

## Deposit Return Scheme latest reports

To: All Chief Executives, Main Contacts and APSE Contacts in Scotland

For information only to England, Northern Ireland and Wales

### Key Points

This briefing provides an update on the latest supporting reports published on the Deposit and Return Scheme for Scotland Regulations 2020. The report will primarily focus on the changes and important information for local authorities rather than providing an overall overview for all stakeholders (e.g. the scheme administrator, return points, producers and commercial premises).

## 1.0 Basic overview

The Deposit and Return Scheme allows consumers to redeem a 20p deposit from single-use containers from retailers and includes PET plastic bottles, aluminium/steel cans and glass bottles. The main policy driver for the Regulations is to secure an increase in the recycling of quality materials. This is being brought in as part of the Scottish Government's global climate emergency response with a target capture rate of 90% of single-use containers through the scheme, with a legal responsibility for the producers to meet it. The scheme design has been informed by examples in place in other countries already (e.g. Germany, Norway, Sweden), and the running costs of the scheme will be funded by the producers of single-use containers. The scheme also fits into the Scottish Government's desire to create a more circular economy, encourage behaviour change around materials and help Scotland meet its 2025 waste targets. The scheme was originally announced in the 2017-18 Programme for Government.

According to Zero Waste Scotland, over 70% of Scots surveyed want a Deposit Return Scheme, and it will lead to 34,000 fewer plastic bottles littered every day, 76,000 additional tonnes recycled each year, 17,000+ return points nationwide, £62 million a year could be saved tackling the indirect impacts of litter and 4 million tonnes of CO<sub>2</sub>e emissions will be cut over 25 years.

Environment Secretary Roseanna Cunningham MSP announced a later 'go-live' date of 1 July 2022 "partly to allow businesses to ensure the necessary infrastructure was in place before the scheme began, and provides flexibility in the immediate term as the whole country prepared to deal with Covid-19".

## 2.0 Timeline

Below shows a timeline of the events relating to The Deposit and Return Scheme for Scotland Regulations 2020 and links to the appropriate related documents from the Scottish Government and Scottish Parliament.

1 October 2026	A provision requires Scottish Ministers to undertake a review of the operation and effect of the Regulations by 1 October 2026
1 July 2022	Newly confirmed commencement date for The Deposit and Return Scheme for Scotland Regulations 2020
1 January 2022	Commencement of the registration of producers with the Scottish Environment Protection Agency (SEPA)  (for producers to register prior to the scheme being fully implemented)
1 April 2021	Originally proposed commencement date for the regulations
1 January 2021	Commencement of provisions concerning the exemption of return point operators and the approval of voluntary return point operators (for retailers seeking any exemptions prior to the scheme becoming fully operational)
16 March 2020	Several accompanying documents for The Deposit and Return Scheme for Scotland Regulations 2020 are published including: <ul style="list-style-type: none"> <li>● <a href="#">Accompanying Statement</a></li> <li>● <a href="#">Full business case addendum</a></li> <li>● <a href="#">Strategic environmental assessment</a></li> <li>● <a href="#">Business and regulatory impact assessment</a></li> <li>● <a href="#">Equality impact assessment</a></li> <li>● <a href="#">Islands communities impact assessment</a></li> </ul>
10 December 2019	91-day representation period ends for the Scottish Parliament  The Scottish Parliament's Environment, Climate Change and Land Reform Committee published a report detailing the written and oral evidence they received as part of their consultation and their conclusions. <ul style="list-style-type: none"> <li>● <a href="#">Environment, Climate Change and Land Reform Committee - Report on the proposed draft Deposit and Return Scheme for Scotland Regulations 2020</a></li> <li>● <a href="#">Written evidence submissions received by the Committee</a></li> </ul>
17	The Scottish Parliament's Environment, Climate Change and Land Reform

September 2019	Committee issued a call for written evidence with a deadline of 15 October 2019 <ul style="list-style-type: none"> <li>● <a href="#">Call for written evidence on the Scottish Parliament website</a></li> </ul>
10 September 2019	91-day representation period for the first draft of the Deposit and Return Scheme for Scotland Regulations 2020 is laid before Scottish Parliament <ul style="list-style-type: none"> <li>● <a href="#">Proposed regulations and accompanying statement</a></li> </ul>
4 July 2019	A full Equality Impact Assessment is published “as part of the launch of the preferred design for DRS” <ul style="list-style-type: none"> <li>● <a href="#">Equality Impact Assessment</a></li> </ul>
25 September 2018	Public consultation on the design of Scotland’s Deposit Return Scheme closes <ul style="list-style-type: none"> <li>● <a href="#">‘We Asked, You Said, We Did’</a></li> <li>● <a href="#">Independent analysis of responses to the consultation</a></li> </ul>
27 June 2018	Public Scottish Government consultation on ‘A Deposit Return Scheme for Scotland’ opens and a partial equality impact assessment is published <ul style="list-style-type: none"> <li>● <a href="#">Consultation paper</a></li> <li>● <a href="#">Published responses to the consultation (1995 in total)</a></li> <li>● <a href="#">Partial interim equality impact assessment</a></li> </ul>
5 September 2017	First Minister Nicola Sturgeon announces the deposit return system for single-use drinks containers in Scotland <ul style="list-style-type: none"> <li>● <a href="#">Page 41 of A Nation with Ambition: The Government’s Programme for Scotland 2017-18</a></li> </ul>

### 3.0 Full business case addendum ([link](#))

Since the Full Business Case Stage 1 was published in April 2019, there have been a number of figure changes relating to the scheme administrator costs, retailer costs, regulatory costs and carbon pricing.

For local authorities, the total cost as a result of the Deposit Return Scheme over a 25 year period is £46 million, and the benefits are £214 million, leaving a net benefit of £168 million.

Costs (£m)	Benefits (£m)	Net benefit (£m)
(46)	214	168

### **Costs arise from**

- Reduction in income
- Increased costs sorting the remaining materials in kerbside collections

### **Benefits arise from**

- Bin collection efficiencies
- Litter collection efficiencies
- Reduced costs for disposal of materials

There has been a reduction in benefits “due to changes in the split between Deposit Return Scheme and non-Deposit Return Scheme containers resulting in more materials remaining at kerbside for collection”. Benefits were originally £237 million with a net benefit of £191 million over 25 years.

Other notable changes include:

- The number of containers falling in scope of the scheme increased from 1.67 billion to 2.17 billion
- Collection targets for target materials is set at 70% for year 1 and 90% by year 3
- Both estimated costs to the public (£1,019 million) and benefits (£1,187 million) have increased, though there still remains a net benefit of £168 million to the general public over 25 years
- Return point costs have increased, though this has been balanced with an equivalent increase in handling fees
- Modelling assumptions changed on the % of materials eligible for sale (now 95% glass rather than 97%), sale of materials per tonne (now £1,000 aluminium/steel rather than £1,300, and £20 flint, £15 green, £17 brown for glass rather than £17, £6 and £12), average container weights and in other areas relating to the handling fee, non-operating costs and operating costs

## **4.0 Accompanying statement ([link](#))**

The accompanying statement report provides responses and analysis of the recommendations and representations made through the various evidence gathering mechanisms employed by the Scottish Government and the Scottish Parliament’s Environment, Climate Change and Land Reform Committee. The lengthy document sets out the background to each issue, the public consultation response, the committee recommendations and the Scottish Government’s response and justifications for the final regulations.

### **The main things to note from Scottish Government’s responses are:**

- The exemption of return point operators and approval of voluntary return point operators will now commence on 1 January 2021
- The registration of producers with SEPA will now commence on 1 January 2022
- The commencement date for the Regulations was moved to 1 July 2022
- Implementation will not be delayed until the rest of the UK is able to implement a Deposit Return Scheme (DRS)

- The Government believes that the benefits of including glass in DRS outweigh the drawbacks
- They believe there is robust evidence for the necessity of a 20p deposit and do not intend to provide an opportunity for a variable deposit through the Regulations
- The Scottish Government thinks the deposit should not attract VAT
- Producers with a taxable turnover of £85,000 or less will now not be required to pay a fee for producer registration to the scheme
- The Regulations have been amended to include a 'reasonable excuse' defence in relation to the acceptance of scheme articles by a return point operator (e.g. religious/ethical return point operators having to accept alcoholic drinks containers)
- Amended the regulations to allow return points to refuse to accept an unreasonably larger number of containers than their average single transaction
- A separate instrument is intended to be brought forward to include specified offences in relation to DRS and to provide SEPA with the power to impose fixed and variable monetary penalties (though the regulations currently provide for wide-ranging criminal penalties)
- Scottish Ministers are required to undertake a review of the operation and effect of the Regulations by 1 October 2026

## 5.0 Strategic environmental assessment ([link](#))

The strategic environmental assessment document features 4 different example systems that were considered and Scotland's Deposit Return Scheme - with variances in the types of return points, the types of drinks containers included (e.g. other schemes include drinks cartons and single-use paper-based cups), the pricing of the deposit (some have 10p deposits), the capture rate (answers between 60-90%) and the means of collection. Scotland's DRS is shown in the table below:

Scheme	Return Point	Material of drinks containers collected	Deposit Level	Capture Rate	Means of Collection
Scottish DRS	Any place of purchase	1. PET 2. Steel and aluminium 3. Glass	20p	90%	Any retailer selling drinks in an in-scope disposable container to operate a (automated or manual) return point for all DRS containers.

## 6.0 Equality impact assessment ([link](#))

The equality impact assessment is the third and final one to be published, following on from the initial interim EQIA (published June 2018) and the full EQIA (July 2019). These documents looked at the potential unintended issues around equality that the introduction of a Deposit Return Scheme could create. In the latest assessment, a communication toolkit is being developed for local authorities to explain the DRS to residents, and note is made of the general engagement with local authority waste services around the impact DRS will have on their services.

<b>Actions to be addressed through implementation:</b>	
<b>Participation of those who use local authority assisted kerbside collection support services</b>	
Focus groups and testing have commenced to develop a communication toolkit for use by all local authorities, to provide them with the resources to communicate DRS to all customers, including a focus on those with protected characteristics who may currently rely on assisted kerbside collections.	Status: Ongoing
Engagement with all local authority waste departments to raise awareness of DRS and the impact this will have to current services.	Status: Ongoing

The full EQIA in July 2019 showed that the Scottish Government were engaging with all 32 Scottish local authorities to gather additional information around assisted kerbside collection services, and how those receiving the service will be able to participate in the Deposit Return Scheme without assistance. They were also in touch with local authorities about the role of local authorities in communicating how the DRS and kerbside collections would interact after implementation. The interim EQIA in June 2018 raised this issue initially, and identified a gap in the availability of national figures on the number of assisted recycling collections (though Zero Waste Scotland contacted three councils with a rate between 5 and 11%). Overall for local authorities, the main issues from the equality impact assessments were ensuring that consideration is given to ensure those using assisted services would be able to access services and are not disadvantaged by DRS, and ensuring local authorities were part of the overall communication process of DRS.

## **7.0 APSE Comment**

APSE welcomes the publication of additional supporting information on the roll-out of The Deposit and Return Scheme for Scotland Regulations 2020 which provides further updates and information. As has been showcased in our advisory groups and recent Fleet, Waste and Grounds seminars, local authority waste departments in Scotland are incredibly passionate innovators in their fields and have made great advances in increasing their recycling and litter collection performance over recent years. With thirty of the thirty two local authorities in Scotland signed up to the Scottish Household Recycling Charter, local authorities have shown a commitment to maximising the capture of and improving the quality of

resources collected from their waste streams. An example of this being East Ayrshire's implementation of the first trolley box system for recycling materials in Scotland. The Charter is currently under review and this may bring with it new/ further considerations for local authorities.

While the various reports have communicated that local authorities in Scotland will benefit by £168 million over 25 years, it appears that most of the net financial benefits will come from a reduction in service size and scope, which all local authorities might not necessarily consider to be a benefit, as it could undermine wider organisational structures. It will also require a fundamental redesign of routes and will render some existing fleet and plant redundant. Therefore the likelihood is that local authorities will incur significant upfront cost in switching to the new system, with financial benefits coming much further upstream. The implementation of DRS will change the way that local authorities collect waste (and what they now collect), and APSE hopes that there is clear guidance and financial support from Scottish Government for any changes that they have to implement. During our advisory group meetings and seminars, APSE's membership continue to raise questions and concerns in relation to DRS. These have included the challenges for local authorities with MRFs (the new system will reduce the tonnage of recyclate going to these facilities and impact on the very business case for the initial major capital investment in them), the request for more information and clarification on gate fees, as well as requesting clarification on whether local authorities can redeem any unredeemed deposits collected via the normal collections process. Given the current COVID-19 pandemic which we are all facing, APSE would call for a reconsideration of all of the assumptions, in order that any lessons learnt and impacts to current waste management systems are reviewed and used to inform this scheme roll out going forward.

**APSE offers a Covid-19 WhatsApp support group for local authority members in refuse and recycling. Please complete [this online form](#) to be added. For any more information on these groups, please contact Mo Baines at [mbaines@apse.org.uk](mailto:mbaines@apse.org.uk).**

**APSE's upcoming Fleet, Waste and Grounds 2020 seminar and Scottish Waste & Recycling advisory groups have been postponed following Government advice about meetings and gatherings. APSE will e-mail members when these are able to be rescheduled.**

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