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Comataidh Atharrachadh Clìomaid is Ath-leasachaidh Fearann

Report on the proposed draft Deposit and Return Scheme for Scotland Regulations 2020



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Environment, Climate Change and Land Reform Committee

To consider and report on matters falling within the responsibility of the Cabinet Secretary for Environment, Climate Change and Land Reform.



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Introduction

1. The proposed draft regulations¹ to establish a deposit and return scheme (DRS) in Scotland were pre-laid in the Scottish Parliament, under the enhanced affirmative process, on 10 September 2019 and referred to the Environment, Climate Change and Land Reform Committee for consideration. The Scottish Parliament is required to report on the draft regulations by 10 December 2019. Following conclusion of the Scottish Government consultation period, a final version of the draft regulations will be laid in the Scottish Parliament for consideration

Background

2. Provisions for the establishment of a deposit and return scheme (DRS) are included in sections 84, 89, 90 and 96(2) of the Climate Change (Scotland) Act 2009.²

Policy objectives

3. The Scottish Government states that the main policy driver for the regulations is to promote and secure an increase in recycling of materials, forming part of the Scottish Governments' response to the global climate emergency. The statement³ that accompanies the draft regulations indicates that the Scottish Government is committed to creating a more circular economy, where products and materials are kept in a high-value state of use for as long as possible, maximising resources to benefit the economy and the environment.

What the regulations do

4. The Scottish Government states that the regulations ⁴ will:
 - Prohibit the marketing or sale in Scotland of single-use drinks containers made of polyethylene terephthalate (PET plastic), steel, aluminium or glass, if the producer of those articles is not registered with the Scottish Environment Protection Agency (SEPA). The producer is either the brand owner (for products branded in the United Kingdom) or the importer (for products branded outside the United Kingdom).
 - Require that a 20p deposit is applied each time a single use drinks container is sold in Scotland. The seller must also make clear that the packaging can be returned in exchange for reimbursement of the deposit. These obligations do not apply to products sold in export (duty-free) shops, on hospitality premises where a closed loop exists, or for sale to a consumer outside Scotland.
 - Require producers to collect a target percentage of the scheme packaging which they place on the market each year, by collecting their own scheme packaging from retailers and return points and accepting the return of their scheme packaging from wholesalers.
 - Producers will reimburse deposits for any packaging returned or collected.
 - Provide for targets which will increase over the first three years of the schemes' operation (70% in year 1, 80% in year 2 and 90% in year 3). The Scottish Government state that this approach builds on the experience in other countries which have successfully introduced similar schemes.
 - Provide for producers to appoint a scheme administrator to meet the above obligations on their behalf. Anyone seeking to act as a scheme administrator must be approved by the Scottish Ministers.
 - Require retailers to operate a return point at premises from which sales of scheme products are made. This involves accepting (subject to certain exceptions) packaging returned by consumers, reimbursing deposits for that packaging and retaining the packaging for collection by or on behalf of producers.
 - Provide that, where specified criteria are met, the Scottish Ministers may exempt a retailer from acting as a return point and may approve any other person who wishes to act as a return point.
 - Require retailers selling products by means of distance sales (e.g. through an online grocery sale and delivery service) to provide take-back services from the site of delivery to consumers who have purchased those items.
5. The Regulations are set out in seven parts and four schedules:
 - Part 1 – General
 - Part 2 – the Deposit and Return Scheme

- Part 3 – Producers
- Part 4 - Scheme Administrator
- Part 5 - Retailers and Return Points
- Part 6 - Appeals or reviews
- Part 7 - Enforcement and Offences
- Schedule 1 – Producer Registration: Information to be contained in an application for producer registration
- Schedule 2 - Scheme administrator approval: Information to be contained in an application for scheme administrator approval
- Schedule 3 - Collection Targets
- Schedule 4 - Registration of a voluntary return point operator: Information to be contained in an application for registration

Enforcement

6. The enforcement authority is the Scottish Environment Protection Agency (SEPA). The Scottish Government states⁵ that it intends to bring forward separate regulations to include specified offences in relation to the DRS in the Environmental Regulation (Enforcement Measures) (Scotland) Order 2015. This will allow SEPA to impose civil enforcement measures in relation to those offences. This provides for criminal penalties for failure to comply with the regulations (on summary conviction a fine not exceeding the statutory maximum of £10,000, or on indictment and conviction an unlimited fine).

Financial impacts

7. The Scottish Government states ⁶ that the financial case for DRS includes a number of assumptions as drinks producers and retailers (rather than the Scottish Ministers) will manage the day-to-day operation of the Scheme. With that caveat, the Scottish Government states that the financial case indicates direct operational costs for the Scheme of approximately £75 million a year, which will be met through unredeemed deposits (42%) and sale of materials (26%), with the balance met by producers (32%). The Scottish Government estimates that establishing the Scheme is likely to require upfront capital investment of £28 million, to be met by producers. The Scottish Government has produced a Business and Regulatory Impact Assessment (BRIA) ⁷ assessing the regulatory impacts of deposit return for businesses in Scotland.
8. The Committee notes that the costs of establishing and managing the Scheme lie with producers. However, the Committee has questions in relation to the impact of the Scheme on local authority finances and the cost of the related processing capacity and infrastructure (including the costs to retailers), as these are not accounted for in the Business and Regulatory Impact Assessment (BRIA). ⁸ These questions are explored later in this report. The Committee notes that the potential loss of income to local authorities, as a result of the reduction in the volume of materials collected, may be balanced against potential cost savings. The Committee is also aware that there will be costs in relation to raising public awareness, promotion and marketing.

The Committee would welcome an updated assessment of baseline data and further detail from the Scottish Government on the costs and the financial impact on the public sector.

Equality impacts

9. The Scottish Government states that an Equality Impact Assessment (EQIA)⁹ has been conducted, alongside a Fairer Scotland Impact Assessment¹⁰ and an Islands Screening Assessment.¹¹

The Committee is keen to ensure that the DRS will not adversely impact groups with protected characteristics, people with limited mobility or access, those in remote or rural areas and those on low incomes. The Committee recognises that the proposed ‘return to retailer’ model, including online sales, is designed to maximise accessibility of the Scheme.

The Committee seeks re-assurance from the Scottish Government that this will be the case. The Committee also asks the Scottish Government if it intends to phase the introduction of the Scheme. If there is to be phased approach the Committee seeks assurance that people with limited mobility or access, those in remote or rural areas and those on low incomes will not be adversely affected. The Committee is interested to know what direction the Scottish Government intends to provide to the Scheme Administrator in this regard.

Sustainable development and national outcomes

10. The Committee considers that the Scheme supports the Scottish Governments' commitment to the UN Sustainable Development Goals ¹² (including: good health and well-being; decent work and economic growth; industry, innovation and infrastructure; sustainable cities and communities; responsible consumption and production; climate action; life below water; life on land, and; partnerships to achieve the goal). The Committee also considers that the Scheme underpins the achievement of a number of National Outcomes ¹³ (including: employment opportunities; research and innovation; strong communities; the natural environment, and: reduction of the environmental impact of consumption and production). In terms of a circular economy approach the Committee recognises that the proposed Scheme will take a considerable volume of material out of the waste stream, increase opportunities for closed loop recycling, and play an important part in influencing the behaviour of consumers.

The Committee looks forward to further discussion with the Scottish Government on the scope for reducing and re-using materials in line with the waste hierarchy, in the forthcoming circular economy legislation.

Delegated Powers and Law Reform (DPLR) Committee consideration

11. The Delegated Powers and Law Reform (DPLR) Committee considered the proposed draft regulations and reported on 30 October 2019.¹⁴ The DPLR Committee identified a number of drafting errors and subsequently wrote to the Scottish Government. The Scottish Government has undertaken to correct the errors in the final draft regulations.

Environment, Climate Change and Land Reform (ECCLR) Committee consideration

12. At its meeting on 3 September, the Committee agreed its approach to scrutiny of the proposed Deposit and Return Scheme. This included the focus and questions to be included in a call for evidence, writing to key stakeholders and engaging with the public. The call for evidence was agreed and published on 17 September 2019¹⁵ with a deadline for response of 15 October 2019. The Committee also wrote to the Scottish Government outlining a number of initial questions on 19 September.¹⁶ The Scottish Government responded on 1 October.¹⁷

13. Key Questions

The call for evidence invited views on ten areas and provided an opportunity for respondents to highlight additional issues. The questions asked are set out below:

- **Scope (materials)** – types of container proposed to be covered and excluded and any specific issues.
- **Scope (retailers)** – implications of the scheme applying to all retailers selling single-use drinks containers, including online retailers, and exclusion of businesses such as pubs and restaurant that sell drinks for on-site consumption.
- **Costs and operational impacts** – costs anticipated for your business, service or sector and the appropriateness of the proposed financing model (that the scheme will be funded via unredeemed deposits, revenue from the sale of materials and a producer fee).
- **Environmental impacts** – whether the proposed scheme will have the desired impact on increasing recycling rates and reducing littering, and how that impact can be maximised. What key environmental risks need to be considered and mitigated? Will the scheme incentivise producers to change or modify materials/packaging?
- **Level of deposit** – implications and appropriateness of a charge being a uniform 20p.
- **Consumer and social impacts or risks** – accessibility to consumers and what impacts are anticipated on different groups, including those with disabilities, those without private transport, and those living in rural areas.
- **Local authorities** – implications of the proposed scheme for local authorities, including impacts on kerbside collections.
- **Timing** - implications of the proposed time-frame (a minimum 12-month implementation period from the passing of legislation).

- **Governance** – how the scheme should be administered, and appropriateness of the proposal for scheme administrator that is industry-led, privately owned and operated on a not-for-profit basis.
- **Broader waste policy context** – will the scheme achieve its intended purpose in isolation, or does its success depend on the performance of broader measures? How should the scheme cooperate with any other proposed schemes in the UK?
- **Any further issues** or views not falling under the above areas.

Evidence

14. The Committee received 69 written submissions. The Committee heard from Scottish Government officials on 8 October, from 22 organisations in three round-table sessions on 12 November including: representative bodies - retailers; packaging manufacturers; producers; waste management organisations; NGOs and the third sector; wholesale organisations, and; local authorities. The Committee concluded its evidence taking by hearing from the Cabinet Secretary for Environment, Climate Change and Land Reform on 19 November. The Committee recognises the tight time-frame for response and thanks all of those who provided written and oral evidence. This informed the Committees' understanding of the issues and its consideration of the proposed draft regulations.

Engagement

15. Public engagement was undertaken by the Community Outreach Team to explore potential barriers to engagement with the Scheme. Views were sought from a range of people within the groups below:
 - Island and rural communities
 - Older people
 - People with learning and or physical disabilities
 - Young people
 - People who are socially and/or economically excluded
16. Workshops were held in the Western Isles, with the Tenant Participation Advisory Service, with the Learning Disability Alliance Scotland (LDAS) and with the Scottish Youth Parliament. Sixty-three members of the public engaged in September and October 2019. The Committee also sought the views of young people. Twelve schools, thirty-six classes and students of Edinburgh College offered their views on the Scheme. Questions were asked about:
 - Pricing
 - Materials

- Ease of use of the scheme
 - Impact on recycling and littering
 - What else would you like to see the Scottish Government doing
17. A detailed note of the engagement is included in Annexe A and the views heard are reflected throughout the report. In summary, there was broad support for the principle of introducing a DRS. However, people also said that much more needs to be done about waste, recycling and reuse and concerns were raised about how people would participate in the Scheme when recycling and waste are already an issue. While there was an appetite for more radical solutions to address climate change, all groups were concerned about the cost implications for people on lower incomes. There was concern, particularly on the islands, about the cost and wider practical implications of the Scheme. There was also a desire to see that clear communication, information, education and appropriate accessibility measures are put in place to ensure that everyone can participate in the Scheme.

The Committee thanks each organisation who made the workshops possible and thanks everyone who participated in the workshops. The Committee also thanks the pupils, students, teachers and lecturers who offered their time and views. The Committee found that it was invaluable to hear how the proposed Scheme could affect individuals and communities across Scotland and hear views on the issues that need to be taken into account in designing, finalising and implementing the DRS to ensure everyone can participate in it.

Key themes emerging from the evidence

18. The key themes highlighted in the evidence are set out below:

Broad Support: there is broad support for the principle of introducing a DRS in the context of the need to transition to a circular economy and respond to the climate emergency.

Scope - materials: There are a range of views on what materials should be included. Predominately there is strong business concern about the inclusion of glass and a preference for glass recycling to be improved via Extended Producer responsibility (EPR) and a strong public desire to include glass in the Scheme.

Scope - retailers: There was broad support for the return-to-retail model but a number of concerns about the impacts on small retailers and how exemptions and logistics will work in practice.

Supply chain impacts and time-frame: There are complex supply chain impacts of DRS including the need to identify scheme articles (e.g. through distinct labelling), develop collections and processing logistics and infrastructure, administrative and IT processes and infrastructure. There are strong business concerns about the proposed time-frame for implementation given the steps involved in implementation.

UK inter-operability: There is significant industry preference for a UK-wide DRS or a commitment to inter-operability across future UK schemes, and suggestions that DRS should be introduced as part of wider Enhanced Producer Responsibility (EPR) reform.

Impacts on local authorities: There are differing views around the likely impacts on local authorities, particularly on kerbside collections and whether they will be undermined or will benefit, and how the scheme will work alongside existing waste management infrastructure. Further research has yet to conclude.

Administration and governance: Stakeholders are seeking clarity on how key interests will be represented in the governance of the scheme i.e. as part of the Scheme Administrator, and what powers or levers the scheme administrator will have in practice to ensure the Schemes' success and meeting of legally binding targets.

Objectives and purpose of the Scheme

19. The Committee is supportive of the introduction of a Deposit and Return Scheme (DRS) as Scotland moves to a circular economy and seeks to tackle the challenges of climate change and the impact of littering.
20. The Committee understands that there is wide-spread support for the Scheme, from individuals, from industry and from environmental organisations but there are differences of view on what should and should not be included, on how the Scheme will operate and when it will come into effect.
21. While the Committee supports the introduction of the DRS it shares some of the concerns expressed around the detail and welcomes the opportunity to consider those, seek further information and make recommendations to the Scottish Government, in advance of finalisation of the draft regulations.
22. In the following sections the Committee summarises the proposed provisions, the evidence received and its response, and sets out clear recommendations to the Scottish Government, in advance of finalisation and introduction of the DRS.

Scope – materials

Introduction

23. The proposed DRS will require the deposit to be applied to containers of all drinks (soft and alcoholic) that come in PET plastic, metal and glass, sized from 50ml to three litres (inclusive). Mixed material pouches, cartons, HDPE (the plastic that most bottled milk comes in) and cups are excluded.

Issues

24. The Committee explored the types of container proposed to be covered and excluded from the Scheme; the overall principles in setting the materials scope, including the consideration given to contents; the implications of including and excluding certain materials, and; how scope (including the inclusion of new materials at a later date) should be determined.

Setting scope – principles and criteria

25. Stakeholders expressed a range of views on what materials should be included in the Scheme. Some proposed that DRS should focus on ‘on-the-go’ products littered most often. Some suggested that the Scheme should be as comprehensive as possible from the outset and others suggested that the regulations should enable materials in scope to be reviewed and added to.
26. The Committee explored the principles and criteria in setting the scope of the Scheme, and the decision to focus on materials rather on products, such as dairy, with the Cabinet Secretary. The Cabinet Secretary stated that the criteria for decisions on inclusion were those materials that are causing the greatest problems (i.e. plastics, aluminium and glass). The Committee heard that the potential for contamination had been a factor in the decision to focus on materials and HDPE tended to be used for food products. The Cabinet Secretary advised that the materials that are excluded from the Scheme e.g. HDPE are mainly those that contain foodstuff, due to the potential for contamination and these would be excluded until the contamination issues could be addressed. The Cabinet Secretary said that creating regulations based on the product rather than the container would be “fiendishly awkward”.¹⁸ The Cabinet Secretary also stated that issues of contamination would require to be resolved by industry as part of the Extended Producer Responsibility (EPR).¹⁹

The Committee considers that for the Scheme to be most effective it should be as comprehensive as possible. However, the Committee accepts that the Scheme is focused on drinks containers at this time and the inclusion of additional materials will require to be phased in.

27. **The Committee sets out its view on the inclusion of specific materials in the following sections.**

Inclusion of glass

28. The main focus of responses on materials was the concern of industry about the inclusion of glass. The glass sector also expressed concern that it had not been included in the Implementation Advisory Group (IAG).

Evidence base

29. There were a number of concerns around the evidence base underpinning the decision to include glass. British Glass suggested that the Government-estimated carbon savings are misleading as they are compared to a baseline where no improvements are made to glass recycling.²⁰ The Committee heard that the Scottish Governments' Full Business Case²¹ did not separate out and fully test the costs and benefits of a system with and without the inclusion of glass.
30. The glass industry said that glass recycling in Scotland is well established and increasing and this would be disrupted by the DRS scheme, significantly increasing costs, with inconvenience for consumers (particularly as glass tends to be consumed at home rather than 'on the go')²². However, the Committee received evidence from Have You Got the Bottle²³ indicating that household glass collection in Scotland is inconsistent and 43% of households lack kerbside provision.
31. The Committee explored the rationale and evidence base for including glass and the business concerns with the Cabinet Secretary. The Committee heard that the costs of retro-fitting to include glass in the DRS at a later date would be prohibitive, therefore including glass at a later date (in terms of re-engineering and retro-fitting) would be very difficult and costly and the Scottish Government considered glass needed to be included in the Scheme design from the outset. The Committee was also told that it is easier to include glass now due to recent advances in the new reverse vending machines (RVMS).²⁴

Alternative proposals

32. The Glass industry referred to the BRIA²⁵ and highlighted that it shows that including glass will be almost four times more expensive than an Extended Producer Responsibility (EPR) scheme delivering equivalent outcomes.²⁶ British Glass consider that under EPR more glass would be collected. The Committee heard that the glass industry has developed a proposal for a standardised glass recycling model under an EPR scheme. The Committee was advised that Finland introduced EPR for glass and increased recycling from 33% to 94% in 2 years.²⁷ British Glass submitted additional evidence setting out an alternative approach.²⁸

33. The Committee explored what consideration the Scottish Government had given to seeking to increase glass recycling via EPR and how the Scottish Government is responding to concerns about glass inclusion. The Cabinet Secretary stated that the DRS will resolve the issues and said that she did not believe that alternative measures, including an improved EPR, would deliver the required increase in glass collection and recycling in the desired time-frame.²⁹

Consequences of inclusion

34. The glass industry stated that exclusion of high value non-beverage clear glass (flint) e.g. jars from DRS and the corresponding loss of flint from other recycling (with lower recycling energy requirements) would result in less glass being available and would undermine manufacturer efforts to increase recycled content. Concerns were also expressed in relation to the potential unintended consequences of including glass, with the possibility of it resulting in a shift from the use of glass to plastic, due to higher costs. This is explored later in the report. There were handling concerns about weight, space requirements, and safety, especially if manually returned. Those in favour of excluding glass highlighted the infrastructure needs for robust back-hauling and reverse vending machines (RVMs) with 'soft drop' collection. The Scottish Retail Consortium estimate the costs of retail handling to be £50-60 million/year.³⁰ Logistical issues for the hospitality sector in securely storing empty containers and the related costs of this were also highlighted.
35. Concerns were raised in relation to potential health and safety implications of manual handling. The Committee also heard concerns about the capability of RVMs to handle different sizes and shapes of glass bottle. The glass industry raised concerns about the possible detrimental employment impacts of a potential reduction in the demand for glass. The Committee heard from the glass industry that the Governments' Business Case did not fully test the costs/benefits of a system with and without glass. British Glass highlighted concerns in relation to the proposed CO₂ savings and suggested that an EPR would deliver similar carbon savings.³¹
36. The Committee explored the infrastructure requirements that are associated with including glass, and the discussions the Scottish Government has had with providers on the capacity of RVMs to accept glass. The Cabinet Secretary said the Scottish Government is committed to testing different handling and storage solutions, including for manual take-back and confirmed that Zero Waste Scotland will be working on this over December – January.³² The Committee was advised that this will inform the discussions with, and support to, industry building on the experience of other DRS. The Cabinet Secretary stated she was not aware of 'hard evidence' from other Schemes that inclusion of glass reduces its desirability as a material and was not aware of evidence in other Schemes that there had been a shift from glass to plastic drinks containers.³³ The Cabinet Secretary recognised that many products are produced in a variety of materials and the Scottish Government did not anticipate large changes in consumer behaviour.³⁴

Support for the inclusion of glass

37. A number of responses, particularly from NGOs, supported the inclusion of glass and there was general support from NGOs for the DRS to be as comprehensive as possible. A 2019 YouGov poll for the Marine Conservation Society showed 85% public support for including glass in DRS.³⁵ It indicated that glass was the “second most commonly-found beach litter” after plastic, causing marine pollution. There were concerns around the health and safety impacts of discarded glass, highlighted by Have You Got the Bottle³⁶, amongst others. Some suggested that excluding glass would be the most environmentally problematic change that could be made to the regulations. Friends of the Earth Scotland³⁷ indicated that including glass will reduce CO₂ emissions by 50,000 tonnes a year. The Cabinet Secretary also highlighted the concerns around littering.³⁸

Management of glass across Europe

The management of glass differs across Europe. The Committee heard that glass is included in DRS in Denmark, Finland and Germany and some systems have retrofitted glass e.g. public lobbying resulted in Lithuania adding glass. The Committee also heard that the top four glass recycling European countries: Slovenia; Belgium; Luxembourg; and Sweden operate an EPR scheme not a DRS and Norway excludes glass, as containers are dealt with separately via a re-fill scheme.

The Committee understands that discarding or failing to recycle glass is an issue in terms of its impact on CO₂ emissions and as litter. The Committee recognises the public concern and the desire to recover more glass. The Committee also recognises the concerns of the glass industry and related businesses in relation to the inclusion of glass in the Scheme.

While there are challenges in including glass in the DRS the Committees' view is that the Scheme should be as comprehensive as possible and retrofitting glass into the scheme at a later date would be challenging. The Committee encourages the Scottish Government to work closely with the glass industry to address the concerns in the development of the Scheme. The Committee also asks the Scottish Government to clarify how the glass industry will be represented on the Implementation Advisory Group or on other working groups.

Inclusion of aluminium

38. The inclusion of aluminium was discussed by Alupro³⁹, who did not seek to exclude aluminium from the Scheme, but raised concerns in relation to the baseline data on recycling rates for aluminium. Alupro suggested that the figures set out in the Business Case are out of date by 4 years. They indicated that in 2018 aluminium cans were achieving a 75% recycling rate in the UK (an improvement of

20% from the quoted 2014 figures). Alupro stressed the need for an accurate baseline recycling number to ensure the validity of scheme and assessment of resultant improvements.⁴⁰ Other issues raised related to the reduction in value of materials remaining within the local authority recycling system and challenges for recovery and the impacts of a fixed deposit rate. The Committee addresses the deposit rate later in this report.

The Committee agrees that accurate baseline data is vital in assessing the success of the Scheme. The Committee recommends that the Scottish Government update the baseline data as a matter of priority.

Exclusion of cartons, pouches, and HDPE plastic

39. Paper-based cartons are recyclable but only have a 39% recycling rate at present. ACE UK⁴¹ supported a carton DRS trial, subject to which cartons should be included. Some producers suggested that excluding HDPE will largely remove milk, but dairy products in PET, cans or glass will cause hygiene issues and contamination, reducing the quality of feedstock.
40. The Committee explored the rationale for exclusion of paper-based cartons with the Cabinet Secretary who said that the decision to include or exclude certain materials from the outset was primarily related to issues in relation to the contents and the risks of contamination.⁴² The Cabinet Secretary said that the Scottish Government was in discussion with carton manufacturers on potential solutions to these issues and on how cartons could be phased in to the Scheme.⁴³ The Committee explored why the Government had not specifically excluded certain products (e.g. dairy) and the Cabinet Secretary said that the Scottish Government considered that would be a complex approach and their preference was to focus on materials.⁴⁴ Concerns in relation to biodegradable and other emerging plastics were highlighted. It was suggested that these do not address littering, emit CO₂ when degrading and can be misleading to consumers. Some respondents suggested that they should be included in DRS, discouraged via EPR or banned if appropriate. The Cabinet Secretary confirmed the desire of the Scottish Government to include other materials, such as cartons and HDPE plastic once the contamination issues had been dealt with.⁴⁵
41. Concerns were expressed that the exclusion of some materials such as HDPE, tetrapak, pouches and cartons may incentivise producer switching e.g. from PET to HDPE and this may then impact achieving the objectives of the Scheme. The Committee explored the issue of materials switching with the Cabinet Secretary who said there was a limited likelihood of this occurring and therefore did not see it to be an issue.⁴⁶

The Committee considers that the Scheme should be as comprehensive as possible and should be designed to include cartons, pouches, HDPE plastic, biodegradable and other emerging plastics in the future. However, the Committee

recognises the concerns in relation to contamination as a result of certain contents and the requirement to resolve these issues before extending the Scheme in a phased way. The Committee is also keen to ensure that the Scheme does not result in producers switching their use of materials where this weakens the environmental outcomes.

Provisions for review

42. As the Scheme as currently proposed is partial in scope the Committee explored what consideration the Scottish Government is giving to the inclusion of provisions for reviewing what is included in the Scheme, to take into account performance, public attitudes, or new materials e.g. bio-plastics. In discussion with the Cabinet Secretary there appeared to be some confusion as to whether regulation would be required to add further materials to the Scheme.⁴⁷

The Committee would welcome clarity on this and an update from the Scottish Government on discussions on the inclusion of additional materials, the provisions for review, and an indication of the likely time-frame for extension of the Scheme.

As a matter of priority the Committee asks the Scottish Government to clarify if further regulations are required to add additional materials to the Scheme. The Committee also asks the Scottish Government to set out the consequences of removing a regulatory requirement to add or remove materials, as the Committee considers differential regulatory and enforcement requirements for different materials must be avoided.

Size of bottles

43. The size of containers was identified as an issue. NSW⁴⁸ suggested that the inclusion of small containers <100ml may be problematic for reverse vending machines (RVMs). The Committee heard that PET bottles above 1.5 litres are mainly used at home and creating different recycling routes for e.g. a 2L bottle of squash and 2L bottle of oil is illogical.⁴⁹

The Committee would welcome further information from the Scottish Government on the rationale for setting the size range of containers to be included in the regulations.

Scope – retailers/return points

Introduction

44. The draft Regulations require any retailer selling drinks covered by the Scheme to accept returns. Businesses that sell DRS items to be consumed on-site will have the choice as to whether to charge the deposit and will only be required to return containers sold on their premises. Online retailers will be included. Where specified criteria are met, the Scottish Ministers may exempt a retailer from acting as a return point.

Issues

45. The Committee explored the implications of the Scheme applying to all retailers selling single-use drinks containers, including online retailers, and exclusion of businesses such as pubs and restaurants that sell drinks for on-site consumption.

Small retailers

46. Small retailers appear to play a key role in delivering the proposed model of DRS and ensuring its accessibility. The Committee heard concerns around the potential impact of the Scheme on small retailers and the need to ensure that the framework does not result in them unfairly shouldering responsibility for making the DRS work. The Committee heard that the economics of accepting returns (manual and automated) will be challenging for small retailers, even with handling fees. Space and staffing limits will mean that frequent, predictable collections will be needed via a minimum service agreement. There was a suggestion that obligating all return points to take back all materials within the DRS, even if that retailer sells only certain types, seems punitive e.g. for niche retailers. The Federation of Small Businesses (FSB)⁵⁰ also suggested that providing a return point should not affect a small stores' non-domestic rates. There were concerns that the regulations place the requirement to provide alternative drop off points on small businesses and this would have a particular effect on remote and rural business. The Committee heard that there should be a role for the Scheme Administrator to broker discussions.
47. The Committee understands the concerns of small retailers and is keen to ensure that small retailers are not bearing a disproportionate burden of making DRS work. The Committee also sought assurance that DRS would not favour larger retailers who can afford, for example, RVMs. The Cabinet Secretary said that in Scotland small retailers are key to the effective operation of the Scheme to ensure that it is widely accessible and available. The need for flexibility in the way containers are returned was stressed. The Cabinet Secretary indicated that the Scottish Government is exploring how the funding requirements and costs of establishing the Scheme could be supported via the Scottish National Investment Bank (SNIB).

The Committee agrees that small retailers will play a key role in delivering an effective DRS in Scotland. The Committee welcomes the Scottish Governments' work in exploring how they can be best supported in the establishment and implementation of the Scheme. The Committee asks the Scottish Government to include consideration of support to local transport systems and to manual return.

Exemptions

48. The provision for exemptions was generally welcomed but more detail was sought on the criteria for exemptions, and the scope for retailers to reasonably refuse returns e.g. in relation to size and where materials are sold. Some stakeholders questioned the fairness of requiring small retailers to identify alternative return points when seeking exemptions, particularly in rural areas and said that there may be competition implications of asking businesses to collaborate to provide return points. Some respondents also recommended a minimum floor space to be required to act as a return point. The Committee understands that the German DRS excludes retail space of less than 200m².
49. The Committee asked the Cabinet Secretary what stage the Government has reached in developing the criteria and what the process is likely to be. The Committee also asked if the exemptions process could result in a number of blanket exemptions being made – for example based on:
- minimum floor space or number of employees
 - type of business e.g. specialist retailer, small online producer
 - health and safety concerns e.g. food preparation areas
 - religious reasons (for returns of alcohol containers)
50. In response, the Cabinet Secretary said that there would be no blanket exemptions on small retail space to ensure that the Scheme is universally accessible and there are not gaps in coverage. However, the Cabinet Secretary indicated that retailers will be able to seek exemptions on a case by case basis. The Cabinet Secretary also stressed the need to avoid case by case exemptions resulting in a blanket exemption for particular types of retailer⁵². The Cabinet Secretary confirmed that the Scottish Government is working with the Royal Environmental Health Institute for Scotland to ensure that the Scheme can operate in food premises and proper environmental controls are in place.⁵³ The Cabinet Secretary also stated that she did not consider the question of refusal of returns of alcohol containers for religious reasons to be a particular issue in Scotland, but the Scheme Administrator could consider this on a case by case basis.
51. The Committee asked the Cabinet Secretary in what circumstances retailers will be able to reasonably refuse returns, for example due to quantity, condition or any health and safety concerns. The Cabinet Secretary said this was a matter for the Scheme Administrator (for example through developing a 'fair returns policy'),

allowing for flexibility and the need to accommodate regional differences and allowing for case by case exemptions.⁵⁴

The Committee considers that universal accessibility is fundamental to the successful operation of the Scheme. The Committee notes the calls for blanket exemptions but considers that applying blanket exemptions risks leaving areas unprovided for and could have significant consequences for some communities and for the effective operation of the Scheme.

The Committee understands that there is a desire for the regulations to provide greater clarity on exemptions and the process for applying for a securing an exemption. However, the Committee considers that this is properly a matter to be delegated to the Scheme Administrator once established, guided by a policy framework, agreed by the Scottish Government, which provides an objective, fair and transparent process and sets out agreed criteria for granting exemptions. The Committee encourages the Scheme Administrator to engage proactively with retailers at an early stage in developing the process for considering exemptions, including the process for review, should a request for exemption be refused. The Committee also encourages the Scheme Administrator to clearly set out the factors that will be taken into account when considering an application for exemption, ensuring that all communities have access to return points.

Community based solutions

52. The evidence suggested that where retailers are granted an exemption from collections, alternative arrangements should be established by the Scheme Administrator. The Committee heard that community-based solutions will be key in areas where small retailers do not have capacity to run return points e.g. in many rural areas and islands. It was also suggested that the regulations could include a presumption in favour of community-return points in contexts such as high streets, retail centres and travel hubs. Some suggested that shared sites, where possible, would minimise logistics and manual handling – which they considered carries a greater fraud risk without scanning technology.
53. The Committee questioned if it would be more appropriate in some circumstances for the identification of alternative return points to be the responsibility of Ministers, or of the Scheme Administrator. The Committee heard from officials that a Scheme Administrator could identify the optimum network of return points. The Committee asked the Cabinet Secretary if that is the preferred approach. The Cabinet Secretary highlighted the opportunities for social enterprises and communities to establish return points out-with retail spaces and indicated that this would be particularly important in remote and rural areas.⁵⁵

The Committee considers that ensuring the Schemes' accessibility in rural areas and on islands and reducing the burden on small retailers which have capacity

issues, by encouraging and supporting community-based solutions, is vital. The Committee understands that the regulations make provision for a flexible approach which is welcome. The Committee considers there is likely to be a need for community based and shared return points and this could assist both small retailers and communities. The Committee asks the Scottish Government to ensure that the Scheme Administrator takes a strategic approach to an assessment of where return locations are required, in consultation with communities, and undertakes a national mapping exercise to inform the assessment.

Application to online sales

54. Generally, inclusion of online sales was welcomed for accessibility and parity, but clarity was sought on the practicalities, including how this would apply to couriers and the requirements for waste carrier licences and refitting vehicles. It was suggested that very small online retailers could be allowed to apply for an exemption. There were some concerns in relation to quick-service restaurants and in relation to online sales and third-party deliveries. Some respondents suggested that guidance was needed to avoid market imbalances.
55. The Committee asked the Cabinet Secretary to confirm how the Regulations apply in the case of third-party carriers. The Cabinet Secretary said there was broad support for the inclusion of online sales in the Scheme and confirmed that the website operator will be considered to be the retailer, will have the deposit cost added to the purchase and will be required to take back the container. The Committee heard that this model works in other countries. The Scottish Government also committed to continue to work with retailers via the Implementation Action Group.⁵⁶

The Committee considers the inclusion of online sales to be critical to the effective implementation of the Scheme and to meeting the recycling targets. The Committee recognises that detail on the practicalities of the operation of the Scheme in relation to online retailers is correctly a matter for the Scheme Administrator. The Committee questioned the position with respect to online retailers located out-with Scotland and seeks assurance from the Scottish Government that it has the appropriate powers to compel online retailers located out-with Scotland to register and participate in the Scheme. The Committee would welcome further clarity on this matter.

The Committee would welcome clarification from the Scottish Government on any existing regulatory requirements, or plans to include additional regulatory requirements, on vehicles accepting returns (for example that might also be delivering food).

The Committee would also welcome further detail on any assessment or consideration by the Scottish Government on the potential impacts of the Scheme in reducing consumer choice in Scotland.

Handling fees

56. The issue of handling fees was raised, and retailers stressed that they considered the fee should represent the complete cost to retailers (including staff time for maintenance, loss of sales area etc) with the overall impact of the Scheme being cost neutral for retailers. Some producers suggested that enabling all collection costs to be passed to the producer by the retailer via handling fees does not seem fair given that the producer has little control over the efficiency of the collection. The Cabinet Secretary stressed that all retailers will be entitled to a handling fee and the Scottish Government was working with the Scottish Grocers Federation and the Federation of Newsagents to ensure containers can be returned to small shops. The Cabinet Secretary stressed that this was important from the perspective of customer convenience and to facilitate the generation of additional footfall for small shops.⁵⁷

The Committee considers that the producer ultimately bears responsibility for the product and there is scope for producers to design the most effective Scheme, including shared sites and community engagement. The Committee agrees that the DRS should be cost neutral for retailers, and the handling fee should represent the complete cost of participating in the Scheme. The Committee asks the Scottish Government to provide further detail on how it considers handling fees should be determined and what right of appeal/dispute mechanism will be in place. The Committee also asks the Scottish Government to clarify if this is to be a matter for the Scheme Administrator, and, if so, what guidance or direction is to be provided by the Scottish Government.

Manual returns

57. The Regulations leave it open for returns to be manual or via RVMs. The Committee is interested to understand what the implications of this are and what an efficient, safe model for manual returns would be.

The Committee asks the Scottish Government to provide an indication of the number of retailers that are likely to need to take returns manually, and provide further detail on the preferred model for manual returns.

Non-domestic business rates

58. Retailers queried whether non-domestic business rates will be affected by acting as a return point. The Committee sought clarification on this from the Cabinet Secretary who stated that the installation and operation of reverse vending machines (RVMs) would not have any effect on business rates.⁵⁸

The Committee welcomes the assurance from the Cabinet Secretary that the installation and operation of reverse vending machines (RVMs) will not affect business rates.

Consumer participation

59. The Committee understands the concerns of many consumers that were highlighted through the engagement with communities, including issues in relation to access, mobility, awareness and understanding of the Scheme. The Committee is interested to understand the potential barriers to consumer participation in the Scheme and how they are likely to be mitigated by the proposed system design.

The Committee would welcome further information on any work the Scottish Government has done or plans in assessing the potential barriers to consumers and how these will be addressed either directly by the Scottish Government or by the Scheme Administrator.

Level of deposit

Introduction

60. The draft Regulations set the deposit at 20 pence, which the Scottish Government states is within the range of deposit levels adopted by successful international schemes, adjusted for inflation.

Issues

61. The Committee sought to explore: the evidence-base for setting the deposit at 20p and whether this will achieve the intended impacts; the implications for setting a flat deposit versus variable levels - including the potential for product switching or other implications for consumers, and; the approach the Regulations take to setting the deposit level e.g. setting the fee in Regulations versus setting out a process for setting the fee.

Public view

62. Have You Got The Bottle⁵⁹ surveyed 935 members of the public, 66% chose a deposit of 20p/higher. A number of submissions highlighted the need for the level of the deposit to be set a level to encourage consumers to return containers and the need for it to be balanced to avoid encouraging fraud, materials switching and reduced consumer choice. There was reference to overseas examples which showed a strong correlation between the level of the deposit and the recovery rate (over 95% with deposits of 20-40 cents e.g. Germany).⁶⁰
63. The Committee received feedback from its engagement events which confirmed that most people thought that the level of the deposit was about right. However, in the Western Isles almost half the group felt that the cost was too much. Concerns were expressed that a number of people will not have the capacity or means to return bottles and have the costs reimbursed and the initial outlay (as an additional cost) will be too much for some. Across all groups people expressed concern about the impact of the deposit on people on a lower income. The Committee heard that there may be a disproportionate impact on some groups e.g. people with learning disabilities who drink higher volumes of soft drinks than average. It was suggested that the concerns could be mitigated by clear signage and labelling, information about when they would get their money back and support about how and where to return bottles.

The Committee understands that there is broad public support for the Scheme but the Committee is keen to ensure that the level of the deposit will not adversely impact groups with protected characteristics and those on low incomes. The Committee seeks re-assurance from the Cabinet Secretary that this will be the case.

In setting the deposit level (and potential future variable levels) the Committee would welcome further information on plans to assess the potential barriers to consumers and how these will be addressed either directly by the Scottish Government or by the Scheme Administrator. The Committee is interested to know what direction the Scottish Government intends to provide to the Scheme Administrator in this regard.

Industry view

64. Industry expressed a strong preference for the rate of the deposit to be set by the Scheme Administrator rather than set out in the Regulations and it was suggested that the level should be able to be reconsidered if targets are missed. The Committee heard that the regulations should set overall targets and objectives, and then empower a Scheme Administrator with the 'levers' it needs to deliver those outcomes such as setting and varying the deposit level. The Committee asked why the Scottish Government had sought to set the minimum level in the Regulations. The Cabinet Secretary said that the Climate Change (Scotland) Act 2009 provides the powers to Scottish Ministers to set the deposit level and does not provide powers to delegate that power to third parties. Scottish Government officials provided further clarification stating that the Scottish Government has the option not to set a level and (by default) to leave that to the Scheme Administrator.⁶¹

The Committee asks the Scottish Government to provide clarity as to the legislative or regulatory restrictions in determining who has the power or ability to set the deposit rate to ensure that there is no doubt or confusion.

Unintended impacts – materials switching

65. Many respondents supported a flat deposit for ease of operation, but there were also a significant number of respondents who were concerned that a flat deposit could result in materials switching and encourage consumer upsizing, particularly from multi-pack cans or from glass to PET, although TOMRA⁶² said in their experience this risk is low. The glass industry highlighted experience in other countries such as Germany, Denmark and Croatia where there was a shift from glass to PET. Some suggested that moving quickly to the broadest possible scope, including cartons and HDPE, would be the best way to mitigate the risk of material switching.
66. While the experience of other DRS schemes (e.g. in Scandinavia) was cited, the Committee understands that these are not directly comparable to the Scottish context as multi-pack cans are less common in Scandinavia. The Committee asked the Cabinet Secretary if the Scottish Government expects that DRS will result in an increased use of plastic (due to either consumer or producer switching as a result of the increased costs of some materials relative to others). The Cabinet Secretary said that there was "no solid evidence" of the potential unintended consequences of

switching and said that she was unconvinced by the arguments that had been presented.⁶³

The Committee notes the concerns in relation to the potential for materials shifting and wishes to minimise the potential for this to occur. The Committee is supportive of the Scheme moving quickly to extend the scope to include all drinks containers including cartons and HDPE.

Unintended impacts – upsizing

67. A number of submissions stressed the potential health impacts of upsizing in the case of sugary drinks or people choosing to buy spirits instead of e.g. beer. Some suggested that this might impact those least able to pay. Some respondents also thought that this was in conflict with aims of minimum pricing for alcohol. Alupro⁶⁴ stated that variable fees have been successfully introduced in Norway (two values), Sweden (two values), Denmark (three values) and Finland (four values).
68. The Committee explored the evidence the Scottish Government had considered regarding upsizing and asked how the Scottish Government assessed the potential social or health implications (including the potential for conflict with the policy of minimum alcohol pricing) of the proposed deposit level. As with the potential for materials switching the Cabinet Secretary said that there was “no solid evidence” of the potential unintended consequences of upsizing and was unconvinced by the arguments presented.⁶⁵ The Cabinet Secretary stressed that there are reasons why people purchase at certain quantities and these will not change a result of the DRS. The Cabinet Secretary also highlighted concerns that a variable rate would ‘devalue’ the lower cost material and stressed that the cost of the deposit is a ‘one off’ cost that will be subsumed into future purchases.⁶⁶

The Committee notes the expressed concerns of those commenting on the potential unintended consequences of upsizing and would not wish to see a DRS impacting negatively other significant policies e.g. minimum alcohol pricing. The Committee sets out its views further later in this report.

Criteria for setting the level

69. The Committee understands that it is common practice in other deposit and return schemes for the deposit to be set by Government. The Committee asked the Cabinet Secretary to outline the criteria that had been used by the Scottish Government to set the deposit level. The Committee asked who should set the rate and how important the Scottish Government considered it to be that the deposit is a flat rate for the purposes of ease of communication and implementation. The Cabinet Secretary referenced the public consultation which indicated that the deposit level should be set at 20 pence or higher and suggested that consumers want to see the deposit set at a level to be effective in terms of the purpose of the

Scheme, but not set at a level that would be detrimental to individuals. The Cabinet Secretary considered that a flat rate was most appropriate, straightforward and simple and would support consumer behaviour change. The Cabinet Secretary also expressed concern that a variable rate could skew consumer behaviour to a particular type of container and build dis/incentives into the system.⁶⁷

The Committee understands the desire of industry to have a high degree of control in setting the level of deposit. However, the Committee agrees with the Scottish Government that there are a number of factors which need to be taken into account when setting the minimum level, not least balancing the challenges of ensuring that it is set at a level to effect behaviour change in terms of encouraging the return of drinks containers, but is not set so high as to encourage market distortion or impact more vulnerable groups or those with the lowest disposable incomes.

The Committee considers that there should be a minimum level of deposit and is content with the proposed level of 20 pence. The Committee considers that the minimum level of deposit should be set out in the regulations.

However, the Committee recognises the concerns in relation to consumer behaviour and the potential for materials and product switching, with the potential unintended consequences on plastics use and health impacts. The Committee also notes the desire of industry to retain a level of flexibility in meeting the recycling targets. The Committee considers that there should be scope for the Scheme Administrator to set a variable rate, for example based on product size. Variable rates could be used in a number of ways to discourage materials switching or other unintended consequences, with 20 pence being the minimum level of deposit.

The Committee asks the Scottish Government to confirm that it can, and intends to, use the process of approving the Scheme Administrator and operating plan to set out a transparent process for increasing the deposit. The Committee comments further on responsibility for setting the level of the deposit later in the report.

VAT on the deposit

70. A number of industry representatives sought clarity on the treatment of VAT on the deposit. The Committee raised this with the Cabinet Secretary and asked for confirmation of the status of discussions with the UK Government regarding whether the deposit will be subject to VAT and when the Scottish Government anticipates receiving confirmation of the position. The Cabinet Secretary said that she had written to the UK Government seeking agreement to exempt the DRS from VAT and from future EPR and packaging obligations. The UK Government has yet

to respond and the Cabinet Secretary suggested that the UK Government would be consulting in early 2020 on a UK deposit and return scheme.⁶⁸

The Committee considers that given the dissolution of the UK Parliament it is difficult to have certainty as to the plans for action on the introduction of a deposit and return scheme in England in 2020 and beyond. The Committee would support the deposit not being subject to the application of VAT and considers clarity that the deposit will be exempt from VAT is required and necessary to inform the considerations and development work of the Scheme Administrator. The Committee encourages the Scottish Government to pursue this as a matter of priority.

Operational impacts and costs

Introduction

71. The Scottish Government published a “Deposit Return Scheme for Scotland Full Business Case Stage 1” in May 2019,⁶⁹ setting out an overarching framework for the preferred scheme design and commercial approach. The Scottish Government has said that a Stage 2 Business Case will be published and offer a greater level of technical and commercial detail.

Issues

72. The Committee explored the operational impacts at different points in the supply chain (e.g. packaging, producer, wholesale, retail, import etc). The Committee heard that the operational requirements of setting up and running a DRS are significant and complex.

Supply chain

73. The Committee heard that supply chain impacts are complex with many affected producers based outside Scotland and wide-ranging communication is needed. Several respondents have concerns about the practicalities of reporting requirements in the regulations, related to traceability of products through supply chains.

The Committee agrees that wide ranging and effective communication will be vital to developing and implementing a successful Scheme and asks the Scottish Government to provide further detail on its plans regarding communication and the extent to which this will be a matter for the Scheme Administrator.

The Committee appreciates that there are significant operational impacts (and related costs) that require consideration and resolution following finalisation of the Regulations. The Committee recognises there will be challenges for all parts of the supply chain and welcomes the willingness of industry to actively engage in identifying solutions. The Committee encourages the Scottish Government to work with all parts of the supply chain, including the wholesale and distribution sector, in finalising the Regulations and in identifying the appropriate approach for the Scheme.

Small scale producers

74. Concerns were expressed in relation to the differential impact on producers, specifically the potential for disproportionate impacts on small producers compared

with larger producers. It was suggested that smaller producers would be less able to absorb costs and small businesses asked if there would be opportunities to mitigate the impacts. The Committee heard that some small breweries could be significantly impacted if they will be required to adopt separate Scottish labelling and handling arrangements and hospitality businesses may need to renegotiate waste contracts for uplift of non-DRS materials and reduced quantities could lead to higher relative costs.

The Committee recognises that some opportunities to mitigate potential impacts will be a matter for the Scheme Administrator and consultation will be take place with the stakeholders that will be involved in the Scheme. However, there are very real concerns, particularly from small business that require to be addressed. The Committee urges the Scottish Government to engage directly with smaller producers to understand their concerns in advance of finalising the Regulations and seek to address these as a matter of urgency. The Committee also asks the Scottish Government to consider what support can be provided to smaller producers.

Producer fees

75. The Regulations set out a flat producer registration fee. Submissions from both the environmental and business sectors suggested that fees should be tiered so small producers pay less. A number of industry bodies suggested that producer fees need to be set for each material, recognising that materials incur different collection costs and recycle value varies, to avoid cross-subsidisation. Varying producer fees to incentivise use of more resource efficient packaging choices e.g. recycled content was also proposed. There were concerns that the fee rate (deposit and producer fee) for glass increases over time and these increased costs could result in business closures and job losses.

The Committee can see merit in introducing a variable producer fee and asks the Scottish Government if it considered the potential for tiered producer registration fees so that small producers pay less, and larger producers pay more, and variable rates are applied for different materials, recognising the variation in recycle values. The Committee encourages the Scottish Government to give further consideration to the potential for introducing variable rates in advance of finalising the Regulations. The Committee would also welcome clarification from the Scottish Government on the potential to set a minimum producer fee in the Regulations and enable the Scheme Administrator to set a variable producer fee beyond that.

The Committee recognises industry concerns in relation to potential employment impacts of DRS and recognises the potential for positive employment impacts of the introduction of the Scheme. The Committee is keen to ensure a just transition and asks the Scottish Government to provide an assessment of the employment

impacts of DRS for business, including small business and key manufacturers, before laying the final draft regulations.

The Committee is also interested to understand if the Scottish Government explored the potential to use producer fees to incentivise broader environmental outcomes such as more resource efficient packaging choices or recycled content, or if there is scope for EPR to interact with DRS in future to further improve environmental outcomes for in scope materials. The Committee would welcome further information from the Scottish Government on this.

Wholesale and distribution

76. The Committee heard that the supply chain (including wholesale and distribution) in the UK operates differently from that of other countries, in that it is more integrated and complex, with wholesalers playing a critical role in distribution.⁷⁰ Wholesalers expressed concerns about the significant cash flow implications and distribution considerations of DRS for wholesalers, including cross border aspects. Concerns that wholesaler-operated Regional Distribution Centres in England may not be able to service Scottish depots as articles will not be deposit paid and wholesalers expect higher stock holding costs for Scottish depots were highlighted.⁷¹ United Wholesale Grocers Ltd⁷² said that wholesalers are the only part of the supply chain not compensated in any way. The Federation of Wholesale Distributors suggest producers should pay the deposit to the Scheme Administrator so that wholesalers are bypassed.
77. The Committee asked if the Scottish Government had taken the operation of the UK model of distribution into account in considering the Scheme. The Cabinet Secretary said the Scottish Government is not seeking to regulate every part of the Scheme and it is a matter for the Scheme Administrator to consider the best way to proceed.⁷³

The Committee considers that, similar to retailers, the introduction of the Scheme should be cost neutral for wholesalers. The Committee asks the Scottish Government to provide assurance that this will be the case and provide clarification on how the additional costs to wholesalers will be treated.

The Committee is concerned to hear that the wholesale and distribution sector has not been part of the discussions in developing the Regulations and has not been involved in the implementation working groups. The Committee encourages the Scottish Government to engage with this sector as a significant part of the supply chain, before finalising the Regulations, to address the concerns expressed and to ensure that all possible solutions have been identified and to

continue that engagement through the roll-out and implementation of the Scheme.

Identifying DRS containers

78. How identification and traceability of DRS items could be achieved in practice e.g. via labelling and associated operational impacts and costs was raised. Many organisations highlighted the requirement for Scottish labels and for separate Stock Keeping Units (SKUs). The Committee heard that this is likely to incur significant additional costs and additional warehousing requirements to ensure stock is separately stored. The Committee also heard that forecasting the Scottish stock required will be challenging. A “duty drawback” system akin to alcohol duty was suggested allowing for deposits/fees paid on products later sold out-with Scotland to be refunded.
79. It was suggested that importers will face challenges of meeting any labelling requirements particularly, for small quantities of product e.g. wine imports and the evidence highlighted the potential impact on consumer choice as producers may not produce the full product range with separate Scottish labels. Some suggested that producers might stop selling products in Scotland, reducing consumer choice. The Committee heard that some small producers have decided to withdraw products from Scotland as they cannot afford the containers outlay. Aston Manor Cider⁷⁴ said they may remove e.g. multi pack options. The Committee asked the Cabinet Secretary if Scottish-specific labels is realistically the only way of identifying DRS containers and preventing fraud or are there other technological options than can be utilised. The Committee also asked what alternative options had been considered by the Scottish Government.⁷⁵
80. The Cabinet Secretary said that there was nothing in the Regulations that mandate labelling and stated that identifying DRS containers is a matter for the Scheme Administrator i.e. for producers and industry. The Cabinet Secretary also said that how RVMs handle bottles from within and out-with Scotland was a matter for the Scheme Administrator. The Cabinet Secretary stressed that lessons could be learned from other schemes as all operate with national or intra-national borders.⁷⁶

The Committee recognises the need to provide flexibility for industry to identify potential solutions to issues as they arise and notes the Scottish Governments’ view that separate identification of DRS containers is a matter for producers to determine, working alongside the Scheme Administrator. The Committee also recognises the concerns of industry in relation to separate identification. These concerns relate to the requirement for different identification for products sold in Scotland. The Committee would be interested to receive further information on technical solutions in place elsewhere or under development that could provide an alternative to, or complement, a separate labelling system.

Interaction with existing infrastructure and need for new infrastructure

81. Implications for resource management contracts and impacts on existing waste and recycling infrastructure were highlighted. A number of submissions stressed the need for the DRS to complement existing recycling infrastructure and highlighted uncertainties about how DRS will utilise that infrastructure and impact on the viability of investments already made by the industry. The CIWM Scotland⁷⁷ have concerns about the “cost/benefit and net carbon impacts of establishing a competing system” to existing collections and reprocessing infrastructure, with impacts on collection configurations, contracts and gate fees. The CIWM Scotland also consider that evidence is required on whether DRS will lead to less recycling of ‘out of scope’ materials because they are less valued. The Committee heard that evidence on the likely associated volume drops in existing infrastructure would help the resource management sector to plan for the implementation of DRS. Concerns were expressed as the Regulations do not address the requirement for take-back infrastructure. ReLoop⁷⁸ suggest that DRS is an opportunity to attract investment into the resource management industry via enabling the collection of high volumes of quality materials.
82. The Committee explored the current reprocessing capacity in Scotland and the opportunities for industry. The Committee also asked the Cabinet Secretary how advanced plans for collection facilities are. The Cabinet Secretary said that Scotland is working to attract additional plastics re-processing capacity and Zero Waste Scotland has a dedicated work-stream focused on domestic re-processing. The Cabinet Secretary said the increase in the availability of plastic material would be attractive to re-processors and this was the subject of live discussions.⁷⁹

In order for the DRS to be effectively implemented the Committee believes that the appropriate collection and reprocessing infrastructure needs to be rapidly put in place. The Committee asks the Scottish Government to provide information on the existing reprocessing capacity in Scotland and what the Scottish Government considers are the needs or opportunities for this to be developed in Scotland in relation to the introduction of DRS, before laying the final draft Regulations. The Committee asks the Scottish Government to provide further detail on its plans to lead work on the adaptation of existing infrastructure and the creation of new infrastructure in Scotland.

The Committee would also welcome further information from the Scottish Government on the active discussions with the waste management sector about how existing infrastructure and collections logistics can best be deployed.

The Committee welcomes the domestic reprocessing opportunities offered by the DRS and encourages the Scottish Government, Zero Waste Scotland and the enterprise agencies to focus on the provision of support to related business growth and development. The Committee asks the Scottish Government to

publish the Stage 2 Business Case sufficiently in advance of laying the revised draft Regulations to enable stakeholders and the Committee to consider it fully.

Environmental impacts

Introduction

83. The main policy driver for the regulations is to promote and secure an increase in recycling of materials, forming part of the Scottish Governments' response to the global climate emergency. In evidence the Scottish Government highlighted the challenging Scottish climate change targets for 2-30 and 2045, where Scotland is required to reach 'net zero' carbon emissions five years ahead of the rest of the UK.

Issues

Proposed capture targets

84. The Committee heard that the Regulations would currently result in no targets for the first nine months. There were differing views on targets with some suggesting that the first-year target should start at system launch. A number of industry respondents questioned how achievable the targets were and whether it is possible to set high, binding targets from the outset before the scheme has started and there is some operational experience. The Committee asked the Cabinet Secretary why there were no targets or sanctions for the first nine months. The Cabinet Secretary stated that this was to allow sufficient time for the establishment of the Scheme. There is a three-year period of phasing in to enable the Scheme Administrator to operate effectively and address any issues.⁸⁰

The Committee is aware that there are over thirty deposit return schemes operating internationally and a wealth of operational experience to draw on. The Committee understands the need for a phased approach. The Committee considers that targets should be established from the outset and progress regularly reviewed and reported on.

Litter

85. Several respondents provided evidence that DRS reduces litter. The Committee heard that South Australia,⁸¹ which has had DRS since 1977, has the lowest percentage of beverage containers in litter compared to any other State in Australia. Eunomia estimate 40,000 fewer glass and PET bottles and metal cans will be littered in Scotland daily with deposits.

The Committee welcomes the impact the Scheme will have on the reduction of levels of litter, including in the marine environment, and welcomes the

consequential positive impacts on the environment, biodiversity and quality of life.

Carbon impacts

86. The Committee heard that the Scheme will have a positive carbon impact. A number of submissions suggested that the environmental impact assessment should include an estimation of emissions of predicted additional consumer journeys, altered collections and processing as well as the additional infrastructure required to implement the DRS. Some suggested that local counting centres would minimise the amount of transport required to move loads large distances and minimise the impact on the environment. British Glass questioned the figures on output produced by Zero Waste Scotland, suggesting the carbon impact of the Scheme was less than predicted as it failed to take into account recent improvements in recycling rates and what could be achieved under EPR.⁸²

The Committee heard different views on carbon impacts and recycling rates. The Committee considers that the Scottish Government should produce an updated Strategic Environmental Assessment of the Scheme, including the need for additional infrastructure and changing consumer behaviours and the longer-term impacts. This should be available alongside the final draft Regulations.

The Committee considers that the Scheme Administrator should also be required to provide an updated Strategic Environmental Assessment of the final proposed Scheme, prior to its launch and should be required to report on this on an annual basis. The Committee recommends that the final draft Regulations reflect this requirement.

Donating deposits

87. Some suggested that the Scheme should be designed so deposits can be donated to a charity/social enterprise supporting the environment/circular economy. The Committee asked the Cabinet Secretary if there would be opportunities for consumers to donate their deposit to local or national charities. The Cabinet Secretary advised that this would be a matter for the Scheme Administrator and indicated that this occurs in all other deposit and return schemes.⁸³

The Committee considers that the design of the Scheme should enable consumers to opt to donate deposits to support communities and environmental improvements. The Committee asks the Scottish Government to provide direction to the Scheme Administrator to enable donations to be made.

Consumer and social impacts or risks

Introduction

88. The Committee was keen to explore potential accessibility impacts and scope for community engagement in DRS. The Committee sought to hear from people who may have issues with access, including remote island communities, and those with restricted mobility or learning issues. The attached report (Annexe A) summarises the key issues raised. These are also highlighted in a series of video clips.

Issues

Accessibility/community engagement

89. Overall most people thought it would be easy to participate in the Scheme but considered that there was potential for different groups to be disproportionately affected, either: because their consumption habits were different from the average; they had a low level of disposable income, or; they had mobility issues and learning difficulties. Questions about rural areas with no shops and people with no transport or storage were highlighted. The concerns raised covered physical issues e.g. carrying bottles back through to understanding of how the scheme operates, where to return, keeping track of what is due back, and managing money. Learning Disability Alliance Scotland (LDAS) said that many people would be dependent upon a support worker help them return bottles. On Harris the Committee heard concerns about: transport and return points; the extra pressure on mobile and community shops (often run by volunteers) with increased storage, transport and cash handling; the extra burden on friends and neighbours supporting older and vulnerable people without transport, and; mobile grocers taking back returns that are potentially not clean in the same van as groceries are being delivered.
90. Written submissions highlighted the potential accessibility issues if a substantial proportion of retailers were exempt from participation and stressed that given Scotland's geography, consideration needs to be given to ensuring there are a sufficient number of return points in rural areas. It was proposed that accessibility could be enhanced by involving 'community anchor organisations', charities and social enterprises active in rural communities. Examples were given from Auckland, where Community Recycling Centres operated by social enterprises feed in to Resource Recovery Parks. As well as mobility issues, written submissions also highlighted the need to consider language, sensory or learning difficulties that may create barriers to returning containers.

The Committee is keen to ensure that the DRS does not place additional burdens or costs on individuals and does not disadvantage anyone as a result of where they live, their income level or whether they have mobility issues, language, sensory or learning difficulties.

The Committee recommends that the requirement for universal access underpins the development of the DRS by the Scheme Administrator. This will require the Scheme Administrator to ensure that rural areas have sufficient return points, in the right places. It will also require proactive engagement with organisations active in communities in the development and delivery of the Scheme. The Committee asks the Scottish Government to provide assurance that direction with regard to access will be provided to the Scheme Administrator.

Implications for Local Authorities

Introduction

91. The Scottish Governments' DRS Full Business Case Stage 1 ⁸⁴ includes some information on the anticipated impacts of DRS on local authorities. Costs to local authorities are estimated to be £46m over the 25 years, based on increased sorting costs for remaining recyclate and lost income from selling materials. However, the report estimates an £237 million benefit over the same period from collection efficiencies and reduced costs for disposal of materials.

Issues

92. The Committee sought to explore the available evidence and work being undertaken to assess or model the likely impact of the DRS on local authority recycling services, including kerbside recycling. The Committee was also interested in the estimated costs to councils, the opportunities for DRS to complement local authority services to maximise environmental benefits or other positive outcomes and how local authorities are preparing for DRS.

Impact on materials

93. The Committee received no written response from COSLA or from individual local authorities. The Local Authority Recycling Advisory Committee (LARAC) ⁸⁵ responded and alongside others, including CIWM Scotland ⁸⁶, expressed concerns that kerbside collections will be compromised via removing higher value items. In the round-table session the Committee heard some concerns from local authorities (despite DRS being broadly welcome) that the removal of large volumes of higher-value recyclables from their collections will leave them with lower value recyclate that is more likely to be disposed of. There were some industry concerns in relation to specific materials such as small remaining volumes of aluminium in kerbside collections and suggestions that e.g. aerosols may become prohibitively expensive to collect.

The Committee asks the Scottish Government to set out its assessment of the risks and impacts, and the costs and benefits, to individual local authorities, of removing higher value items from kerbside collections before finalising the Regulations.

Impact on recycling rates

94. LARAC ⁸⁷ stated that modelling has shown some councils will see a 4% reduction in their recycling rate as material is diverted to DRS. This figure was supported by the local authorities the Committee heard from in the round-table session. Several

respondents noted Government estimates that councils will make a net saving as a result of DRS and some referenced experience in South Australia where DRS made kerbside recycling more profitable. The Committee questioned the baseline data on recycling rates and whether this was up to date. The Cabinet Secretary responded stating that the Scottish Government has drawn on a number of sources of information including data from Local Authorities and SEPA.⁸⁸

The Committee asks the Scottish Government to provide further detail on the data it used to determine recycling rates to ensure that the baseline data is up-to-date before finalising the Regulations.

Impact on waste management contracts and infrastructure

95. The Committee heard that impacts on local authority waste management contracts should be expected and sought to explore this in the round-table session with local authorities. The Committee also explored potential impacts of DRS on local authority investments in recycling and reprocessing infrastructure and for existing local authority recycling services. The Committee heard that some local authorities have existing waste management contracts that may require to be re-negotiated and there may be penalties and costs attached to this. Some producers suggested that recycling service provision by local authorities will need to evolve anyway under forthcoming EPR and lack of harmonisation of local authority systems is an issue for recycling and part of the wider context. The LARAC⁸⁹ asked the Scottish Government to identify a framework to compensate local authorities.

The Committee asks the Scottish Government to outline the implications of DRS for resource management contracts and impacts on existing waste and recycling infrastructure and provide information on any plans to provide additional financial support to local authorities before laying the final regulations.

Positive impacts and opportunities

96. DRS was broadly welcomed by the local authorities who engaged with the Committee. Re-loop suggested that there is a lack of understanding about how kerbside collection can be adjusted to “run comfortably alongside” DRS. Re-loop⁹⁰ analysed 32 studies which show positive impacts, including the opportunities to reduce collections (reducing costs and CO₂) and collect additional materials reducing residual waste. They also stated that DRS should not be seen as diverting from one system to another as it enables more close-loop recycling and kerbside collections are often mixed and materials ‘down-cycled’ or sent to ‘energy from waste’ facilities.

The Committee asks the Scottish Government to provide detail of work (including planned work) on the opportunities for DRS to complement local authority services to maximise environmental benefits or other positive outcomes e.g. using the reduction in volumes as an opportunity to expand collections of other recyclables e.g. textiles, plastic film, particularly in the context of stalling national recycling rates.

The Committee asks the Scottish Government if DRS will enable more close-loop recycling with the potential for more recycling as opposed to 'down-cycling' (or materials being used in energy from waste facilities) given existing kerbside recycling collections are often mixed.

Geographical or regional differences

97. The Committee sought to understand if there were geographical or regional factors in different local authority areas that may impact on DRS implementation or operation e.g. rural and islands implications, proximity to infrastructure, cross-border issues. The Committee heard that the challenges vary from urban to rural authorities and across the different systems that are being used across the country.⁹¹ Local authorities suggested that existing waste management approaches, investments in infrastructure, recycling and waste management contracts were the significant factors for local authorities and mean that there are very different considerations for different Councils. The Committee heard that for rural authorities the issue is about minimising the collection costs as DRS will remove value from the material that is covered.

The Committee notes that there may be geographical or regional differences across local authorities that may impact on DRS implementation or operation. The Committee asks the Scottish Government to provide any assessment it has done in this regard, in advance of laying the final Draft Regulations.

Further evidence

98. LARAC called for the data used in the Governments' BRIA on local authority impacts, to be made available to allow scrutiny.⁹²
99. The Committee was advised that Zero Waste Scotland was in the process of undertaking an impact assessment for each local authority, as a result of requests from councils, but this was unlikely to be available in the time available to the Committee to scrutinise the proposed Draft Regulations. The Cabinet Secretary said Zero Waste Scotland was working directly with local authorities and will be reviewing the household recycling charter to take account of this. The Committee asked the Cabinet Secretary if there is representation for local authorities and the

waste management sector in the Implementation Advisory Group. The Cabinet Secretary said that the Scottish Government had invited COSLA to sit on the Implementation Advisory Group.⁹³

The Committee recognises that introducing the DRS will impact local authorities but moving towards a circular economy and the forthcoming EPR is already driving change. The Committee understands there is currently a gap in the understanding of the extent of the impact, but the Committee heard this should be addressed by the forthcoming Zero Waste Scotland survey. The Committee asks the Scottish Government to publish the results of that assessment in advance of laying the final draft regulations to ensure there is sufficient time to take account of the findings. The Committee asks the Scottish Government to set out what could change as a result of that new evidence, and how will it be used. The Committee also asks the Scottish Government to make the data used in the Governments' BRIA on local authority impacts available as a matter of priority.

The Committee welcomes the invitation from the Scottish Government to COSLA to sit on the Implementation Advisory Group.

Wider waste policy context

Introduction

100. In its 2019-2020 Programme for Government the Scottish Government committed to introducing a Circular Economy Bill to “encourage the re-use of products and reduce waste” and to “enable further action to tackle our reliance on single use products”.⁹⁴ At a UK-wide level, a consultation was undertaken jointly by the UK, Scottish and Welsh governments, and on behalf of Northern Ireland, on reforms to the UK packaging producer responsibility system.⁹⁵ The current system operates UK-wide. The consultation set out proposed principles and features of an extended producer responsibility system for packaging. The UK Government has also consulted on introducing DRS in England, Wales and Northern Ireland and has said its “ambition is to implement a scheme which ensures regulatory consistency across the UK, noting the Scottish Government has already brought forward proposals for a wide-ranging DRS”.

Issues

Extended Producer Responsibility (EPR) and other resource policy measures

101. The interaction of the DRS with Extended Producer Responsibility (EPR) was a key theme of responses to the Committee. A large number of industry respondents consider better outcomes could be achieved via broader EPR reform which is being developed UK-wide (expected by 2023) or they consider that DRS should be introduced concurrently with revised EPR, enabling alignment. Some consider that DRS will play a vital role, but stress that it must work alongside consistent collections, EPR, eco-design of products, and taxes on virgin plastic proposed by HM Treasury. A number of other submissions stressed the need for policy to drive incentives further up the waste hierarchy, actively encouraging manufacturers and producers to use less resources and more recyclables.
102. The Committee asked the Cabinet Secretary to confirm at what stage the development of EPR is and how the Scottish Government expects it to interact with DRS. The Cabinet Secretary said that while EPR is devolved it is best implemented at the UK level.⁹⁶ The Cabinet Secretary also said that, in her view, EPR would not deliver the outcomes to be delivered by the DRS and would also have attached costs (with producers paying 10 x that currently). The Cabinet Secretary considered that DRS would deliver faster recycling returns and changes in consumer behaviour that would not be delivered via EPR and may have a positive ‘knock on’ effect on other materials.⁹⁷

The Committee is interested to understand the overall cost/benefit estimate for introducing DRS in Scotland and how this relates to EPR. The Committee asks the

Scottish Government if it has compared this with an estimated cost/benefit of: introducing DRS at the same time as EPR; introducing EPR instead of DRS, and; introducing DRS in the context of a UK-wide scheme. The Committee would welcome further information on this before the draft regulations are laid.

The Committee welcomes the broader reform of EPR and considers that the DRS can work alongside this but understands the EPR reform is expected in 2023 at the earliest. The Committee considers that action is urgent, and it is right to be introducing the DRS at the earliest opportunity. The Committee agrees that this needs to work alongside other measures and welcomes the Scottish Governments' commitment to review its circular economy strategy and bring forward further legislation to support the further development of a circular economy.

The Committee considers that DRS is mainly about increasing recycling, rather than encouraging more re-use, less resource use or 'eco-design' The Committee asks the Scottish Government if producers covered by DRS will see future regulation requiring them to 'move up the waste hierarchy'.

Interaction with the existing Packaging Recovery Note (PRN) system

103. Many business responses requested confirmation that containers in scope for DRS will definitely be excluded from the Packaging Recovery Note (PRN) system from day one. Coca-Cola said requiring both would create a £600m industry burden.

The Committee considers that producers should not be required to operate dual systems with the related burdens and costs where the environmental objective is fully addressed by one system. The Committee asks the Scottish Government to confirm that containers in scope for DRS will be excluded from the Packaging Recovery Note (PRN) system from the outset of the Scheme. The Committee asks the Scottish Government if changes to the Draft regulations will be required to provide for this.

A UK-wide scheme or interoperability across UK

104. In the responses to the Committee there was a strong industry preference for a UK-wide DRS or at least for the Scottish DRS to be inter-operable with future UK schemes. A number of concerns were raised in relation to this, including:

- Scope for fraud or waste tourism e.g. if there are different fees across borders there were concerns that a Scotland only scheme would create a de facto 'trading border';
- Required changes to packaging with reduced efficiencies in factories, a need for more warehouse space and alterations to logistics;
- Producers may not know where products will be sold, given products often have multiple routes to market through supply chains (e.g. through wholesale);
- Potential for consumer confusion;
- Disproportionate costs for small businesses, and;
- If an English or UK wide DRS is introduced in 2023, investment there are concerns that Scottish-specific arrangements e.g. dual labelling may have been unnecessary.

105. Some respondents took a different view, suggesting that a UK-wide DRS would make logistics easier, but if it is introduced later in the rest of the UK, it should be possible to align at that stage. They also stated that Scotland is a leader in environmental policy and creating a comprehensive DRS will set an example and the Scottish Government should push the UK Government to be ambitious to minimise gaps. A number of submissions suggested the potential for a time gap is not a valid reason to delay, especially as the UK Governments' intentions are uncertain.

106. The Committee asked the Cabinet Secretary how important it is that the Scottish DRS is inter-operable with potential other schemes in the rest of the UK. The Committee also asked if the Cabinet Secretary considered that industry could decide to roll-out DRS in other parts of the UK without the UK Government legislating. The Cabinet Secretary said that, in theory, this could be done but there could be practical issues. The Cabinet Secretary suggested that the Scottish Scheme could provide a model for the rest of the UK to follow and industry could lobby the UK Government to introduce DRS across the UK. The Cabinet Secretary also stated that industry has committed to introduce a DRS across the UK and there had been an enabling power in the UK Environment Bill, which fell at the dissolution of the UK Parliament.⁹⁸

The Committee recognises the industry concerns in relation to interoperability across the UK. However, the challenges and opportunities of responding to a changing climate and reaching Scotland's ambitious climate change targets exceed those across the rest of the UK and will require considerable change in the way we consume and in the way we do business. The Committee asks that the Scottish Government continue to encourage the rest of the UK to adopt a similarly ambitious approach to tackling climate change and the environmental problems caused by littering.

The Committee can see no legal requirement or impediment that limits or restricts the introduction and roll-out of the DRS across the UK. Unlike Scotland there is no enabling legislation that provides for a DRS and therefore there is no secondary regulation that specifies how a DRS would be set up and operated across the UK. The Committee considers that this could be done without further legislation, at the same time or shortly after the introduction of a Scottish Scheme. There is no need for industry to wait – if industry wishes to see a UK wide Scheme in operation it could extend the Scottish Scheme to other parts of the UK or it could encourage the UK Government to bring forward proposals for a DRS. The Committee considers that this would answer a number of the concerns expressed by industry.

Capacity of UK recycling and reprocessing infrastructure

107. The Committee heard that Scotland does not have the reprocessing infrastructure to deal with DRS materials so there is a risk of significant exports. A number of respondents suggested that the Government should stimulate investment in reprocessing to maximise circular economy and sustainable employment opportunities. This view was shared by industry and environmental NGOs. The Committee asked the Cabinet Secretary about opportunities for re-processing. In response she indicated that Zero Waste Scotland has a dedicated work-stream focussed on domestic re-processing.⁹⁹

The Committee heard that there are gaps in the infrastructure required for re-processing in Scotland. The Committee comments on this earlier in the report and considers that addressing these gaps should be a matter of significant priority for the Scottish Government and for industry. In order for the Scheme to be effective, both front end provision, in terms of collection and back end provision, in terms of re-processing need to be in place.

As stated earlier, at the time of laying the Draft Regulations the Committee asks the Scottish Government to provide an up-to-date analysis of the current re-processing infrastructure and gaps and set out the plan to address any gaps, including plans to invest. The Committee would welcome further detail from the Scottish Government on work in relation to domestic re-processing and the key milestones. The Committee also asks the Scottish Government to consider the value of including provisions in relation to infrastructure (counting and processing) in the regulations.

The Committee considers that recycling should take place as close to the point of collection as is practical, particularly due to the impact on emissions. However, the Committee recognises that further investment is required and there will be a period of transition before the appropriate infrastructure is in place. The

Committee underlines the significant economic opportunities and benefits that will result from investing in green technology and employment.

Governance and administration of the Scheme

Introduction

108. The draft Regulations provide for producers to appoint a Scheme Administrator to meet the above obligations on their behalf which the Government expects is likely to be an industry-led, privately-owned body operating on a not-for-profit basis. Anyone seeking to act as a Scheme Administrator must be approved by the Scottish Ministers. SEPA will be the regulator for all offences under the Regulations and will have powers of investigation and enforcement to establish whether these have been complied with. The regulations provide for the establishment of one or more than one Scheme Administrator.

Issues

Establishing the Scheme Administrator

109. There was broad support for the Scheme Administrator to be industry-led and not-for-profit, although a small number of respondents suggested that there would be benefits of public involvement or joint ownership e.g. to create links to public policy objectives or to use public procurement rules to ensure value for money. Many respondents suggested who should be represented in its governance to cover interests through the supply chain, including: small business, local authorities, wholesalers, producers, retailers and the waste management sector and others proposed the inclusion of environmental NGOs and community interests.
110. The Committee asked the Cabinet Secretary what criteria Scottish Ministers will take into account when asked to approve a Scheme Administrator including representation of different interests in its governance. The Cabinet Secretary said that the Scottish Government was looking for an applicant to operate for a minimum of 5 years and provide an operating plan setting out how the Scheme Administrator plans to fulfil the producer responsibility. The Committee was advised that the Scottish Government will be working with SEPA to assess the Scheme Administrator. The Committee asked if the Scheme Administrator would be required to: pay a living wage; produce carbon assessments by material type, and; involve social enterprises. The Cabinet Secretary advised that the Scheme Administrator would be subject to the requirements for similar bodies. The Committee explored the pros and cons of the Scheme Administrator being industry-led rather than having some level of public involvement. The Cabinet Secretary said increased government control would mean that the Scheme Administrator would be more likely to need to be classed as a government entity. The Cabinet Secretary also said that as DRS is considered to be a form of EPR, it is appropriate for that scheme to be industry-led.¹⁰⁰
111. The regulations leave it open for there to be no Scheme Administrator, or for there to be more than one. Some respondents expressed concerns that the regulations

allow for more than one Scheme Administrator and some suggested leaving it open may be necessary due to issues around competition law. The Committee asked the Cabinet Secretary if either of those scenarios would be practical. In response the Cabinet Secretary said that there may be more than one proposal to act as Scheme Administrator, but a single Scheme Administrator would be the most practical scenario. The Cabinet Secretary stated that the Regulations provided for the possibility of the establishment of a Scheme Administrator by small producers operating in a specific geographic area.

The Committees' preference is for the establishment of a single Scheme Administrator, but accepts that flexibility may be required. The Committee also asks if the Scottish Government is involved in discussions about setting up a body and how far progressed any discussions are.

The Committee is broadly comfortable with the proposal that the Scheme Administrator is industry led and not for profit. However, the Committee considers that all parts of the supply chain (including small business, local authorities, wholesalers, producers, retailers and the waste management sector), the environmental NGO sector and Trades Unions should be represented in its governance.

The Committee is concerned that a having a number of administrators with potentially differing approaches may result in some duplication, operational complexity and may also be confusing from a public perspective. The Committee considers that a single administrator is likely to be the most effective means of managing the DRS but supports the flexibility contained within the Regulations to allow for different arrangements in specific areas, based on a clear rationale, impact assessment and Ministerial approval.

Scheme Administrator functions and powers

112. Some proposed that the Scheme Administrator should take on many of the powers envisaged for Ministers e.g. approving deposit levels, handling fees and exemptions as they viewed these as key levers which should be available to the industry and would balance the risks of delivery. Some suggested that the operations of the Scheme should be competitively tendered and that appropriate operations could be sub contracted to social enterprises. Throughout the report the Committee has commented on the issues that should be a matter for regulation and those that are more appropriately a matter for the Scheme Administrator.

The Committee understands the desire of industry to have a high degree of control over the Scheme. However, the Committee agrees with the Scottish Government that there are a number of factors which need to be taken into account in setting a minimum level of deposit. Further discussion on the level of

the deposit is contained earlier in the report. The Committee considers that the minimum level of deposit is rightly a matter for Ministers but there should be flexibility for the Scheme Administrator to adjust that level above the minimum to achieve better environmental and social outcomes, and systems efficiencies, if that can be evidenced.

The Committee considers that exemptions are integral to the overall operation of the Scheme. While it is right that the Regulations set broad exemptions the Scheme Administrator should have the ability to go further, if it deems that desirable or necessary. The final draft Regulations should provide for this.

The Committee commented on the matter of handling fees earlier in the report and suggested that the Scheme Administrator should have the power to vary the level of fees.

The Committee considers that there should be flexibility to allow the operations of the Scheme to be competitively tendered and that appropriate operations could be sub contracted to social enterprises, charitable bodies or community organisations.

Dispute resolution

113. The requirement for a dispute resolution mechanism was highlighted to the Committee.

The Committee asks the Scottish Government to provide further detail on the framework and mechanisms for dispute resolution before laying the final draft Regulations and set out a requirement for a dispute resolution mechanism in the Regulations.

Enforcement

114. The issue of enforcement and the need for this to be robust from the outset with resources and powers for SEPA to circumvent activities which avoid the lawful operation of DRS was stressed. There were concerns around the level of responsibility being placed on producers and the potential for failure (e.g. to meet specific targets) to result in unlimited fines or criminal penalties which some considered may be disproportionate.

The Committee shares the desire to ensure that the enforcement framework is in place and robust at the time the Scheme comes into operation. The Committee asks the Scottish Government to provide an assessment of the additional enforcement requirements to be placed on SEPA and provide re-assurance that the powers and resources required by SEPA will be in place before the date of launch of the Scheme. If there is a requirement for additional powers, the Scottish Government should identify how those powers are to be provided for before laying the final Draft Regulations.

The Committee notes that further regulations relating to enforcement will be laid before the Scottish Parliament in due course. The Committee will consider those once laid.

Fraud prevention

115. A significant number of businesses raised concerns about DRS encouraging fraud and sought clarity around the requirements on labelling and other mitigation measures. AG Barr indicated that DRS in other countries suggest that the only way of preventing fraud is country specific labels which would create costs likely to be passed to consumers.¹⁰¹ Industry representatives suggested that further discussion was required with SEPA. The Committee put the industry concerns in relation to the potential for fraud to the Cabinet Secretary who reacted with incredulity, suggesting the scenarios that had been presented were unrealistic. She stated that the cost of fraud in other schemes was 1-2 percent and it would be a matter for the Scheme Administrator to consider. The Cabinet Secretary stated that SEPA has been involved throughout the process. The Committee asked the Cabinet Secretary to provide further detail on cross border arrangements. The Cabinet Secretary stated that this was an issue for consideration by the Scheme Administrator, but advised that these issues had been considered and dealt with the other jurisdictions.¹⁰²

The Committee understands the industry concerns in relation to the potential for fraud. There are a number of measures that may need to be put in place to minimise the risks, but it is not yet clear to the Committee what they may be, beyond the issues raised in relation to labelling. The Committee understands that this is an issue of considerable concern, particularly to industry, however, it is primarily an issue for the industry and the Scheme Administrator to resolve, recognising the desire of industry to allow the Scheme Administrator to have a high degree of flexibility in designing and delivering the Scheme. The Committee encourages the Administrator, once established, to engage at the earliest opportunity with SEPA to develop an appropriate approach, drawing on the experience and best practice in other schemes.

The Committee recognises the concerns in relation to the potential for fraud and would ask the Scottish Government to provide an assessment of additional provisions or support that may be necessary both to prevent, and to detect, potential fraud as the Scheme is developed and implemented.

Sanctions

116. Some responses questioned if the proposed sanctions are appropriate.

The Committee considers that producers have a responsibility to ensure they are meeting their obligations and work with every part of the supply chain and with consumers to do so. The Committee considers that the level of responsibility being placed on producers and the related penalties is appropriate.

The funding model

117. Evidence indicated that unredeemed deposits will not be able to fund the system until the sixth year, so start-up and initial funding will need consideration. Some respondents said that using unredeemed deposits to fund the scheme means it will be significantly consumer funded, contrary to the polluter pays principle. Others said that the retention of unredeemed deposits is observed best-practice. Some raised concerns in relation to the cross subsidy of materials. The Committee asked the Cabinet Secretary how it was envisaged the Scheme and start-up costs would be funded before unredeemed deposits are available as a funding stream. The Committee asked if the Government is exploring a potential role for the Scottish National Investment Bank (SNIB). The Cabinet Secretary said she saw a role for SNIB in engaging with the DRS including providing funds to support the start-up costs.¹⁰³

The Committee recognises that there are a number of funding models that could have been proposed for the DRS. The Committee notes the view of some respondents who state that the scheme as presented appears to be significantly consumer funded. However, if the Scheme is operating effectively, the deposit will be returned to the consumer and it will be the producer that bears any additional cost. The Committee is supportive of the retention of unredeemed deposits within the Scheme.

The Committee recognises that there are costs in setting up the Scheme and notes that there will be a time lag before unredeemed deposits reach a level that will fund the Scheme. The Committee encourages the Scottish Government and industry to engage with the Scottish National Investment Bank at the earliest opportunity to actively explore the scope of the Bank to support the Scheme. The

Committee would welcome updates from the Scottish Government on the progress of those discussions.

The proposed time-frame

Introduction

118. The draft Regulations set out a commencement date of 1 April 2021 for key provisions concerning the Schemes' operation, however the Scottish Government states that the timetable for implementation of the scheme is the subject of ongoing discussion with stakeholders, supported through the Scottish Governments' DRS Implementation Advisory Group. The various commencement dates included in the draft regulations are caveated for this reason.

Issues

119. Most businesses and trade groups had significant concerns about the proposed time-frame. The Committee heard from industry that it will be very challenging (or potentially impossible) to set up the Scheme Administrator, the administrative and IT processes, develop the infrastructure for collection and return mechanisms, set out an enforcement framework and manage impacts on existing infrastructure in the proposed time-frame.
120. The FSB ¹⁰⁴ recognised the need for swift implementation but said the proposed time-frame is “incredibly tight” for businesses with considerable support required. In both written and oral evidence the Committee heard that the introduction of the DRS needs to be considered in the context of wider pressures on producers and retailers, including the challenges associated with the UK exit from the EU, to ensure business is not overloaded.
121. A number of respondents said a minimum of 18 months from the passing of the Regulations was a more realistic time-frame and others stressed the importance to avoid launching the Scheme in the last quarter of the year, given the challenges retailers face in the Christmas period. The Committee heard from some stakeholders that there is not much they can do to plan for DRS in advance of approval of the final regulations
122. These concerns were balanced against the benefits of swift implementation. Have You Got the Bottle said that given the climate emergency, “we cannot afford to wait any longer to implement this small part of the overall solution” ¹⁰⁵. Friends of the Earth Scotland ¹⁰⁶ highlighted the need to implement solutions to meet the 75% 2030 climate target and Greenpeace ¹⁰⁷ and the Marine Conservation Society ¹⁰⁸ highlighted the urgency of tackling plastic pollution. From an operational perspective TOMRA ¹⁰⁹ suggested that a one-year transition period from the legal announcement to the entry into force, as required by the European Commission, is sufficient and said RVMs for the entire Scottish market could be installed within 6 months.
123. The Committee asked the Cabinet Secretary how important swift implementation of the DRS is in light of the climate emergency, Scotland's new climate targets, and

other environmental imperatives such as tackling plastics pollution. The Cabinet Secretary stressed the context in which the DRS Regulations are being brought forward - the provision for a DRS was included in the Climate Change (Scotland) Act 2009 and there had been active discussion with industry over a number of years. She highlighted that this was a commitment in the Scottish Government Programme for Government of 2017, there was consumer and public demand for the Scheme and there was no sense in delaying the 'right decision'. The Cabinet Secretary also highlighted that Scotland has to reach net zero 5 years before the rest of the UK and so timescales are more pressing in Scotland. The Cabinet Secretary also indicated that the timescale is caveated. ¹¹⁰

The Committee has considered the proposed regulations within the wider context of the climate emergency and the need to take swift action at the earliest opportunity. Alongside this, the Committee also recognises that the effective development of the Scheme, necessary changes to business practice and the cost to all affected business is a significant challenge.

In the context of the climate emergency, and Scotland's commitments to 2030 and 2045, the Committee considers that swift action on DRS is necessary. However, the Committee considers that the ambition to have the Scheme operational within 12 months of passing the Regulations may be challenging in practice.

Before laying the final Draft Regulations the Committee asks the Scottish Government to provide a forecast of when DRS is likely to be operational and what key actions need to happen in order for that time-frame to be possible e.g.: time-frames for setting up the Scheme Administrator; development of labelling/identification and IT systems; any new infrastructure (with associated planning/consents) including Reverse Vending Machines and counting centres, and; developing enforcement and monitoring mechanisms.

The Committee notes that the Scottish Government has stated it is open to further consideration of the timetable for introduction of the Scheme. In setting the date for introduction the Committee also encourages the Scottish Government to consider the impact on business of introduction in the Christmas and holiday periods and to provide certainty to business that the timetable can be met.

The Committee asks how the Scottish Government is taking industry concerns about the challenges involved in preparing for implementation in April 2021 into account into account and what industry can and should be doing by way of preparation in the coming months.

Further issues raised

Free movement of goods

124. Clarity was sought on how the Scottish Government had considered the impact of DRS on free movement of goods compatibility with EU law requirements.

The Committee asks the Scottish Government to provide clarity on the impact of DRS on free movement of goods compatibility with EU law requirements.

ECHR rights

125. The Scottish Wholesale Association ¹¹¹ suggest that the regulations potentially threaten rights of wholesalers protected by the European Convention on Human Rights (ECHR), e.g. their rights of non-discrimination as other participants in the supply chain are all recompensed to some degree.

The Committee asks the Scottish Government to provide a view on the concerns in relation to ECHR rights.

Communication, information and education

126. In the workshops and in some written submissions the Committee heard that education and communication is needed to support behaviour to change.

As stated earlier in the report, effective messaging and communication in relation to the scheme, through the supply chain and with consumers will be vital. This will need to take into account the different needs of different groups. The Committee would also welcome further detail of investment plans for awareness raising and promotion of the Scheme. The Committee is interested to know what direction the Scottish Government intends to provide to the Scheme Administrator in this regard. The Committee asks the Scottish Government to provide detail on the development and implementation of a communications plan for the introduction and effective implementation of the Scheme, before laying the final Draft Regulations.

Annexe A - Public Engagement for Proposed Deposit Return Scheme

Summary

127. Public engagement was undertaken by the Community Outreach Team to explore potential barriers to engagement with the scheme. 63 members of the public engaged through our work in September and October 2019.
- There was **broad support** for the principle of introducing a DRS. That said, people said **much more needs to be done about waste, recycling and reuse**, and there was an appetite for more radical solutions to address climate change.
 - All groups were concerned about the **cost implications for people on lower incomes**. There was concern particularly **on the islands** about **the cost and wider practical** implications of the scheme
 - There was a desire to see that clear **communication, information, education and appropriate accessibility measures** are put in place adequately **to ensure everyone** can participate in the scheme.
 - Concerns were raised about how people would participate when **recycling and waste are already an issue**.

Audience Engagement

128. Community outreach engagement sought to hear views from a range of people within the groups below:
- Island and rural communities
 - Older people
 - People with learning and or physical disabilities
 - Young people
 - People who are socially and/or economically excluded
 - Three workshops and a 'pop up democracy survey' were undertaken.

Workshops

Western Isles, 18 September in the Old School House, West Tarbert

129. This was supported by Harris Voluntary Service and the Third Sector Western Isles. 7 local people attended who had various roles in: community safety, Harris Community Council, Harris Forum; North Harris Trust, The West Harris Trust, Harris Voluntary Service, Western Isles Council Community Learning Department.

Tenant Participation Advisory Service, 27 September at the Scottish Parliament

130. 11 people attended, from Edinburgh, Fife, West Dunbartonshire, West Lothian, Lothian and Stirling. Members of TPAS are from housing association and local authority landlords (Registered Social Landlords) and their tenants. They include a wide range of groups that represent a diverse range of individuals: older people, people with disabilities, economically and socially excluded people, people living in rural areas.

Learning Disability Alliance Scotland, 22 October 2019 at their premises in Edinburgh.

131. The Learning Disability Alliance Scotland exists to support an alliance of organisations by working with adults with learning disabilities who use their services and facilitating their active engagement in the political process. They provide a politically neutral supporting role to help people with learning disabilities resolve matters of importance to them, their families, carers and service providers. 10 people attended from Dundee, Dunoon, Stirling and Edinburgh.

Pop up Stall

132. Scottish Youth Parliament, 26 and 27 September 2019 at their national sitting at Dunfermline High School. Approximately 35 MYPS took part in a 'pop up democracy survey' which was installed centrally during their entire sitting.

General Views Expressed

133. Outreach engagement sought to explore the barriers to people participating in the scheme. Questions were asked about:
- Pricing
 - Materials

- Ease of use of the scheme
 - Impact on recycling and littering
 - What else would you like to see the Scottish Government doing
134. **Broad support** for the principle of introducing DRS in the context of the need to respond to the climate emergency. Whilst all were in support many people voiced that **much more needs to be done about waste, recycling and reuse**, more radical solutions are required. In addition, a strong concern that **communication, information, education and appropriate accessibility measures**, are adequately put in place **to ensure everyone** is able to participate in the scheme. Some of the comments made were;
- ‘We need to get rid of plastic’
 - ‘Educate - the young folk on the system we used to use, and why we need to do it again’ (reference to a way of life in the past that did not use plastic and reused and recycled)
 - ‘Rather than recycling we should be looking to reuse to cut down on manufacturing’
135. There was concern particularly **on the islands** about **the cost and wider practical implications** of the scheme. And how people would participate when **recycling and waste are already an issue**. Specific comments from Harris included;
- ‘recycling rates on the island are currently dropping, because it is voluntary’
 - ‘islanders would like reassurance that items are currently recycled and not being disposed of in land fill.’

Specific Views Expressed

136. **Pricing – is 20p too much or too little, would this stop you buying a product, or would you think that’s ok because you’ll get it back?**

Most people thought that the **amount of the deposit was about right**. However in Western Isles almost half the group felt that the **cost was too much**., and half the group in TPAS felt It was **not enough**.

- ‘A lot of people will not have the capacity/way to return bottles therefore they will not have the costs reimbursed’.
- ‘Initial outlay will be too much – concern about the impact of the additional cost’.

Across all groups people expressed concern about the **impact on people on a lower** income and how they would afford it and manage to keep track. At the workshop with LDAS we heard that people with learning disabilities (especially learning disabilities) like soft drinks. People in the workshop were drinking at least 2

bottles every day. (20p x 2 x 7 = £2.80 per week). LDAS and Harris highlighted that some people are at risk of bearing an increased financial cost, and the stress and anxiety around managing that.

- '20p would be a bit too much for me personally'

Despite this people at the LDAS workshop felt that this could be mitigated by **clear signage and labelling and support about how and where to return bottles** and information about when they would get their money back.

- 'Advertise the scheme in the papers (local) magazines, social media, tv. Clear labelling, braille. Shop keepers to put up notices'.

This was contrasted with about half of the TPAS group who felt the price could be more.

- 'Why only 20p when we paid 30p before?'

137. **Materials - What do you think of the Materials included?**

Some people think the range is 'ok' but half of the people felt that **more materials should be included**, with the exception of **SYP who thought it was about right**. Some people were frustrated by the limit of materials included and others why glass was being included when it was already being recycled.

- 'Cartons of milk that aren't included now, should be.'
- 'not wide enough, other plastics should be included'
- 'should cover all plastics'
- 'Glass is already being recycled?'
- 'People are encouraged to use re-useable bottles so in time there will be fewer bottles to recycle'

138. **Ease of use of the scheme - How easy will it be for you to use?**

Most people thought it would be **easy to participate** in the scheme (especially SYP) However there was concern from **all groups** about the ability for **some people to participate in the scheme**.

- 'Difficult for people with mobility issues and learning difficulties'
- 'What about rural areas with no shops'
- 'What about people with no transport'
- 'What about storage'

Concerns raised covered issues physically (carrying bottles back) or through understanding how the scheme operates, where to return, keeping track of what is or isn't due back, and managing money. LDAS said that many people would be dependent upon a support worker help them return bottles.

- 'labelling – advertise on the side of the can'
- 'Logo to apply to people with reading problems and put the pricing on the bottle'
- 'Some people that depend on support to shopping might only go 1 x / 2 x per week so there might be too many bottles'
- 'If we are going to try glass bottles we need to bring back companies like Alpine/Bon Accord because bottles might be too heavy for people to carry.'

On Harris there was concern about; **transport and enough return points, the extra pressure on mobile and community shops (often run by volunteers) with increased storage, transport and cash handling.** Also raised was the **extra burden on friends and neighbours** who are supporting older and vulnerable people without transport, and mobile grocers taking back **returns** that are potentially **not clean in the same van as groceries** are being delivered.

Regarding concern about how a new scheme will interact with current recycling, people felt that **education** and communication is needed for behaviour to change and about **shops limiting bottles returned** as they had done in the past.

- 'Some shops might not want to take bottles back especially small shops'
- 'Will shops be limited?'

139. **Impact on recycling and littering – Do you think the proposed scheme will have an impact on increasing recycling and littering?**

Most people think that it **will make an impact** however **on Harris people were split about whether it would.**

- 'It will help get rid of bottles at the bus stop. These can get in the way of my wheelchair or blocking people when they get on the bus.'
- 'I think it might help people think twice.'
- 'It will reward people for collecting stray bottles, ones that aren't currently recycled'
- 'Don't believe the scheme will have a big impact on littering'

Groups felt that **education is needed to encourage people to participate.**

- 'Educate older generation to do normal recycling'

This was discussed in detail. Behaviour changes needed for some of the older population who currently are not recycling. They are often living on their own, in isolated homes, continuing as they have done for their whole lives. Depopulation and an increasing older population who may struggle to manage.

- 'Educating people is just as important'

140. There was some discussion of a **community impact and community participation** and **suggestions to help the scheme work**:
- ‘Help build relationships between older and younger folk as young folk might take bottles back for older person’
 - ‘Use imaginative ways to utilise community groups (landowners and community trusts to provide collection points.’
 - ‘Have a personal DRS account or a Family DRS account. A card rather than cash, credit or debit as you return or buy. If you slip into debt then you would have to pay more.’
 - ‘20p return profits – could go back into local community projects’
 - ‘Collection could be done by youth groups, Scouts, BB, Army, Navy and Airforce cadets to raise funds’

And concern about negative effects:

- ‘Could lead to bullying to get cash’
 - ‘The scheme could be open to criminality and abuse’
141. **What else would you like to see the Scottish Government doing?** (to address environmental issues)
- ‘Government needs to do more things.’
 - ‘Encourage people to take more responsibility’
 - ‘Those who benefit the most from plastic ie. big businesses should pay the most to implement’
 - ‘Build more recycling plants’
 - ‘UK & Scotland is behind, how are we going to pay?’
 - ‘Cost of getting bottles off the island for reprocessing. Is it too costly to set up recycling processing on the island. How is this financially viable? Who will be subsidising this?’

Concern that the scheme ‘Benefits businesses more that consumers.’

Feedback

142. Outreach had very positive feedback from all workshops about the opportunity to feed into Committee business. We need to continue to feedback to participants about how their views are being used and Outreach will consider how this can be done using accessible formats.

Annexe B - Minutes of Meetings

33rd Meeting, 2019 (Session 5) Tuesday 3 December 2019

3. Proposed Deposit and Return Scheme (in private): The Committee considered a draft report and agreed to delegate authority to the Convener and Deputy Convener make final revisions to the draft.

32nd Meeting, 2019 (Session 5), Tuesday 26 November 2019

6. Proposed Deposit and Return Scheme (in private): The Committee considered a draft report and agreed to consider this further at a future meeting.

31st Meeting, 2019 (Session 5) Tuesday 19 November 2019

2. Proposed Deposit and Return Scheme: The Committee took evidence from—

Roseanna Cunningham, Cabinet Secretary for Environment, Climate Change and Land Reform; Don McGillivray, Deputy Director, Environmental Quality and Circular Economy Division, Scott Wood, Team Leader Circular Economy Unit, and Emily Freeman, Solicitor, Scottish Government.

3. Proposed Deposit and Return Scheme (in private): The Committee reviewed the evidence heard earlier in the meeting.

30th Meeting, 2019 (Session 5) Tuesday 12 November 2019

1. Proposed Deposit and Return Scheme: The Committee took evidence, in roundtable format, from—

Colin Forshaw, Vice Chair of the Scotland Centre Council, Chartered Institution of Wastes Management Scotland; Jim Fox, Associate Director, Public Affairs, Food and Drink Federation Scotland; Richard Hands, Chief Executive, Alliance for Beverage Cartons and the Environment (ACE) UK; Samantha Harding, Executive Director, Reloop Platform (via video conference); Rick Hindley, Executive Director, Alupro; Jenni Hume, Campaign Manager, Have You Got The Bottle; Dr John Lee, Head of Public Affairs and Communications, Scottish Grocers Federation; Susan Love, Policy Manager, Scotland, Federation of Small Businesses; Ewan MacDonald-Russell, Head of Policy and External Affairs, Scottish Retail Consortium; Edward Woodall, Head of Policy and Public Affairs, Association of Convenience Stores; Jonathan Marshall, Global Category Sales Director, OI, British Glass; Calum Duncan, Head of Conservation Scotland, Marine Conservation Society; Stephen Freeland, Policy Advisor, Scottish Environmental Services Association; Gavin Partington, Director General, British Soft Drinks Association; Colin Smith, CEO, Scottish Wholesale Association; Andrew Tighe, Director of Policy, Scottish Beer and Pub Association; Craig Hatton, Chief Executive, North Ayrshire Council, SOLACE (Lead on Waste); Silke Isbrand, Policy Manager (Waste, Carbon and Climate Change), COSLA; David Macleod, Head of Municipal Services, Roinn nan Coimhearsnachdan, Comhairle nan Eilean Siar; Philip McKay, Head of Roads, Landscape & Waste Services, Aberdeenshire Council; James McLeod, Infrastructure Manager, Dumfries and Galloway Council; Rolf Matthews, Waste Disposal Manager, Glasgow City Council.

2. Proposed Deposit and Return Scheme (in private): The Committee reviewed the evidence heard earlier in the meeting.

[28th Meeting, 2019 \(Session 5\) Tuesday 29 October 2019](#)

7. Proposed Deposit Return Scheme (in private): The Committee considered the evidence received and its approach to the inquiry.

[27th Meeting, 2019 \(Session 5\) Tuesday 8 October 2019](#)

2. Proposed Deposit Return Scheme: The Committee took evidence from—

Ginny Gardner, Head of Circular Economy Unit, Scott Wood, Team Leader, Deposit Return Scheme, Emily Freeman, Solicitor, and David Barnes, Zero Waste Scotland Programme Manager, Deposit Return Scheme, Scottish Government.

4. Proposed Deposit Return Scheme (in private): The Committee considered the evidence heard earlier in the meeting.

[24th Meeting, 2019 \(Session 5\) Tuesday 17 September 2019](#)

7. Proposed deposit return scheme (in private): The Committee considered a call for evidence and agreed to publish at a future date. Rachael declared an interest as a shareholder in a hotel/restaurant business.

[23rd Meeting, 2019 \(Session 5\) Tuesday 3 September 2019](#)

1. Decision on taking business in private: The Committee agreed to take item 3 in private. The Committee also agreed that item 4 and all further consideration of its approach to the proposed Deposit Return Scheme should be taken in private at future meetings.

4. Proposed Deposit Return Scheme (in private): The Committee agreed its approach to its work on the proposed Deposit Return Scheme.

Annexe C - Written submissions

A list of written submissions and supplementary written submissions received by the Committee can be found at the following link: [Proposed Deposit and Return Scheme, written submissions](#).

- 1 The Deposit and Return Scheme for Scotland Regulations 2020.
- 2 Climate Change (Scotland) Act 2009.
- 3 The Deposit and Return Scheme for Scotland Regulations 2020: Accompanying Statement and Proposed Regulations, September 2019.
- 4 The Deposit and Return Scheme for Scotland Regulations 2020.
- 5 The Deposit and Return Scheme for Scotland Regulations 2020: Accompanying Statement and Proposed Regulations, September 2019.
- 6 The Deposit and Return Scheme for Scotland Regulations 2020: Accompanying Statement and Proposed Regulations, September 2019.
- 7 The Deposit and Return Scheme for Scotland: Business and Regulatory Impact Assessment, 9 July 2019.
- 8 The Deposit and Return Scheme for Scotland: Business and Regulatory Impact Assessment, 9 July 2019.
- 9 A Deposit and Return Scheme for Scotland: Equality Impact Assessment, 4 July 2019.
- 10 A Deposit Return Scheme for Scotland: Fairer Scotland Impact Assessment, September 2019.
- 11 A Deposit Return Scheme for Scotland: Islands Communities Screening Assessment, September 2019.
- 12 The United Nations 2030 Agenda for Sustainable Development
- 13 Scottish Government, National Performance Framework.
- 14 Report on Subordinate Legislation considered by the Delegated Powers and Law Reform Committee on 30 October 2019.
- 15 Environment, Climate Change and Land Reform Committee, Call for views on the Proposed Draft Deposit and Return regulations 2020.
- 16 Letter from the Environment Climate Change and Land Reform Committee to the Cabinet Secretary for Environment Climate Change and Land Reform, 19 September 2019.
- 17 Letter from the Cabinet Secretary for Environment Climate Change and Land Reform Committee to the Environment Climate Change and Land Reform Committee, 1 October 2019.
- 18 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, col 9.
- 19 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, col 9.
- 20 British Glass, written submission, page 3.

- 21 Deposit and Return Scheme for Scotland: full business case stage 1, 8 May 2019.
- 22 British Glass, written submission, page 5.
- 23 Have You Got the Bottle, written submission, page 3.
- 24 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, cols 4-5.
- 25 The Deposit and Return Scheme for Scotland: Business and Regulatory Impact Assessment, 9 July 2019.
- 26 British Glass, written submission, page 2.
- 27 British Glass, written submission, page 2.
- 28 British Glass, supplementary written submission.
- 29 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, cols 5-6.
- 30 Environment, Climate Change and Land Reform Committee, Official Report, 12 November 2019, col 2.
- 31 British Glass, written submission.
- 32 British Glass, written submission, page 2
- 33 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, col 7.
- 34 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, col 19.
- 35 Marine Conservation Society, written submission, page 1
- 36 Have You Got the Bottle, written submission.
- 37 Friends of the Earth Scotland, written submission, page 1-2.
- 38 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, cols 2, 4, 36.
- 39 Alupro, written submission.
- 40 Environment, Climate Change and Land Reform Committee, Official Report, 12 November 2019, col 4.
- 41 ACE UK, written submission.
- 42 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, col 9.
- 43 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, cols 8-9.

- 44 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, cols 8-10.
- 45 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, col 4.
- 46 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, col 9.
- 47 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, col 10.
- 48 NSWA, written submission.
- 49 Princes Ltd, written submission.
- 50 Federation of Small Businesses, written submission, page 5.
- 51 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, col 11.
- 52 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, cols 11-14.
- 53 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, col 13.
- 54 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, col 13.
- 55 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, cols 10-14.
- 56 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, cols 14-15.
- 57 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, col 11.
- 58 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, col 17.
- 59 Have You Got the Bottle, written submission.
- 60 Envision Report: The Incentive to Recycle - The case for a container disposal system for New Zealand, September 2105.
- 61 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, cols 17-18.
- 62 TOMRA, written submission.
- 63 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, col 19.

- 64 Alupro, written submission.
- 65 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, col 19.
- 66 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, col 20.
- 67 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, cols 17-18.
- 68 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, col 21.
- 69 Deposit Return Scheme for Scotland Full Business Case Stage 1, 8 May 2019.
- 70 Environment, Climate Change and Land Reform Committee, Official Report, 12 November 2019, col 33
- 71 Environment, Climate Change and Land Reform Committee, Official Report, 12 November 2019, cols 33-35.
- 72 United Wholesale Grocers Ltd, written submission.
- 73 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, cols 23-24.
- 74 Aston Manor Cider, written submission.
- 75 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, cols 23-25.
- 76 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, col 34.
- 77 CIWM Scotland, written submission.
- 78 Reloop Platform, written submission.
- 79 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, cols 27-28.
- 80 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, col 32.
- 81 South Australia Environmental Protection Agency - container deposit scheme.
- 82 British Glass, written submission.
- 83 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, cols 16-17.
- 84 Deposit return scheme for Scotland: full business case stage 1, 8 May 2019.
- 85 Local Authority Recycling Advisory Committee (LARAC), written submission.

- 86 CIWM Scotland, written submission.
- 87 Local Authority Recycling Advisory Committee (LARAC), written submission.
- 88 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, cols 36-37.
- 89 Local Authority Recycling Advisory Committee (LARAC), written submission.
- 90 Reloop Platform, written submission.
- 91 Environment, Climate Change and Land Reform Committee, Official Report, 12 November 2019, col 63.
- 92 Local Authority Recycling Advisory Committee (LARAC), written submission.
- 93 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, col 35.
- 94 Protecting Scotland's Future: The Government's Programme for Scotland 2019-2020,
- 95 DEFRA consultation on reforming the UK packaging producer responsibility system, May 2019.
- 96 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, col 27.
- 97 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, cols 27-29
- 98 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, cols 38-39.
- 99 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, col 27
- 100 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, cols 30-32.
- 101 AG Barr, written submission.
- 102 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, cols 32-35.
- 103 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, cols 11 and 32.
- 104 Federation of Small Businesses, written submission.
- 105 Have You Got the Bottle, written submission.
- 106 Friends of the Earth Scotland, written submission.
- 107 Greenpeace, written submission.
- 108 Marine Conservation Society, written submission.

109 TOMRA, written submission.

110 Environment, Climate Change and Land Reform Committee, Official Report, 19 November 2019, cols 26, 29, 37-38.

111 Scottish Wholesale Association

