and safety and food hygiene or invest in a secure unit to place outside to store drinks containers.

This presents another challenge that return points would face if they were required to manually take back containers. The government should ensure that a deposit return scheme is automated, which would not only reduce the burdens on smaller return point locations, such as convenience retailers, but also reduce the risk of containers being stolen from return points.

65. How could a DRS best protect against fraud across Devolved Administrations in the event of similar schemes with common underlying principles (but not one uniform scheme)?

The government must consider how a deposit return scheme would work for cross border sales, where fraud could be more prevalent. Would containers be accepted in in England from Scotland? Or would retailers have to refuse the refund? Would refusing containers mean another trigger point for violence and verbal abuse against staff? The South Australian container deposit scheme is only for containers sold in South Australia. To enforce this, an offence was created to deter consumers from making fraudulent returns, with a maximum penalty of \$30,000 to persons who seek refunds on beverage containers sold outside of South Australia. Collection point operators may request to any person claiming a refund to complete a written declaration stating the person has no reason to believe the containers were not purchased in South Australia and may refuse to accept containers if they believe the containers were not purchased in South Australia⁴⁷.

66. Should drinks containers over a certain size, for example beer kegs and containers used for water coolers, be excluded from an all-in DRS?

Yes.

67. If drinks containers over a certain size were excluded from an all-in DRS, what should the maximum cut-off size be?

Other

We believe that a deposit return scheme that focuses on “on-the-go” drinks containers should be seriously considered by the government. We believe there is a need for further infrastructure for “on-the-go” recycling in order to increase the low capture recycling rate for

⁴⁶ ACS Voice of Local Shops survey November 2017

⁴⁷ [South Australia EPA FAQs](#)

these products. Valpak currently estimate that only around 3% of on-the-go plastic drinks bottles and metal drinks cans are recycled⁴⁸. Therefore, if a deposit return scheme is introduced, it should take a more targeted approach to tackling plastic waste littered “on-the-go”.

As well as targeting a specific area of concern, focusing a deposit return scheme to “on-the-go” drinks containers would also mean there would be a minimal impact on household kerbside collections as there is currently a very limited number of “on-the-go” drinks containers recycled at home. This would mean that only a small number of recyclate would be displaced from household recycling to a deposit return scheme, unlike a scheme where all drinks containers were in scope.

68. Do you agree with our definition of ‘on-the-go’ as less than 750mls in size?

Yes.

69. Do you agree with our definition of ‘on-the-go’ as excluding multipack containers?

Yes.

70. Based on the information above, and where relevant with reference to the associated costs and benefits outlined in our impact assessment (summarised below), which is your preferred DRS option?

On-the-go.

71. Do you agree with our impact assessment?

We strongly disagree with the assumptions in the consultation that small retailers (also referred to as smaller convenience stores) would only accept returns manually. This assumption does not account for the significant impact that manually handling would place on small retailers and is also not an accurate reflection of how reverse vending machines would be allocated, which would also consider its footfall and the number of returns to the store rather than solely on the size on the store. Moreover, the assumption that convenience stores would accept returns manually also incorrectly suggests that convenience stores are not “areas of high footfall” where RVMs could be located. We do not believe that it is straightforward as simply suggesting that a whole sector should be have the ability to take back containers through reverse vending machines, it would be based on the circumstance of each location and therefore, we encourage the government to remove this reference in future consultations and communications as it develops the design of a DRS. Moreover, Zero Waste Scotland’s study, undertaken by Eunomia, suggests that 40% of convenience stores would require one reverse vending machine⁴⁹, far higher than the 0% currently estimated. As such the costs are not accurately reflected in the impact assessment.

We also do not agree with the impact assessment’s statement that manual takeback would be a “less intensive process and would be a cheaper opportunity cost to businesses”. In fact, we believe it would be the exact opposite. It is not feasible for a small retail business to

⁴⁸ Valpak response to the Scottish Government’s consultation on the introduction of a deposit return scheme

⁴⁹ Eunomia: A Scottish Deposit Refund System (Appendix to the Final Report for Zero Waste Scotland)

manually manage returns in the store due to the limited space in store, the pressures and risks this would place on staff, and the hygiene issues it presents. In a manual system, a staff member would have to check that the bottle is in the scheme, scan it (if they have an EPOS system), store it by the till, clean and process the bottles and store in a secure container either at back of house or outside then ensure that they have backhauling systems in place. Therefore, the introduction of a deposit return scheme should require a network of automated reverse vending machines rather than requiring return points to accept returns manually. To ensure that return points are not burdened by an automated system, we believe the DMO should cover the capital costs for installing reverse vending machines at return points. For more information, please see our response to Question 34b.

The impact assessment states that return points could benefit from “an increase flow of customers to shops hosting RVMs or manual take-back points” and that “there is the possibility of increased footfall as once consumer return containers they are likely to purchase new drinks” but does not provide a reference to either of these assumptions. As the consultation states, the design of the scheme must “ensure that return provisions are as convenient as possible for consumers” and therefore we disagree with suggestions that a deposit return scheme would be a footfall driver which would lead customers to spend in-store if retailers were mandated to take back drinks containers. While a deposit return scheme could allow for customers returning drinks containers to spend their redeemed deposit in-store, there is no evidence to suggest that these same customers would not be already spending their money with that retailer irrespective of a deposit return scheme. The impact assessment also assumes that there are 51,373 convenience stores in the UK. This figure has been calculated by scaling up ACS’ Local Shop Report 2017 figures for Great Britain. The number of convenience stores is not related to population, as such, the store figures can only be used to understand the number of stores in mainland UK. The latest figures from ACS’ Local Shop Report 2018 suggest that there are 46,262 convenience stores in mainland UK.

72. Do you think more data is needed? If yes, please state where.

As set out in response to Question 25e, we believe that instead of requiring every outlet which sells drinks containers to be a return point, that the DMO should instead map optimal locations which would contribute to an effective return rate of containers. This could lead to not only more effective return rates but would also minimise the operational and financial burdens on small retailers. This process should be based on evidence of which locations consumers most frequent to ensure that scheme is convenient to consumers. We believe that this research is required for the government or the DMO to designate locations to be return points. Not only does this option have the potential to minimise the impact of the scheme on retailers but would also assist the DMO in determining which locations would deliver the most effective return rate

73. Are there other costs and benefits which we have not covered in our impact assessment?

N/A

74. Do you have further comments on our impact assessment? Please be specific.

N/A

75. The dual objectives of a DRS are to reduce litter and increase recycling. Do you wish to suggest an alternative model that would be more effective at achieving these objectives? If so please briefly describe it, making reference to any available evidence

N/A

76. A potential option for introducing a DRS could be to start with the 'on-the-go' model, and then expand/phase roll-out to 'all-in'. Do you think this would be an effective way to introduce a DRS?

This option should be further explored.

77. Do you think a DRS would help us to achieve these outcomes? Please briefly state the reasons for your response. Where possible, please share evidence to support your view:

a. **Reduction in litter and litter disamenity (include expected % decrease where possible)**

N/A

b. **More recycling of drinks containers in scope of a DRS, especially those disposed of 'on-the-go**

N/A

c. **Higher quality recycling**

N/A

d. **Greater domestic reprocessing capacity through providing a stable and high-quality supply of recyclable waste materials**

N/A

78. Do you think a DRS, as set out in this consultation, is necessary in helping us achieve the outcomes outlined above?

We believe that a deposit return scheme not be necessary to achieving the outcomes listed in the consultation.

79. Do you think the outcomes of what we are hoping to achieve could be reached through an alternative approach?

Measures included in the Resources and Waste Strategy, including reforms to the PRN system and consistent household collections could achieve the outcomes listed.

80. Do you think an alternative approach would be a better way of achieving the outcomes?

An alternative approach to DRS should be explored to ensure the most cost effective way to achieve the outcomes listed in the consultation.

81. Are there particular local authority considerations that should be taken into account when considering whether to implement either an “all-in” or “on-the-go” model?

We believe that a deposit return scheme could divert a certain amount of high value recycling out of the local authority collection system, which could have an impact on the economics of kerbside collections. Populus polling of over 2,000 consumers found that 70% of respondents said that they would rather have their plastic bottles and cans continue to be collected through kerbside collections than through a deposit return scheme⁵⁰. Therefore, the government should consider how it can mitigate the impact of a deposit return scheme to ensure that it does not have a detrimental impact to local authority kerbside recycling, for example, by targeting only “on-the-go” products which are not commonly recycled in household collections.

82. Are there specific considerations associated with your local authority that DRS policy makers should consider?

N/A

83. What benefits and/or disadvantages can a DRS provide to your local authority?

A report by Eunomia suggests that local authorities could see savings from the introduction of DRS⁵¹ from having fewer containers to collect and sort from kerbside collection, and reduced levels littering and landfill charges. Eunomia suggest that these savings could mean collection routes need to be re-configured. This could potentially mean different collection routes, less frequent collections, and collections on different days savings which could cause further customer confusion about their kerbside recycling collections. It is important to note that following the publication of Eunomia’s report, the Defra Voluntary and Economic Incentives Working Group acknowledged that “a number of respondents claimed the methodology used by Eunomia was invalid and therefore that the figures should be discounted.”⁵²

The government should also take into account that many of the countries that operate a deposit return scheme for single-use containers already had the infrastructure in place for refillable containers and had not invested as much into kerbside recycling infrastructure as the UK. Therefore, where the consultation recognises that PET, glass and aluminium and steel cans are in scope of the most popular schemes around the world, these schemes do not account for the impact of displacing these materials from kerbside to a DRS.

84. Are there any specific considerations associated with local authorities that collect waste from designated DRS return points that we should consider?

N/A

⁵⁰ Populus DRS Consumer Polling 2017

⁵¹ Eunomia: Impacts of a Deposit Refund System for One-way Beverage Packaging on Local Authority Waste Services

⁵² Defra: Voluntary & Economics Incentives Working Group Report

85. How should a DRS drive better design of packaging? Please select all that apply:

d. None of the above

A DRS should not drive better design of packaging. Other measures proposed in the Resources and Waste Strategy including reforming the UK packaging producer responsibility system and introducing a plastic packaging tax which is more suited to achieving this outcome. Moreover, the outcomes listed in the consultation refer to reducing litter and increasing recycling. They do not refer to driving better design of packaging.

86. Who should be involved in informing and advising on the environmental cost of products? Select all that apply

Other (please specify)

This is not required if DRS does not aim to drive better design of packaging.

87. Do you agree or disagree with our assessment of other waste legislation that may need to be reviewed and amended?

Yes, the government should review existing waste legislation to ensure that return points are not unintentionally committing an offence by carrying out their obligations under a deposit return scheme. However, we would not agree amending existing waste legislation if it is to further burden convenience retailers.

88. Do you have evidence to suggest that we might need to revise any other waste-related regulations as part of introducing a DRS? Please specify

N/A

89. Is there anything else we should be considering related to drinks container recycling and litter reduction which has not been covered by other questions?

N/A

ABOUT ACS

The Association of Convenience Stores lobbies on behalf of over 46,000 convenience stores across mainland UK on public policy issues that affect their businesses. ACS' membership is comprised of a diverse group of retailers, from small independent family businesses running a single store to large multiple convenience retailers running thousands of stores.

Convenience stores trade in a wide variety of locations, meeting the needs of customers from all backgrounds. These locations range from city centres and high streets, suburban areas such as estates and secondary parades, rural villages and isolated areas, as well as on petrol forecourts and at travel points such as airports and train stations.



WHO WE REPRESENT

INDEPENDENT RETAILERS



ACS represents over 19,000 independent retailers, polling them quarterly to hear their views and experiences which are used to feed in to Government policy discussions.

These stores are not affiliated to any group, and are often family businesses with low staff and property costs. Independent forecourt operators are included in this category.

SYMBOL GROUPS AND FRANCHISES



ACS represents over 14,000 retailers affiliated with symbol groups. Symbol groups like SPAR, Nisa, Costcutter, Londis, Premier and others provide independent retailers with stock agreements, wholesale deliveries, logistical support and marketing benefits.

Symbol group forecourt operators and franchise providers like One Stop are also included in this category.

MULTIPLE AND CO-OPERATIVE BUSINESSES



ACS represents over 12,000 stores that are owned by multiple and co-operative retailers. These businesses include the Co-Operative, regional co-operative societies, McColls and others.

Unlike symbol group stores, these stores are owned and run centrally by the business. Forecourt multiples and commission operated stores are included in this category.

THE CONVENIENCE SECTOR



In 2018, the total value of sales in the convenience sector was £39.1bn.

The average spend in a typical convenience store transaction is £6.50.



There are 46,262 convenience stores in mainland UK. 72% of stores are operated by independent retailers, either unaffiliated or as part of a symbol group.



The convenience sector provides flexible employment for around 365,000 people.

24% of independent/symbol stores employ family members only.



24% of shop owners work more than 70 hours per week, while 19% take no holiday throughout the year.

70% of business owners are first time investors in the sector.



Convenience stores and Post Offices poll as the two services that have the most positive impact on their local area according to consumers and local councillors.

81% of independent/symbol retailers have engaged in some form of community activity over the last year.



Between August 2017 and May 2018, the convenience sector invested over £814m in stores.

The most popular form of investment in stores is refrigeration.

OUR RESEARCH

ACS polls the views and experiences of the convenience sector regularly to provide up-to-date, robust information on the pressures being faced by retailers of all sizes and ownership types. Our research includes the following regular surveys:

ACS VOICE OF LOCAL SHOPS SURVEY

Regular quarterly survey of over 1,200 retailers, split evenly between independent retailers, symbol group retailers and forecourt retailers. The survey consists of tracker questions and a number of questions that differ each time to help inform ACS' policy work.

ACS INVESTMENT TRACKER

Regular quarterly survey of over 1,200 independent and symbol retailers which is combined with responses from multiple businesses representing over 3,000 stores.

ACS LOCAL SHOP REPORT

Annual survey of over 2,400 independent, symbol and forecourt retailers combined with responses from multiple businesses representing 7,669 stores. The Local Shop Report also draws on data from HIM, IGD, Nielsen and William Reed.

BESPOKE POLLING ON POLICY ISSUES

ACS conducts bespoke polling of its members on a range of policy issues, from crime and responsible retailing to low pay and taxation. This polling is conducted with retailers from all areas of the convenience sector.

ANNEX B

Impact of Deposit Return Schemes on Retailers

Space is at a Premium

- Space is at a premium in convenience stores. Convenience stores are small format businesses, they are generally defined as being under 280 square metres.
- 71% of retailers either do not have space in their stores for a deposit return scheme or would have to make changes to their stores to make space
- There are 49,918 convenience stores across Great Britain, 85% are under 186 square metres, and 50% are under 93 square metres⁵³.
- Independent convenience stores are even smaller; 94% are under 186 square metres¹ and 61% under 93 square metres⁵⁴.
- Retailers have considerable concerns about where and how they would collect and store bottles and packaging: *“We are fighting for every space inch of space. If someone comes in with a black bag of plastic bottles, where are you going to keep this stuff?” Retailer, Scotland*
- Reverse Vending Solutions (RVS) are estimated to take up five metres² in store. Giving up this much space in-store will result in significant costs for retailers and loss of important sales space for other products and services.

Increasing pressure on staff and increasing queuing times in stores

- 35% of consumers said they would return their recycled packaging to stores resulting in a high volume of packaging to be processed at local shops⁵⁵.
- Store staff processing container returns would double the length of queue in a convenience store. The time it would take for a cashier to manually process and accept an average of 15 containers and store them is an estimated 45 seconds⁵⁶, while the average shopper queues for 43.8 seconds in a convenience store.
- Increasing service time in store would damage trade as one of the top drivers for customers to visit a convenience store is the speed of service/short queues⁵⁷.
- The average consumer spends 4.2 minutes in a convenience store. With the majority of consumers visiting for 1 – 3 minutes (42%)⁵⁸.

Cost to Retail Sector

- A deposit return scheme would place additional financial costs on retailers due to: lost trade from in-store delays; additional staff and staff hours to process returns; installation of RVS; lost retail floor space to accommodate Reverse Vending Solutions (RVS); and backhauling containers.
- It would cost retailers an estimated £30,000 to purchase a Reverse Vending Solution and an additional £2,000 for installation⁵⁹.
- Studies suggest that 40% of convenience stores would require one reverse vending machine to process returns⁶⁰. Based on these figures, a UK wide scheme could potentially cost the convenience sector over £638million just to install RVS in their stores⁶¹.

Hygiene and Health and Safety Issues

- Local shops are concerned about hygiene and health and safety issues associated with collecting used packaging in stores as it could damage food hygiene ratings.

⁵³ ACS Local Shop Report 2017

⁵⁴ ACS Local Shop Report 2017

⁵⁵ Jericho Chambers 2017

⁵⁶ Eunomia: A Scottish Deposit Refund System (Appendix to the Final Report for Zero Waste Scotland)

⁵⁷ ACS Local Shop 2017

⁵⁸ Him! CTP Data 2017

⁵⁹ Eunomia: A Scottish Deposit Refund System (Appendix to the Final Report for Zero Waste Scotland) – TOMRA Communications

⁶⁰ Eunomia: A Scottish Deposit Refund System (Appendix to the Final Report for Zero Waste Scotland)

⁶¹ Cost of RVS x 40% number of convenience stores in the UK who would have RVS (19,967)

ACS Research Methodology

ACS commissioned three independently chaired focus groups with convenience retailers in England, Scotland and Wales between 20 and 22 March 2017.

Audience	Age	Gender	SEG	Location type	Location
Convenience store manager/ owners				Urban	Glasgow
Convenience store manager/ owners				Market town (Rural)	Diss
Convenience store manager/ owners/ workers				Deprived	Bridgend

Across the groups, the convenience sector was represented by individual store managers (and in some cases their staff) including those who operate single or small groups of stores and those who look after the interest of larger store groups. In the focus groups retailers were asked to discuss the impact that a deposit return scheme would have on their business and operational challenges they would have to contend with. Following the focus group ACS conducted polling of 1,210 retailers in its Voice of Local Shops survey about whether they had the capacity to process a deposit return scheme in their store.

Lack of Space

Of the 49,918 convenience stores across Great Britain, 85% are under 186 square metres, and 50% are under 93 square metres⁶². Independent convenience stores are even smaller; 94% are under 186 square metres¹ and 61% under 93 square metres⁶³.

Convenience stores are small format businesses, they are generally defined as being under 280 square metres. Retailers have considerable concerns about where and how they would collect and store bottles and packaging:

"We are fighting for every space inch of space. If someone comes in with a black bag of plastic bottles, where are you going to keep this stuff?"

"I don't have room in any of my stores. It's filled with stock or cardboard to go back. There isn't the room."

Retailers are also concerned about the space that a RVS would take up, would not only take the place of profitable retail lines leading to reduction in business, but would also mean there would be fewer products available to those who rely on local shops. One retailer noted that:

"if they are the size of a regular vending machine, that's takes the place of quite a few shelves of product that I could sell, that I won't be able to sell that, and I won't be able to provide for my customers."

Impact on Customer Service

Retailers suggest that accepting and processing bottles at the till would increase service times, put more pressure on staff and require them to invest in more staff. Transaction time is considerably important to the convenience store business model. One of the top drivers for customers to visit a convenience store is the fast speed of service/short queues⁶⁴.

⁶² ACS Local Shop Report 2017

⁶³ ACS Local Shop Report 2017

⁶⁴ ACS Local Shop 2017

The time it would take for a cashier to manually process and accept an average of 15 containers and store them is an estimated 45 seconds⁶⁵, while the average shopper queues for 43.8 seconds in a convenience store. Store staff processing container returns would double the length of queue in a convenience store.

The average consumer spends 4.2 minutes in a convenience store. With the majority of consumers visiting for 1 – 3 minutes (42%), and 7% of consumers visit a convenience store for less than a minute⁶⁶. Any additional time at the till will have a considerable impact on retailers as well as customers' experience.

“You’ve got someone wanting £5 on a Paypoint, 20 king-size, a bottle of Buckfast, and, oh, ‘here’s a bag of empty milk bottles’. You have to sort them, scan them. You could not do it. It’s ludicrous. There’s three of four people standing in a queue, they’ll walk away. Speed of service is key thing and you would lose your customers.”

Financial Cost to Retailers

Retailers are very concerned about the amount they will have to invest in additional staff time and reverse vending machines if a deposit return scheme were to be introduced. DRS would also place other costs on retailers, including: lost trade from in-store delays, lost retail floor space and backhauling containers.

Reverse Vending Solutions also present significant financial cost to retailers. It would cost retailers an estimated £30,000 to purchase a Reverse Vending Solution and an additional £2,000 for installation⁶⁷. This is a considerable investment for a small convenience retailer. Studies suggest that 40% of convenience stores would require one reverse vending machine to process returns⁶⁸. This could potentially cost the convenience sector over £638million just to install RVS in their stores⁶⁹.

Retailers will also be financially burdened by having to employ more staff or increase staff hours to process returns manually. For beverage containers to be accepted manually, retail staff would need to be able to recognise deposit labels, inspect the packaging to ensure it is still intact, and refund the value of the deposit. This would require a great deal of time from staff in store. Once collected by staff, the containers would have to be sorted, bulked and sent for reprocessing – again this would place pressures on small stores' employees.

“If you come in the front door with a can, it’s got to go somewhere where its being recycled, so now a member of staff – at 12p a minute – as got to walk out the back and walk back again. That’s 5 minutes, or 60p we’re paying to get a 5, 10 or 20p refund on a can – it doesn’t make sense. And most of this stuff is already recycled in private anyway.”

Hygiene and Health & Safety Issues

Retailers in the focus groups also raised concerns that a DRS would not work alongside current health and safety regulations. The idea that the same physical space at point of sale would be used to serve food-to-go and accept soiled packaging was thought to be unpragmatic by retailers.

“There’s no way they’re coming in my store. ... I don’t need to be in the situation where I could be sued by a customer, I could have Health and Safety after me, I could have the EHO round after me, simply because I’m accepting a tin of beans that hasn’t been cleaned out properly.”

The Workplace (Health, Safety and Welfare) Regulations 1992, Regulation 9 Cleanliness and Waste Materials stipulates that “so far as is reasonably practicable, waste materials should not be allowed to accumulate in a workplace except in suitable receptacles”. Staff would need to be provided with protective clothing and gloves in order to process the packaging returned to stores.

⁶⁵ Eunomia: A Scottish Deposit Refund System (Appendix to the Final Report for Zero Waste Scotland)

⁶⁶ Him! CTP Data 2017

⁶⁷ Eunomia: A Scottish Deposit Refund System (Appendix to the Final Report for Zero Waste Scotland) - TOMRA Communications

⁶⁸ Eunomia: A Scottish Deposit Refund System (Appendix to the Final Report for Zero Waste Scotland)

⁶⁹ Cost of RVS x 40% number of convenience stores in the UK who would have RVS (19,967)

Impact of Deposit Return Schemes on Consumers

To support policy makers' understanding of the impact of a deposit return scheme (DRS) on consumers ACS (the Association of Convenience Stores) commissioned Jericho Chambers⁷⁰ to run three focus groups of consumers across the UK to discuss their views on DRS:

Audience	Age	Gender	SEG	Location type	Location
Consumers	18-34	F	C1C2	Urban	Glasgow
Consumers	55+	M/ F	BC1	Market town (rural)	Diss
Consumers	34-54	M	C2DE	Deprived	Bridgend

Following the focus groups, ACS commissioned Populus to complete polling of 2,034 UK adults to find out their views on DRS and what policy interventions would encourage them to recycle more. The polling took place between 24 and 26 March 2017.

The key findings from the research were:

Consumers were sympathetic to the principles of DRS but ultimately favour household collections

- Given the choice between kerbside recycling collections and deposit return schemes - 70% of consumers favoured their existing household collection, compared to 21% that favoured a new deposit return scheme.

The difficulty of returning empties for those without cars, the housebound, or less mobile

- A higher proportion of those with long term disabilities (73%) or those aged over 65 years old (76%) supported household collections instead of a deposit return scheme.⁷¹

There are alternative solutions to tackling recycling

- Consumers suggest they would recycle more if more packaging was recyclable (37%), packaging was more clearly labelled (35%) and their household recycling collection took a wider range of products (29%).
- Only 9% thought a deposit return scheme would make them recycle more.

The associated costs that would be borne by all, and would most effect those already struggling

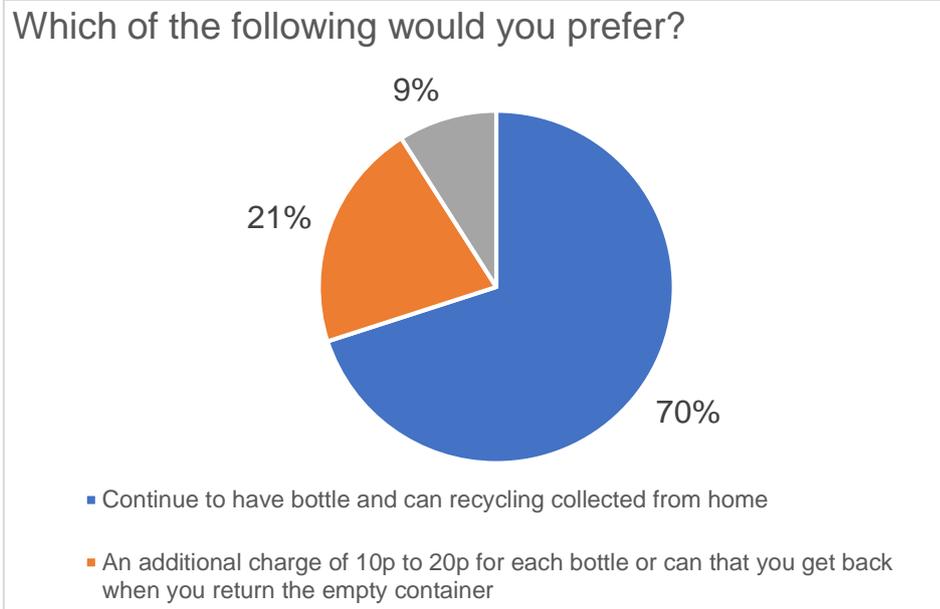
- The complexity of any scheme and its impact on retailers and consumers
- The current effectiveness of at-home schemes

Household Recycling is Favoured Over DRS

Given the choice 70% of consumers favour their existing household collections, compared to 21% that favour a new Deposit Return Scheme.

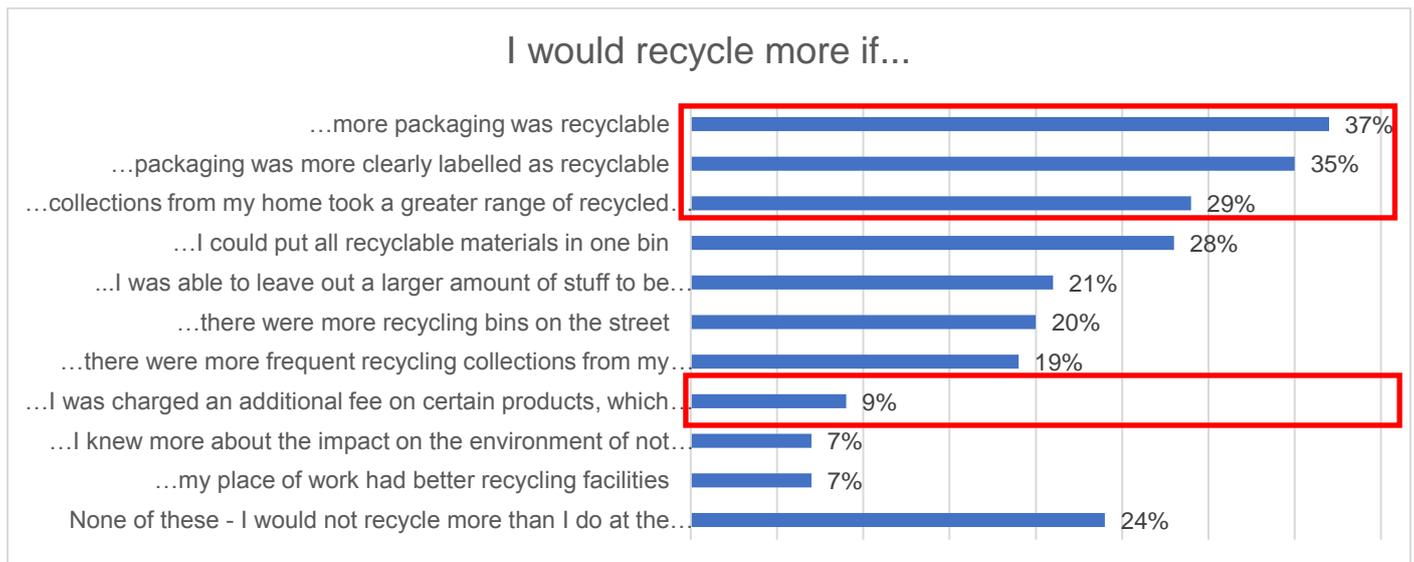
⁷⁰ Jericho Chambers completed the focus group between 20 and 22 March 2017

⁷¹ Populus Online Consumer polling March 2017



Alternative Solutions to Tackling Recycling

Consumers suggest they would recycle more if more packaging was recyclable (37%), packaging was more clearly labelled (35%) and their household recycling collection took a wider range of products (29%). Only 9% thought a Deposit Return Scheme would make them recycle more.



Impact on Household Recycling Collections

While consumers were sympathetic to the principles of DRS, they believed that there were other solutions that would be more effective to increase the level of recycling, and had concerns that a deposit return scheme would place additional costs on consumers, and make recycling more complex⁷².

“If you’re sticking prices up on everything, it’s like a tax, and not everyone can afford that tax.” Dad, Wales

“It’s an awful idea, it’s going to put so much money on the cost of something, and that’s money we are not going to get back as prices are going to have to go up by 5p or 10p for the retailer to handle it.” Dad, Wales

⁷² Jericho Chambers 2017

Consumers in the focus groups noted that DRS may actually reduce the volume of recycled goods, if kerbside schemes were no longer in use or had reduced collections. Given the choice between the introduction of a deposit return scheme compared with their existing household recycling, 70% of consumers support their existing household recycling.

No Silver Bullet

Consumers indicated that they would recycle more if their household recycling services were extended and improved rather than the introduction of a deposit return scheme. Populus consumer polling found that consumers would recycle more if more packaging was recyclable (37%), packaging was more clearly labelled as recyclable (35%), and collections from their home took a greater range of recycled goods (29%)⁷³.

*“We have different colours [of recycling bins] but I don’t really know what they are for. I don’t have a clue; my rubbish just goes in the bin and that’s it.” Younger Female, Scotland*⁷⁴

Impact on Carless and Vulnerable Households

The most vulnerable in society support household kerbside recycling; people with long term disability (73%), carless households (70%) and people aged 65 and over (76%)

A higher proportion of those with long term disabilities (73%) or those aged over 65 years old (76%) supported household collections instead of a deposit return scheme.⁷⁵

“I don’t have a car, I’m not going to be taking glass bottles out with me out on to the bus. I don’t think I’d bother.” Younger Female, Scotland

“If you’ve got a garage then you’re fine, but if you live in a flat then you’re knackered.” Dad, Wales

“Where would you store this stuff? It’s tough enough as it is trying to keep your house tidy before you put it in the wheelie bin. Would I have to keep it in the car?” Younger Female, Scotland

Customer Confusion

Consumers in our focus groups identified the potential complexity of a deposit return system. They raised concerns about the ability to know what could or could not be recycled in the system. One consumer in England said:

*“How many product lines are there out there that have to be washed, cleaned and returned? 500? 400? 300? It might be that we can just deal with a few of them, and that makes it doable, ok, but once we get into the enormity of the different types of materials, you starting to get a bottleneck problems, and how could anywhere – like the village shop – cope with 25, 100, 500 different types of products” Older Male, England*⁷⁶.

There is customer confusion about what can and cannot be recyclable through kerbside collections⁷⁷. A BBC Freedom of Information request found that 3% of recyclable waste was rejected by local authorities, with some local authorities experiencing a rate of 14.99%⁷⁸. As such, we have concerns that customer confusion would only be exacerbated if a DRS were to be introduced.

⁷³ Populus DRS Consumer Polling

⁷⁴ Jericho Chambers: Deposit Return Scheme – views of retailers and consumers 2017

⁷⁵ Populus Online Consumer polling March 2017

⁷⁶ Jericho Chambers: Deposit Return Scheme – views of retailers and consumers 2017

⁷⁷ [BBC News: Rejected recyclable waste up 84% in England since 2011, data shows](#)

⁷⁸ [BBC News: Rejected recyclable waste up 84% in England since 2011, data shows](#)

