

Welsh Government – Deposit Return Scheme (DRS) meeting with Exchange for Change / UK DMO applicant

Date: 23 February 2026

Time: 10:30–13:00

Location: Welsh Government offices, Cardiff (hybrid via Microsoft Teams)

Attendees

1. Introductions and record of the meeting

The meeting opened with introductions from all participants. Representatives from Exchange for Change explained their respective roles in strategy, corporate affairs, and legal and governance, noting that several were relatively new in post. Welsh Government officials introduced themselves, including the Head of Scheme, policy and legal colleagues, and an adviser from Local Partnerships.

For the purposes of accurate recordkeeping, [] advised that the meeting would be transcribed via Microsoft Teams to support production of high-level notes, with the transcript retained for a month before deletion. Attendees indicated their agreement.

2. Context: Internal Market Act exclusion and Welsh Regulations

Rhodri outlined the current context. UK Government had indicated its intention to grant a UK Internal Market Act exclusion for Wales to enable the Welsh DRS, including single-use glass, to proceed as long envisaged. This exclusion would provide greater certainty but remained subject to formal Parliamentary agreement.

In parallel, Welsh Ministers intended to lay DRS regulations before the Senedd, with a plenary debate expected towards the end of March, and to run the Deposit Management Organisation (DMO) appointment process so that an appointment could be made as soon as the regulations were in force. Welsh Government stressed that, given Wales's distinct context, particularly its advanced recycling performance and statutory duties, the core test for any scheme would be whether it could succeed in Wales, both in delivering very high recycling and in providing a clear pathway to reuse.

3. Purpose of the meeting and approach to resolving gaps

The purpose of the meeting was to work constructively through the Welsh Government panel's feedback on the application, identify key gaps, and agree how these would be addressed ahead of the next application milestone. The applicant acknowledged that the previous panel discussion had exposed gaps, and emphasised that the organisation

wished to work in genuine partnership with Welsh Government, using the next few days to reach a shared understanding of intent and to set out a credible route for filling in the necessary detail over the coming weeks.

Both parties agreed that while the immediate aim was to improve the submission expected by the end of the week, there would need to be continued engagement up to and beyond the formal cut-off date in March.

4. Reuse: core purpose, obligations and delivery pathway

Welsh Government reiterated that the regulations explicitly define reuse as a core purpose of the Welsh DRS, rather than an optional add-on, and that this should be reflected in the overall design and narrative of the application. Legal colleagues explained that the regulations would place a 5% reuse collection target on the DMO by 2031, reduced from an earlier 10% proposal to ensure deliverability. This target is an obligation on the DMO, not directly on producers, and is intended to be met through a combination of large-scale trials and other mechanisms such as hospitality-based reuse, rather than prescribing detailed producer behaviour at this stage.

Future regulations are expected to develop the reuse framework further, so the DMO must ensure that its systems and infrastructure are capable of scaling beyond the initial 5% requirement.

Reuse timeline and Wales as a testbed

There was detailed discussion of the timetable for reuse. The applicant confirmed that, while the primary focus in the early years would be establishing a stable single-use scheme, they envisaged commencing substantial reuse trials in 2028, shortly after go-live, leaving three years to build towards the 2031 reuse target. It was agreed that those trials must be at meaningful scale and designed from the outset to inform both Welsh implementation and potential wider UK roll-out.

Welsh Government emphasised that Wales is already being used as a testbed in other policy areas and that a similar approach should be taken here, using reuse pilots to bring forward approaches that industry might otherwise delay until the 2030s. The applicant acknowledged that this places a premium on early, structured engagement with Welsh local authorities and other partners, and agreed to set out a clearer trial framework in the revised application.

Reuse-ready infrastructure and financial narrative

Officials stressed that the reuse target could only be met if the DMO's infrastructure, IT systems and operational model were "reuse-ready" from day one, rather than requiring expensive re-engineering mid-cycle. The applicant agreed and accepted that reverse

logistics, counting centres and data systems must be capable of handling reusable flows as well as single-use returns.

Welsh Government requested more explicit narrative in the application on the anticipated financial pathway for reuse, including indicative assumptions on trial design, infrastructure, and operating costs, while recognising that precise figures will only be available once trial parameters are agreed. The applicant committed to including a more developed, high-level financial description in the next submission, even if based on assumptions and ranges, to give the panel confidence that reuse has been properly factored into the business model.

5. Single-use glass in Wales: scope, transition and strategic importance

The meeting then turned to single-use glass. Welsh Government confirmed that glass would be in scope from go-live in Wales, but that, under the agreed transitional arrangements associated with the UK Internal Market Act exclusion, labelling and deposit requirements for single-use glass would not apply for a four-year period, although glass would still be collected through the scheme.

This created both challenges and opportunities: there will be significant impacts on Welsh local authorities, which currently derive substantial revenue from high-quality, separately collected glass; but the transition period provides space to put reuse-capable infrastructure in place and to test different models. Officials emphasised that, in a Welsh context, glass is a central component of the scheme's environmental case, particularly in relation to litter and resource use, and cannot be treated as a marginal or "bolt-on" element.

6. Organisational model: embedding Welsh delivery within the DMO

Panel members expressed concern that the application's description of a core UK DMO with a separate Welsh company might be perceived as treating Wales as an adjunct rather than as a fully integrated part of the organisation, particularly given the significance of glass and reuse in the Welsh scheme.

The applicant explained that the intention behind the draft organisational charts was to ensure a clear focus on Welsh requirements for example through dedicated local authority partnerships, corporate affairs and reuse roles while retaining a single overarching IT system and core processes across the UK.

It was agreed that the revised application must describe more clearly how Welsh operations, including single-use glass and reuse across all materials, would be structurally embedded within the DMO, with shared senior leadership (for example, the

same CEO and CFO across the group) and transparent lines of accountability, rather than appearing as a standalone vertical.

7. Welsh local authorities: funding model, impacts and hybrid collection opportunities

Welsh Government set out the distinctive Welsh local authority funding and service context. Over more than a decade, Wales has invested around £1 billion in recycling infrastructure, operates predominantly public-sector collection services, and has near-universal separate food and dry recycling collections for households and workplaces. Local authorities also collect most trade waste, and sell high-quality, separately collected materials into the market.

As a result, introduction of DRS is expected to remove substantial volumes and value from existing local authority collections—estimated at around £250 million over time—making partnership working and hybrid solutions particularly important. Officials described the potential for “hybrid” collection models, combining return-to-retail with use of local authority collection systems and the public-sector estate, and noted that impact assessments show such approaches could be significantly better in both carbon and cost terms than a traditional, purely retail-based model.

Partnership opportunities and constraints

The applicant recognised that the Welsh landscape differs markedly from other nations and accepted the need for deeper engagement and joint design with local government. It was noted that, while Welsh Government can more readily support capital investment (for example, adapting vehicles or depots to handle different material streams), it is much harder to fund ongoing local authority staff roles. This underlined the importance of designing cost-effective, integrated collection systems rather than duplicating activities.

Both sides agreed that there is scope to explore use of existing local authority facilities (including sites with environmental permits and advanced sorting technologies), combined with retail and hospitality collections, to create a network that delivers high capture rates without concentrating all burden on retailers. The revised application will therefore need to describe how the DMO intends to work with the Welsh Local Government Association, individual councils and Welsh Government to co-design these hybrid arrangements.

8. Consumer experience: convenience and behaviour change

Officials emphasised that Welsh citizens already have well-established habits of recycling at home, at work and in public spaces, with convenient, separately collected services. Research consistently shows that convenience, rather than communications alone, is the primary driver of participation. The panel therefore stressed that any Welsh DRS must make it as easy as possible for people to participate and must clearly offer additional environmental benefits, particularly reuse, compared with existing kerbside and workplace recycling.

The applicant agreed that convenience is central and described its UK-wide work on consumer research and segmentation, which aligns with Welsh evidence. It was also acknowledged that, over time, behaviour change can be supported by making the “wrong” behaviours more difficult, but that this must be preceded by establishing convenient DRS options, particularly in a context where kerbside recycling is already strong.

9. Accessibility and online takeback

Turning to accessibility, the applicant summarised lessons from Ireland, where reverse-vending machines (RVMs) had not initially been fully accessible, particularly for visually impaired users. Extensive work with disability organisations and user testing has since informed improved RVM design. Similar research has been undertaken across the UK with Disability Rights UK and others, including Welsh participants, to shape specifications for RVMs and other return options.

The discussion then focused on online takeback. Welsh Government underlined that online takeback is particularly important for people who cannot readily travel to return points. The applicant accepted that the organisation cannot yet commit to a fully costed, universal online takeback service from day one, given the economics of home delivery and retailer concerns, but confirmed that it is actively exploring alternative models, including partnerships beyond traditional retailers, to serve the relatively small but critical proportion of citizens who rely wholly on online shopping.

It was agreed that the revised application should set out the current thinking, ambition and engagement on online takeback and accessibility, even if the precise implementation timeline remains to be determined.

10. Stakeholder engagement in Wales

Welsh Government highlighted the importance of working with Welsh civil society and institutions. In particular, officials referenced the role of Keep Wales Tidy (including its EcoSchools programme, which reaches the vast majority of primary schools), the Future Generations Commissioner, and other NGOs as partners in designing and

communicating the scheme, especially around litter reduction and long-term behavioural change.

Natural Resources Wales (NRW) was identified as a key regulator, with experience of regulating both air quality and the recently introduced workplace recycling regulations, and with well-developed approaches that focus initially on supporting compliance before moving to more formal enforcement. The Welsh Local Government Association (WLGA) was described as an active and constructive partner, well-placed to facilitate discussions with councils.

The applicant outlined its existing UK-wide consumer engagement panel (which includes organisations such as Keep Britain Tidy and disability charities) and agreed that a Welsh-focused structure or subgroup, tailored to Welsh partners and Welsh language requirements, should be established.

11. Legal framework and Legal Services engagement

[] and [] provided further clarification on the legal framework. They confirmed that the Welsh regulations explicitly identify reuse as a core purpose of the scheme and set a 5% reuse collection target for the DMO by 2031, while deliberately not yet imposing specific obligations on producers regarding the proportion of reusable packaging they place on the market.

This outcome-focused approach is intended to give the DMO flexibility, for example in combining large-scale trials, hospitality-based reuse and other mechanisms, while ensuring that the capability to meet higher reuse ambitions is in place ahead of future legislation.

In response to a request from the applicant, [] confirmed that she was content to be contacted between meetings for detailed queries about the drafting and interpretation of the regulations, with contact details to be shared via Laura Harrison.

12. Welsh language and communications

Welsh Government reminded the applicant that Welsh is the primary language in some communities and that Welsh language considerations must run through all aspects of scheme design and communications, not just labelling. While the draft application did refer to bilingual engagement, panel members felt this was not yet sufficiently visible or integrated.

The applicant accepted this feedback and undertook to revise the narrative to foreground Welsh language and culturally appropriate engagement, for example in

signage, digital tools, and partnerships with Welsh-medium schools and community organisations, so that the scheme feels rooted in Welsh communities from the outset.

13. Timetable, panel process and Senedd scrutiny

The panel secretary explained that 13 March 2026 is effectively the cut-off date for the application process. In light of this, Welsh Government requested an updated submission by the end of the current week to allow the panel to reconvene the following week and, if necessary, again before the cut-off. The applicant asked whether a short extension from Thursday to close of play on Friday would be acceptable; Welsh Government agreed, noting that this still left sufficient time for panel consideration.

It was proposed that a further, largely face-to-face meeting be held in Cardiff on 9 March 2026 to discuss the revised application and any remaining issues, and this was agreed in principle. Officials also noted that, separate from the technical panel process, the regulations and the overall scheme would be subject to intensive Senedd scrutiny, with Members focused on demonstrable benefits to Wales, including litter reduction, protection of local authority finances, and the early transition to reuse. This context reinforces the need for a compelling and Wales-specific narrative in the application.

Finally, the applicant observed that some elements of the panel's feedback, such as fully specified contracts, detailed handling fee models and finalised fee structures, could not realistically be provided at application stage, given ongoing UK-wide consultation processes and the need to co-design aspects with regulators and stakeholders over a longer period. Welsh Government acknowledged this constraint but emphasised that the application still needs to demonstrate a clear direction of travel, credible assumptions, and robust planning processes to give confidence that Welsh requirements will be met. Both parties agreed that the revised submission should therefore concentrate on clearly articulating intent, frameworks and pathways, even where detailed numbers or documents are not yet available.

14. Next meeting

It was agreed in principle that the next substantive meeting between Welsh Government and the applicant would be held in the week commencing 9 March 2026, with 9 March suggested as the preferred date, subject to diaries. This meeting will review the revised application, consider any further panel comments, and confirm that the submission is in a suitable state ahead of the 13 March cut-off.

Action Log (as agreed)

No.	Action	Responsible	Deadline
1	The applicant to submit a revised version of the application by close of play on Friday 27 February 2026, addressing the panel's feedback discussed at the meeting.	[] and the Exchange for Change / UK DMO team	27 February 2026
2	Include a clearer, high-level framework for reuse trials from 2028 onwards, showing how trials at scale in Wales, in partnership with local authorities, will contribute to meeting the 5% reuse collection target by 2031 and provide a pathway to wider UK roll-out.	Exchange for Change / UK DMO strategy team	27 February 2026
3	Strengthen the financial narrative for reuse in the application, setting out indicative assumptions and costs for trials and subsequent scaling, while explaining that detailed modelling will follow once trial design is finalised.	Exchange for Change / UK DMO finance and strategy teams	27 February 2026
4	Revise the organisational description to show clearly how Welsh operations—including single-use glass and reuse across all materials—are integrated within the wider DMO, with shared senior leadership and dedicated Welsh-facing functions (for example, local authority partnerships and corporate affairs).	Exchange for Change / UK DMO leadership team	27 February 2026
5	Provide further detail on the proposed single-use glass collection and return network in Wales, including how hybrid models (using retail, hospitality, local authority infrastructure and the public-sector estate) will be explored, and how existing Welsh kerbside and workplace recycling systems will be taken into account.	Exchange for Change / UK DMO operations and logistics teams	27 February 2026

No.	Action	Responsible	Deadline
6	Expand the description of stakeholder engagement in Wales, covering Natural Resources Wales, the Welsh Local Government Association and local authorities, relevant NGOs (including Keep Wales Tidy and the Future Generations Commissioner's office), and disability and consumer groups, and explain how GB-wide engagement structures will be mirrored or adapted for Wales.	Exchange for Change / UK DMO corporate affairs and stakeholder engagement team	27 February 2026
7	Update the application to describe current work and thinking on accessible online takeback solutions and RVM accessibility, including engagement with retailers, logistics providers and third-sector partners, and set out ambition and possible staged implementation without over-committing to a fixed go-live date.	Exchange for Change / UK DMO strategy and operations teams	27 February 2026
8	Make Welsh language and culturally appropriate communications more prominent in the application, explaining how bilingual and community-specific engagement will be embedded across consumer-facing design, information and partnerships.	Exchange for Change / UK DMO communications and engagement team	27 February 2026
9	[]to act as the main legal contact for the applicant on interpretation of Welsh DRS regulations, with contact details to be provided via Laura Harrison, and to respond to queries as the applicant refines its understanding of regulatory requirements.	[](supported by [])	Ongoing; initial queries expected before 13 March 2026
10	The Welsh Government DRS team to schedule a further, primarily face-to-face meeting with the applicant in Cardiff	[]and []	Meeting date and invitations to be

No.	Action	Responsible	Deadline
	during the week commencing 9 March 2026 (provisionally on 9 March) to review the revised application and any remaining issues ahead of the cut-off date.		confirmed by early March 2026
11	Welsh Government officials to consider which relevant background materials can be shared (for example, on hybrid collection impact assessment, local authority funding, digital DRS trials and NRW's enforcement approach to workplace recycling) to inform the development of the operational plan and the revised application.	Welsh Government DRS policy team, with input from NRW and Local Partnerships	Ahead of, or at, the follow-up meeting in March 2026
