



ACS Submission: Delivering a Deposit Return Scheme for drinks containers in Wales

ACS (the Association of Convenience Stores) welcomes the opportunity to respond to the Welsh Government consultation on delivering a Deposit Return Scheme (DRS) for Wales. ACS represents the UK's 50,000+ convenience stores including 3,000+ in Wales.

Question 2. Do you agree that the drinks industry should develop the reuse roadmap, coordinated by a DMO?

Yes – with the support of the retail industry.

ACS welcomes the opportunity to collaborate on the creation of the 'reuse roadmap,' and believe that it is essential the retail industry is actively consulted throughout its development and implementation stages. Retailers play a critical role in the drinks supply chain and will be instrumental in ensuring the implementation of the roadmap is both practical and effective for consumers.

We agree that a roadmap should clearly outline the types of drinks containers targeted, taking into account packaging materials, drink categories, container sizes, and consumption settings. This level of detail is vital for understanding the operational implications across different retail environments.

A collaborative process involving retailers, producers, distributors and other stakeholders, such as Local Authorities or Pack UK, will be key to delivering a roadmap that is both ambitious and achievable. However, this will only be achievable if there is a consistent approach with equal measures applying across the four nations to ensure that there is full alignment across the supply chain and infrastructure, and it is vital that this starts with DRS.

Question 3a. DMO Collection Targets for Reuse

Do you agree that the Welsh Government should set mandatory collection for reuse targets for DMOs in 2031, 2035, and 2040, requiring a minimum percentage of drinks containers to be collected for reuse?

Yes – we agree targets should be set, but for different dates.

Our position is that a reuse scheme should be developed separately from DRS. However, there needs to be an explicit separation from reuse and DRS to avoid conflating two very different schemes and to dedicate focus onto delivering a successful DRS, despite the complexities, within the given timelines. Additionally, we believe that the development of a reuse scheme would need to undergo sufficient industry-wide trials and testing before being rolled out in order to be successful, therefore cannot feasibly align with the DRS go live date of October 2027.

If the Welsh government does proceed with a reuse scheme, there would have to be targets in place. However, without the parameters of the scheme being determined, it is difficult to determine what would be an achievable target for industry to work towards. In particular, industry would need to meet placed-on-market targets before it can agree on collection-for-reuse targets. For instance, if only x% of the containers placed on market are reusable then it would not be possible for a higher percentage to be collected for reuse.

Question 3b. Producer Placed-on-Market Targets for Reuse

Do you agree that the Welsh Government should set mandatory reuse targets for producers, requiring a minimum percentage of drinks containers placed on the market to be reused by 2031, 2035, and 2040?

Don't know.

Our position is that a reuse scheme should be developed separately from DRS. We don't know what reasonable targets could be set without understanding what the operational model will look like.

Question 4. Do you think there should be one collection for reuse target for all drink containers in the DRS, or a separate target for each type of material? (e.g. a target for PET plastic bottles, a different target for glass bottles, and another for aluminium and steel cans)

Yes – separate targets for each type of material.

Our position is that a reuse scheme should be developed separately from DRS.

We believe that it would be beneficial to have separate targets for each type of material. Given that the prospect for reuse varies across different materials and product types, separate targets would allow for the treatment of each material to reflect the operational realities when it comes to supply chain capacity and collection. Additionally, it is important to note that consumer behaviour may vary across different material types, therefore affecting the rate of collection for each type of material.

Question 5: What should the target level be set at beyond 2030 in order to ensure the scheme delivers a collection for recycling rate that is in line with the world's best?

To ensure that the scheme delivers a leading recycling rate, targets should be set by the DMO and co-ordinated across all four nations as alignment will be key to driving high performance across the scheme. It is also essential to clarify whether these targets refer specifically to DRS, or overall recycling rates. Any targets set should be material and format specific, ensuring that they reflect the diversity of packaging on the market.

Question 6. When reusable containers are introduced, should the total number of containers (single-use and reusable) contribute to the same collection target?

No – there should be separate return rate targets for single-use containers and reusable containers.

Question 7. When reusable containers are introduced to the DRS, should their collection target increase over the first few years?

Don't know.

Our position is that a reuse scheme should be developed separately from DRS. While we don't know what a reuse scheme would look like, or if collection targets for reusable material should increase over the first five years, it is imperative that the development of the initial targets are evidence-based and achievable.

Question 8. Would gradually expanding of the range of drinks packaged in glass bottles to the DRS make it easier for industry to move to reusable packaging?

We don't know how expanding the range of drinks (beer and cider, soft drinks, wine, spirits) packaged in glass bottles would benefit industry.

Our position is that a reuse scheme should be developed separately from DRS. Despite this, we do not support the inclusion of glass take back alongside DRS. We believe that DRS and related schemes should align in all four nations in order for it to be workable for industry to implement within the given timeframe.

In the future, a transition period could be beneficial to bring into scope all types of glass containers, however this will need further consultation and industry trials to understand the operational complexities which come with expanding material collections. By allowing a transition period to take place, consumers may become more willing to participate when and if the scope of material collection expands.

From retail return point perspective, when expanding takeback to include glass, the equipment needed in store to collect materials is likely to be the same regardless, whether you are taking back one glass container type or multiple glass container types. It is also important that all types of glass material are within scope to avoid consumer confusion at the point of return.

Question 9. To support higher reuse targets, should the DRS in Wales be expanded in future to include:

- **Additional types of containers (e.g. different materials, sizes, or reusable formats)?**
- **Additional types of drinks within the existing container types (e.g. milk, juice, dairy-based drinks)?**
- **Both?**

None. Our position is that a reuse scheme should be developed separately from DRS. Despite this, DRS should not be expanded to include additional types of containers. Taking back additional types of containers adds to the operational complexities due to different types of materials needing different takeback solutions. Additionally, adding more containers for takeback is space intensive, especially for convenience retailers that have limited space and operational capacity to meaningfully participate in the scheme. DRS must be in an operational state before any expansion to the scheme and scope of materials being collected within DRS can be considered. This will need to be carefully timed with infrastructure replacement cycles as retailers will have made significant investment in store estates, RVMs and other equipment to support them in facilitating a DRS.

Question 10. Which of these (or other) measures would be best to encourage and support producers to use reusable drinks containers in Wales?

Don't know. Our position is that a reuse scheme should be developed separately from DRS. We don't know how this would work before seeing the operational plan for a reuse scheme and without undergoing reuse trials. On that basis we believe that all interventions (low fees, restrictions on sold in single use cans, technical and financial support) would be needed. In addition, there would need to be wider investment in collection, sorting, and cleaning facilities.

Question 11. Which of the following best describes your view on the targets for the number of uses of reusable containers within the DRS as described above:

Don't know. Our position is that a reuse scheme should be developed separately from DRS. We are unable to have a view on what reasonable targets will look like without seeing more information on the operational plan for reuse and without undergoing reuse trials.

Question 12. Do you agree that a DMO should be required to incentivise the use of standardised bottles and managed bottled pools (rather than the Welsh Government setting mandatory minimum targets for their use)?

Don't know. Our position is that a reuse scheme should be developed separately from DRS. Additionally, while we don't know what the operational plan for a reuse scheme would look like, incentivising the use of standardised bottles would be the preferred approach by industry. There would need to be further consultation with industry to understand where these incentives would come from. For example, if it would be from the DMO, or paid for from the funds raised by PEPR, as is the case in other European countries.

Question 13. Are there any other minimum standards that could be introduced to ensure that the reuse system delivers the aims of a circular economy, including the transition to zero waste and net zero carbon? If yes, please describe below.

Our position is that a reuse scheme should be developed separately from DRS. Despite this, it is important that retailers are part of the consultation on standardised bottles, if this is required. The design or standardisation of any container should take into account the impact for retailers and the space they have to stock these containers in stores. The number of products offered in stores is generally dependent on the space available, larger containers mean that there will be less space for these containers to be stocked in stores, tall containers may not fit on all shelves, while smaller or slimmer containers may increase the availability of products as more of these containers can be housed on shelves. Ultimately, these decisions will affect the number of products stocked in Welsh shops and available to Welsh consumers, as well as hygiene and food safety considerations and the collection of data on how many times these containers have been reused. Therefore, it is fundamental for the DMO to consult with retailers when making these decisions and be supported by clear regulation to support safety and consistency.

Question 14. Do you agree that industry should decide whether to provide crates, bags or boxes for returned reusable bottles?

Yes. We do not agree with the inclusion of glass takeback alongside DRS. Nor do we agree with DRS including the collection of material for reuse from day one. However, if glass is to be included then the DMO, in consultation with retailers, should determine the type of crates, bottle bags, boxes or an alternative approach for handling and storing returned drinks

containers. It is important to ensure that whatever the outcome, the operational realities are considered to minimise damage to containers and to maximise the number of containers which can be taken back into the system. Small stores are likely to require different collection equipment to large stores, which must be accounted for by the DMO in consultation with industry.

Question 15. Do you agree that the proposed approach will ensure that the extra cost of managing reusable drinks containers as the scheme transitions to widespread reuse, is reflected in the return point operator handling fee?

Don't know. Our position is that a reuse scheme should be developed separately from DRS. Despite this, there are many unknown factors about how reuse will work in practice, therefore it is difficult to determine the parameters of the handling fee. It is clear that an obligation to take back single-use and/or reusable glass and other containers goes above and beyond the UK proposals for DRS, and it is unclear that the handling fee set out by the current UK DMO will accurately reflect the increased costs associated with operating DRS in Wales due to the inclusion of glass and other materials for reuse. The inclusion of additional materials comes at a loss of front-of-house sales space due to the necessity of housing larger or additional RVMs to facilitate the return point. There must be an acknowledgement of the additional obligations to retailers and assurances that the scheme will be cost-neutral given that current proposals state that there will be a 0p deposit on glass containers from the launch of the scheme until at least 2030.

Key considerations for the Welsh Government are:

- **Higher costs for RVMs:** these RVMs will be larger, taking up additional sales space, and have different specifications, including requiring a soft drop for glass compatibility.
- **Greater allocation of storage space:** additional materials require more space for larger machinery and storage of containers.
- **Increase in staff time:** due to processing different containers and processing deposits for relevant products.
- **Increase collection frequency:** Glass is heavier, bulkier and takes up more storage space. This means there will need to be more frequent uplifts from stores.

There will need to be a requirement for a different handling fee to be set out in the regulations in Wales to account for higher costs associated with operating the scheme in Wales. This will require amendments to the existing regulations which have already been consulted on. It may also require the regulations to reflect that the DMO can vary the handling payment in different cases.

Additionally, through our experience and engagement on DRS, manual handling is not a viable option for the large majority of convenience retailers. The complexities of operating a manual handling return, including major health and safety concerns, will be further exacerbated by transitioning to a reuse scheme. Therefore, there should be no assumption that convenience retailers will be in a position to operate a manual return point on mass in any upcoming analysis by the Welsh Government.

Finally, the Welsh Government should revisit the exemption criteria for small stores to ensure the criteria is reflective of the additional requirements the scheme will place on retailers. The Welsh Government should also consider the development of a grant scheme

to ensure there is sufficient support for convenience retailers who are within scope of the requirements.

Question 16. How can businesses, local government and the third sector in Wales support a DMO with collecting, transporting and processing reusable drinks containers?

Our position is that a reuse scheme should be developed separately from DRS. Without understanding the operational model for reuse, we believe that it is possible for other private businesses to support with collections.

Convenience retailers and their wholesalers will have limited capacity to support the DMO with transporting and processing reusable containers. This is especially the case if Wales operates a scheme that diverges from the rest of the UK.

However, it is important that Local Authorities are also responsible for collection. Reflections from retailers who operate the scheme in Ireland are that some consumers choose to continue to recycle containers through their household collections, forgoing their deposit, therefore this is an important consideration for Welsh Local Authorities to be aware of and understand where they should return the materials to.

Retailer limitations: Convenience retailers who are able participate in DRS will support the collection of in scope containers but are not equipped to handle transportation or processing of the collected containers.

Question 17. How do you think the deposit level for reusable drinks containers should compare to single-use containers?

Don't know. Our position is that a reuse scheme should be developed separately from DRS. However, there is currently no national-level reuse scheme in Wales or the rest of the UK, so further research and trials are needed to understand consumer behaviours and the likely return rates for container takeback. Based on other DRS schemes, we assume that a lower deposit level could be applied because consumers would be more likely to return containers that are designed for reuse.

From a retail operations perspective, it is easier to have a single deposit level that is clear for consumers to understand and retail operations systems to manage (EPOS and refunds). However, a higher deposit level may be necessary to reflect the increased costs associated with reuse set up and handling additional types of containers, such as glass, to cover the costs associated with storage, staffing, and infrastructure. Ultimately, the deposit level should be set by the DMO in consultation with industry.

Question 18. What processes, technology and/or innovation do you think could be used to make sure Wales's DRS works well with other schemes? Please provide details/examples where available.

To ensure that DRS in Wales integrates effectively with other UK schemes, we recommend that there is alignment on core systems and standards. We would respond 'yes' to communications and engagement, container labelling, and barcode/container scanning at return points. Please see a more detailed response for each category below.

We don't know what this would look like for barcode/container scanning elsewhere, other tracking of containers, and data sharing with other schemes.

Communications and Engagement

Yes.

To make the scheme easy to use for consumers and easy to operate for convenience retailers. There needs to be clear communications to consumers, especially in communities which sit at the border between England and Wales as this could cause friction when it comes to returning products for a deposit. There must be a duty co-operate between DMOs (if there are different DMOs) to ensure that containers entering between scheme can be tracked.

Container Labelling

Yes.

After a transition period there should be alignment on container labelling to minimise disruption through supply chains and IT infrastructure. Technology (e.g. 2D barcodes or QR codes) should be shared with retailers as soon as possible so that retailers can negotiate cost with providers and to update EPOS systems appropriately.

Barcode/Container Scanning at Return Points

Yes.

We would like to see alignment between Wales and the rest of the UK on RVM specification in relation to scanning of containers at return points. This will help retailers when buying machines across multiple nations.

Question 20. How can we ensure that Small and Medium Enterprises (SMEs) in Wales are supported, represented and can benefit from a reuse system for drinks containers?

SME retailers.

Focused engagement sessions/materials for SMEs in the lead up to the launch.

Yes.

It is imperative that retailers and businesses are consulted with before any decisions are made to change the way they operate. There needs to be clear engagement and guidance, including tailored materials made available to ensure that SME's have the support needed to participate fairly and effectively in a scheme if it is to progress.

Financial support to purchase return point infrastructure and/or reconfigure retail spaces.

Yes.

We welcome any proposals for financial support to help with the procurement costs of return point infrastructure, such as return vending machines.

The handling fee must be structured to reflect operational challenges and realities which businesses face. Despite there being no deposit on glass products, the handling fee for DRS in Wales is likely to be higher due to the inclusion of handling glass takeback.

Running a DRS that includes glass and reuse undermines the financial viability of operating a return point for retailers due to higher operating costs. The shift from a traditional DRS to include reuse and glass means that there will need to be a separate handling fee in Wales to reflect the additional obligations of the scheme.

The Welsh Government should consider a grant scheme similar to the one introduced in Ireland where stores under 200m sq and collecting less than 250,000 container per annum can gain access. The thresholds (msq and volume of containers) for such a grant scheme in Wales will need to be adjusted upwards to support the 3,064 convenience stores in Wales.

Collections from return points that are aligned with frequency needs to prevent build-up of containers.

Yes.

The inclusion of glass and reuse within DRS means that containers will take up more space in stores where there is already limited space. This means that collection frequency will have to be increased to two to three collections per week to align with the additional requirements of the scheme. The collection process would also have to be more agile in a differentiated Welsh scheme with an enhanced ability of the DMO to respond to increased returns because of seasonal events and other factors. However, increasing collection frequency and agility places additional cost burdens on all parts of the supply chain engaged in DRS in Wales.

Other

Yes.

The Welsh Government will have to revisit their existing regulations on store exemption criteria. The inclusion of glass leads to higher operating costs and will push more convenience retailers towards applying for exemptions. The suggestion that hosting a return point in a convenience store will drive more footfall to stores and encourage more purchasing is not universally true. It will be down to local dynamics and retailers' assessing the operating burden and cost versus the benefits. Based on our discussion with retailers the inclusion of glass makes them less confident about the viability of hosting a return point.

Question 22. Do you agree with these opportunities to maximise economic development?

Don't know.

Question 23: Are you responding to this consultation primarily as:

Trade association

Question 24: What, in your opinion, would be the likely effects of the [matter, recommendation, option, proposal, policy, legislation etc] on the Welsh language? We are particularly interested in any likely effects on opportunities to use the Welsh language and on not treating the Welsh language less favourably than English.

Do you think that there are opportunities to promote any positive effects?

Do you think that there are opportunities to mitigate any adverse effects?

In retailer and DMO communications activity and signage in stores it will be necessary to include Welsh language signage and instruction options.

Question 25: In your opinion, could the [matter, recommendation, option, proposal, policy, legislation etc] be formulated or changed so as to:

- **have positive effects or more positive effects on using the Welsh language and on not treating the Welsh language less favourably than English; or**
- **mitigate any negative effects on using the Welsh language and on not treating the Welsh language less favourably than English?**

In retailer and DMO communications activity and signage in stores it will be necessary to include Welsh language signage and instruction options.

Question 26: We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this space to report them:

A unified approach to DRS across the UK is best for both consumers and retailers. Divergence will lead to confusion for consumers, especially those who live in communities on the border between England and Wales and will ultimately disrupt the timeline and delivery of DRS across the rest of the UK.

The main concerns are:

- **The inclusion of glass in DRS:** this adds layers of cost and complexity affecting the effective operation of the scheme, especially for small shops who lack the space in stores and infrastructure to handle glass safely.
- **Divergence from UK-wide approach:** consumers may be unsure of how and where to return containers, especially when there are different rules running across the two nations which could cause conflict at return points. Divergence will also impact the wholesalers who supply convenience stores, with limited capacity to stock Welsh specific product lines. This could reduce choice for consumers on Welsh convenience stores.
- **Implementation challenges:** there is a lack of detail on how glass will be collected, stored, and processed, especially in smaller stores with limited space. There are health and safety and hygiene concerns around manually collecting and storing glass in stores, especially for those which sell food.
- **Reduced consumer choice:** retailers may need to stock different versions of the same product for Wales, complicating logistics and supply chains.

It is our recommendation that industry works with the Welsh Government towards implementing a successful DRS for drinks containers, not including glass, which aligns with the rest of the UK.