

Answers to additional questions

Return points

Q1. How your proposal would capture glass consumed on the go and ensure there are a network of points to tackle glass litter from 2027?

Answer:

UK DMO proposes to capture glass consumed on the go through a targeted and proportionate return point network, spanning:

- A broad network of c.100 glass return points, located so that approximately 94 per cent of the Welsh population would be within a drive of less than 15 minutes to their nearest point. These return points are intended to target hotspots for the littering of glass containers consumed on the go, rather than replicate a full return-to-retail network.
- This core network would be supplemented by additional, flexible return routes, including:
 - Local authority-hosted return points and other voluntary return points, particularly in rural or low-retail density areas.
 - Community return points and other voluntary sites, enabled through an opt-in model.
- During the transition period, we would also explore how existing kerbside collections could be incorporated, ensuring an efficient system while maintaining accessibility .

Q2. How your proposal for return points would avoid retailers having to pay to upgrade those points that do not collect glass before the end of the transition period and the consequential increase of emissions associated with replacing infrastructure before the end of its useable lifetime?

Answer:

UK DMO's proposed approach would not require return points to be upgraded to accommodate glass at the end of the transition period. The application states there should be no requirement for all return points to accept all scheme materials, and that a more targeted approach for glass is required in light of i) existing high recycling rates; and ii) the high costs of glass return points, making a universal requirement for all return points to collect glass unaffordable within the confines of scheme economics. This situation would not change following the transition period.

Please refer to question 1 for the proposed network of glass return points in order to deliver against the collection requirements for glass, and to reduce the ongoing challenge of litter from glass containers consumed on the go.

Q3. How will your proposal provide a comprehensive and convenient experience for citizens across Wales from 2027 and avoid the need for people to take different drinks containers to different locations?

Answer:

UK DMO would seek to provide a convenient and accessible returns experience for citizens across Wales, supported by clear communications and a return point network that provides reasonable coverage. We understand that ease and accessibility are critical success factors in delivering a deposit return scheme that supports long-term behaviour change, and we remain committed to delivering this for communities throughout Wales.

However, we must emphasise there is a clear tension between the desire to offer return points that accept all material types, and the need to ensure a sufficiently broad return point network so that returns can be made without significant travel time.

Any requirement for all return points to accept all scheme materials will result in a substantially more limited return point network, which will compromise returns across all material types. This is because: i) the operational complexities of hosting a glass return point (increased space requirements, staff handling time, and health and safety considerations) mean many Welsh convenience retailers would either be unable or unwilling to host return points; and ii) if producer fees for glass are to be kept, at maximum, in line with EPR fees on glass across the rest of the UK (to prevent material switching) then the funds available to operate glass return points via an RHF will be insufficient for a universal network of retail return points that accept glass.

Accordingly, UK DMO is clear in its proposal that not all return points could accept all materials, and that there may be circumstances in which citizens would need to return different drinks containers to different locations.

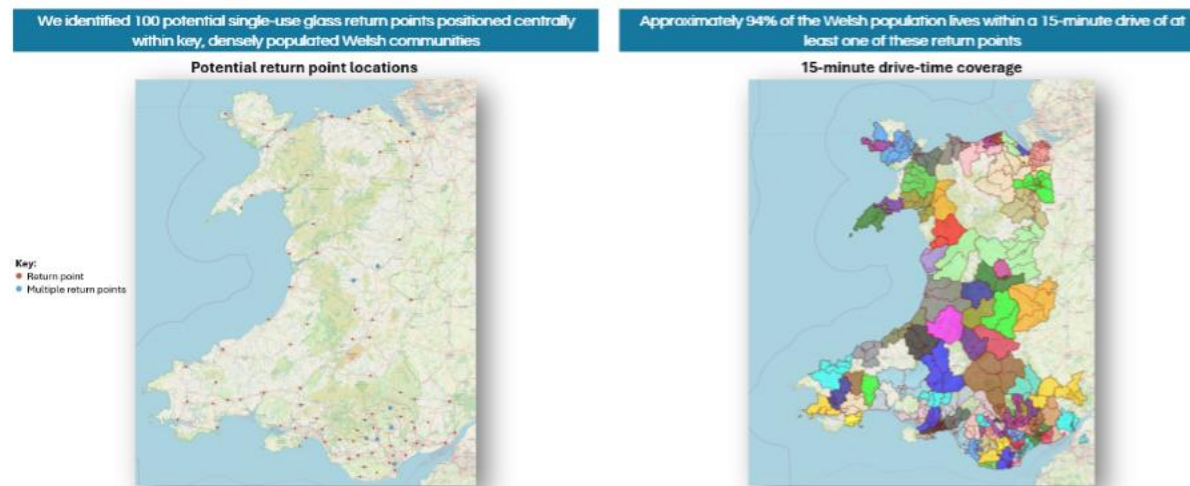
Against this background, UK DMO would still seek to provide a comprehensive and proportionate citizen experience through a flexible network, which could include return-to-retail, local authority and community-hosted return points. Clear Welsh-specific communications would also be important, both to explain how the Welsh scheme differs from the rest of the UK and to provide citizens with practical information on where and how to return containers.

European container return schemes provide established precedents in which consumers return varying types of containers to different return points. The German experience, for example, suggests that effective and frequent communication with citizens will support return behaviour, even if materials accepted vary by return point.

Q4. Given your proposal would see the infrastructure have a much more limited coverage of glass from 2027, please set out how you would deliver a return point network in Wales that is sufficient to deliver the scheme outcomes and to meet performance expectations for all in-scope materials. Including, how your proposal would deliver against the target within the regulations for the minimum of 85% of all refund items from 2031 and 95% of all refund items from 2032?

Answer:

UK DMO modelling shows that a network of c.100 glass return points would be located less than a 15-minute drive away for approximately 94 per cent of the Welsh population. In addition, UK DMO would expect local authorities to play an important role in enhancing access through the establishment of voluntary return points, particularly through suitable sites such as recycling centres, leisure centres, community centres, libraries and other civic buildings. UK DMO envisages that local authorities could form a more central part of the return point network in Wales, especially where retail density is low or access would otherwise be limited.



This proposed network is seen as sufficient to deliver the scheme outcome to reduce litter from glass containers and meet performance expectations.

It is also worth noting that the return point network is one contributory factor amongst many which support return rates, with deposit levels and effective communications also crucial levers in delivering against targets.

Pathway to reuse

Q5. How it is proposed that the scalable reuse pilot will deliver against the collection for reuse targets specified within the regulations?

Answer:

The proposed reuse pilot would generate evidence to inform the development of a viable long-term reuse system in Wales.

The pilot would be designed at meaningful scale, covering a representative geography (for example a large Welsh city and surrounding rural areas, representing around 10 per cent of the population), and would include a wide range of product categories and return channels. These would include local authority sites, hospitality venues, retail locations of different sizes, stand-alone return points, household collection and community-based models. This wide breadth of return channels is intended to test how different approaches perform, and identify the most effective combinations in driving return rates.

The outputs of the pilot would then be used to inform the design of a scalable reuse system and any future regulations, in conversation with the Welsh Government and NRW. These conversations would include identifying operational models capable of delivering high collection rates. UK DMO would expect that elements of the pilot which prove to be effective would be retained and scaled over time, providing a pathway towards achieving reuse targets at a national level. This would avoid the unintended consequence of significant increases in emissions, and financial costs incurred from the setup of a reuse system unable to achieve high return rates.

Q6. How a pilot will be delivered if not all the infrastructure within the pilot area is able to take all the in scope drinks containers?

Answer:

The pilot is intended to test a range of return mechanisms and operational models, and therefore would deliberately include different types of return points and channels rather than a fully standardised infrastructure. This includes returns via local authority sites, hospitality venues, retail stores, stand-alone return points, household collection and community-based models, each of which may handle different materials or container types depending on operational suitability.

The pilot would be designed and monitored jointly by UK DMO, the Welsh Government and an independent academic institution to ensure effective delivery.

This approach reflects the practical reality that reuse systems are likely to involve a mix of return options, and that different channels may be better suited to different formats or materials. Testing these variations is an important part of understanding how reuse can operate effectively at scale.

The pilot would therefore not depend on universal infrastructure coverage, but instead on a coordinated network of complementary return options. This would allow UK DMO to assess how different configurations perform, how consumers interact with them, and how they can be combined to deliver an effective overall system.

Q7. How the pilot will be funded and what will be done to mitigate the risks if this is not secured in time?

Answer:

UK DMO would seek to fund the reuse pilot through a combination of Welsh Government and UK Government support.

Funding from the Welsh Government is proposed on the basis that the pilot supports the delivery of Welsh circular economy objectives, including the transition towards greater reuse. Funding from the UK Government is proposed as the pilot would generate evidence relevant to wider UK circular economy policy development. A jointly funded pilot is considered to provide a strong basis for generating robust, real-world insights to inform future system design.

If government funding is not secured in time, UK DMO recognises that raising the required capital from alternative sources (e.g. industry) would take time and may delay the delivery of the pilot. As such, early engagement with governments is considered important to align on funding timelines and enable timely mobilisation.

More broadly, UK DMO would seek to mitigate risks through phased planning, ongoing engagement with stakeholders and by maintaining flexibility in the design and timing of the pilot. The approach reflects that detailed financial and operational planning for reuse will need to be informed by the pilot itself, requiring a staged approach to ensure that any future reuse system is both deliverable and financially viable.

Q8. How the split in responsibilities will deliver reuse across material types?

Answer:

UK DMO Limited would retain ultimate responsibility for compliance with the Welsh Regulations and for delivering all scheme obligations across materials, including reuse.

Within this model, the reuse pilot would be delivered through a dedicated operations function in Wales, working with producers, retailers, local authorities and other partners across the value chain. This includes coordinating participation across different material types, including glass and, where appropriate, PET or other formats, and ensuring that the pilot reflects the differing characteristics and requirements of each material.

Please see Page 27 of the application document submitted for further detail on proposed responsibilities and roles for delivering the Welsh scheme.

Accountability

Q9. Who will be accountable for delivery in Wales for:

- (a) PET and cans;
- (b) glass;
- (c) reuse; and
- (d) public communication and behaviour change?

Answer:

UK DMO Limited would be accountable for delivery in Wales against all of items (a) to (d).

Q10. How Welsh Government and NRW will receive assurance and visibility of progress.

Answer:

UK DMO would provide assurance and visibility of progress through a combination of regular engagement, structured reporting and data-sharing arrangements with Welsh Government and Natural Resources Wales (NRW).

As set out in the application, UK DMO commits to regularly updating Welsh Government, NRW and local authorities on detailed operational planning and progress against the Operational Plan. This would include ongoing communication on the development and implementation of key workstreams required to deliver the scheme.

In line with the approach which is currently in place across the other UK nations for the DRS schemes in Scotland, England and Northern Ireland, UK DMO would intend to replicate a structured engagement model. This would include regular virtual meetings with government officials and regulators, and periodic in-person meetings to support more detailed discussions and oversight.

UK DMO would also implement digital systems to manage scheme data, ensuring relevant information can be shared securely with NRW and Welsh Government. This includes agreeing an appropriate Data Sharing Agreement (DSA) between UK DMO and regulators, setting up secure data-sharing protocols, providing training to regulatory staff on how to interpret and use the data, and ensuring that the data is accurate, up-to-date, and readily available. The information made available to regulators would include producer registrations and placed-on-market data, return and collection rates, relevant contract information, and waste collection infrastructure data, provided securely and in line with agreed data-sharing protocols.

Overall, this approach would aim to provide ongoing visibility, structured assurance, and a collaborative working relationship with Welsh Government and NRW, consistent with the wider UK DRS governance model.

Scheme financial viability

Q11. The finance strategy that underpins your proposal in order that the scheme becomes self-financing. Including for example high-level funding sources and assumptions, cost controls, and approach to affordability constraints.

Answer:

UK DMO proposes a finance model designed to ensure the scheme is self-financing over time, based on a combination of producer fees, unredeemed deposits (where applicable) and income from the sale of materials.

PET, aluminium and steel

The model assumes that for PET, aluminium and steel, unredeemed deposits will form a significant early revenue stream, alongside producer fees and material sales. Producer fees would be set annually at a level required to ensure financial viability, taking into account operational costs, expected return rates and necessary reserve levels. These fees would be kept under regular review to ensure the scheme remains financially stable while minimising costs to producers.

In accordance with its not-for-profit status, any surplus funds would be reinvested into improving scheme performance or reducing future costs. UK DMO would also

seek to leverage existing infrastructure and logistics where possible, and adopt a UK-wide model to benefit from economies of scale.

The financial model incorporates contingency through reserve funds, ongoing monitoring of costs and revenues, and the ability to adjust producer fees if required. This includes responding to changes in return rates, material values or operating costs, thus ensuring the scheme remains resilient under different scenarios.

Affordability constraints would be addressed through careful calibration of producer fees and deposit levels, informed by benchmarking, market analysis and stakeholder engagement. UK DMO would seek to balance achieving high return rates with maintaining affordability for both producers and consumers, while ensuring that return point operators are fairly compensated.

Glass and reuse

UK DMO proposes a distinct but aligned financial approach for glass and reuse, reflecting the specific constraints of these elements of the scheme. During the transition period for glass, no deposit would apply and therefore no unredeemed deposit revenue would be available. As a result, producer fees would be required to fund the full cost of glass return point operations. Fees would be calibrated to maintain financial viability, while remaining broadly aligned with existing EPR cost levels.

Set-up funding for any glass collection system in Wales would require support through EPR funding prior to go-live, reflecting the absence of alternative funding mechanisms due to the lack of unredeemed deposits. Post go-live, the financial model for glass would rely solely on producer fees and material sales, requiring a targeted and proportionate return point network to ensure affordability and avoid disproportionate costs.

UK DMO does not consider it possible at this stage to define a fully self-financing model for reuse, as the operating requirements and cost base will depend on the outcomes of the reuse pilot. Financial planning for reuse would therefore be developed iteratively, informed by pilot evidence, with future modelling expected to consider key cost drivers such as reverse logistics, washing, storage and return infrastructure.

UK DMO would maintain strict separation of costs and revenues, ensuring no cross-subsidisation between materials, and would keep producer fees and financial assumptions under ongoing review to ensure long-term sustainability and affordability of the scheme.

Further detail on the financial viability of the scheme and a business plan is provided within the application, included within a supporting Excel file. It covers the full UK DMO set-up period, and provides financial forecasts for seven years post-scheme launch, in line with the Wales DRS requirements. This is structured across two components: UK DMO Limited, covering PET containers and cans placed on

the market in Wales, and DMO Cymru (Glass and Reuse), covering glass containers placed on the market in Wales.

Q12. The funding approach to infrastructure you intend to implement during the transitional period, covering how you would expect unredeemed deposits to be used, and how you would respond to for example varying return rates?

Answer:

As there is no deposit applied to glass during the transition period, there are no unredeemed deposits available to fund infrastructure. In line with regulatory requirements, funding for glass return point infrastructure would therefore be derived primarily from producer fees, with EPR funding required to support any initial set-up and planning for the system.

Importantly, any income from unredeemed deposits on PET, aluminium and steel would not be used to support infrastructure for glass and reuse as this would represent the cross-subsidisation of materials, which is not permitted. This necessitates a more targeted and proportionate approach to glass infrastructure during the transition period to ensure financial viability.

Q13. What governance and controls you would apply to decisions on the use of scheme funds and how that would work in the context of a split between the roles of the UK DMO and DMO Cymru?

Answer:

UK DMO would maintain a clear separation of financial flows and responsibilities. UK DMO Limited would retain ultimate accountability to Welsh Ministers and NRW for the delivery of the scheme across all materials, while DMO Cymru would be responsible for the operational delivery of glass and reuse in Wales, supported by its own dedicated workforce and operational structure.

To support this, UK DMO would maintain:

- separate financial accounts and business planning for PET/cans and for glass/reuse,
- distinct cost and revenue streams by material, and
- strict adherence to the requirement that no cross-subsidisation occurs between materials.

Where UK DMO would provide central or shared services to DMO Cymru (such as IT, HR or other corporate functions), these would be governed through formal intra-group service agreements, with all charges applied on a cost-recovery basis only. This ensures that DMO Cymru pays no more than reasonable remuneration for services received, while maintaining transparency and compliance with non-cross-subsidisation requirements.

Governance of DMO Cymru itself would remain closely linked to UK DMO, with the UK DMO Chief Executive Officer and Chief Financial Officer acting as Directors of the subsidiary, ensuring alignment with UK-wide governance standards and appropriate financial oversight. At the same time, DMO Cymru would have

dedicated operational teams and governance forums, including engagement with an Industry Steering Committee, to support effective delivery of glass and reuse within Wales.

Overall, this governance structure is intended to provide clear accountability at UK DMO level, robust financial controls and oversight, and transparent and ring-fenced funding arrangements for each material stream, while enabling effective operational delivery of key elements of the Welsh scheme through DMO Cymru.

Charitable donations

Q14. Please confirm how the scheme's third-sector contribution mechanism will support Wales-based charities and how that will be visible and accessible to consumers in Wales?

Answer:

UK DMO would encourage the incorporation of a mechanism within the scheme that enables consumers to donate their deposit refunds to charitable causes, including both national and local organisations such as Wales-based charities. This model is seen frequently in international schemes such as the Republic of Ireland.

As set out in the application, UK DMO would enable return point operators to offer citizens the option to donate their deposit refund to charitable causes. This functionality could be made available at return points, allowing consumers to choose to donate their refund as part of the standard return process.

In addition, UK DMO would seek to support broader community engagement as part of the scheme's communications and engagement strategy. This could include encouraging community groups to collect containers as charity donations, alongside wider community engagement activities designed to increase awareness and participation in the scheme.

To ensure the mechanism is visible and accessible, UK DMO would include information on donation options within its wider consumer communications and engagement activities. This would form part of a comprehensive communications plan, including educational materials and community engagement, with information made available in both Welsh and English and in accessible formats where appropriate.