

Briefing for the Citizen Participation and Public Petitions Committee on PE2023: Stop the Deposit Return Scheme

Summary of concerns raised by the petition

The petitioner raises concerns that introducing the Deposit Return Scheme (DRS) in Scotland will increase the cost to the consumer, and cause inconvenience through requiring additional storage and journeys to recycling centres. The petitioner argues that in order to increase recycling, the Scottish Government should focus on those who do not recycle.

Background

[The Deposit and Return Scheme for Scotland Regulations 2020](#) were [approved by the Scottish Parliament in 2020](#), following a [consultation in 2018](#). The Environment, Climate Change and Land Reform (ECCLR) Committee [reported on the proposed Draft Regulations in 2019](#) and subsequently [reported on the Draft Regulations in May 2020](#). Detailed information on the Scottish DRS [can be found on the Zero Waste Scotland website](#).

Key [aims of the DRS](#) are to reduce litter and greenhouse gas emissions and to increase recycling (to at least 90% of scheme containers). Challenges with increasing recycling rates of single-use beverage containers include that they are often consumed 'on the go', so there is less opportunity or incentive to recycle. DRS is seen by the Scottish Government as being key to progress towards its recycling target of 70% of all waste by 2025 – a target where progress has stalled in recent years. [The recycling rate in 2021 was 56.3%](#). Aims of DRS also include shifting costs away from local authorities on to producers, aligned with environmental principles of 'producer responsibility' and 'polluter pays', and as part of [the broader shift to a more circular economy](#). Some [form of DRS for drinks containers is in place in 50 countries](#).

Key aspects of the scheme

Key aspects of the scheme as currently set out in [the Deposit and Return Scheme for Scotland Regulations 2020](#) (as amended, most recently by [the Deposit and Return Scheme for Scotland Amendment Regulations 2023](#)) are summarised below. Detailed information can be found [on the Zero Waste Scotland website](#). It is important to note that elements of the scheme are likely to be still subject to change, in light of developments in 2023, in particular the need for agreement between the Scottish and UK Governments on inter-

operability of DRS across the UK and implications of [the UK Internal Market Act 2020](#) (more information below):

- Scottish consumers will be required to pay a refundable deposit of 20p when they buy a drink in a single-use container made of PET plastic, glass (although see further information on glass below), or steel and aluminium drinks cans (sized 100ml to 3 litres). This will not apply in settings that are ‘closed loop’ where containers are not taken off the premises.
- Retailers of containers covered by the scheme must operate a return point [in return for ‘handling fees’](#), unless granted an exemption. Other organisations e.g. shopping centres can apply to become a voluntary return point.
- SEPA is the scheme regulator and [will maintain a register of producers selling scheme containers](#). Zero Waste Scotland advises the Government on design and [manages exemptions for return points](#).

Costs to consumers and accessibility

- The petitioner raises concerns about costs to the consumer and accessibility of return infrastructure. Aspects of the scheme have been designed with a view to maximising accessibility. This includes the requirement that all retailers who sell drinks covered by the Regulations, subject to some exceptions, will need to operate a return point unless they have been granted an exemption e.g. based on health and safety or close proximity to another return point. [Zero Waste Scotland states](#) “This is to make it as easy to return a drinks container as it was to buy it in the first place”. More discussion on accessibility can be found in [the Equality Impact Assessment \(EQIA\) produced in conjunction with the Regulations](#). It states that “Experience in other countries operating DRS seems to suggest that scheme accessibility can best be facilitated through a return to retail model accommodating both manual and automated takeback. The inclusion of small retailers and local shops can help to maximise participation by everyone in both urban and rural communities.” There is also provision in the Regulations for takeback services to be offered by large retailers in certain circumstances, for consumers with a disability or aged 66 and over, meaning these consumers would be able to return items delivered to their home by large supermarkets.
- Regarding costs to consumers, the key impact is the application of the deposit, which is refundable. The deposit level is designed to provide a sufficient incentive for consumers to participate, by returning items. The Scottish Government [Business Regulatory Impact Assessment \(BRIA\) on the DRS \(updated December 2021\)](#) considered overall costs to the consumer which could result from e.g. non-returned items, and increased costs of products as a result of impacts on producers, and considers evidence from other countries. Estimates of real costs to the consumer per container in the BRIA are 0.5p – 1.5p per container. The BRIA states “it is expected that the costs placed upon the consumer in Scotland as a result of having to pay an increased price on DRS-applicable products would be largely offset, and that the majority of consumers would be able to obtain their deposit refund at minimal additional cost or inconvenience”.

Delays to implementation and disagreement with UK Government regarding the UK Internal Market Act

- The implementation of the scheme has been subject to delays and controversy relating to the scheme's operational readiness, business impacts, and the implications of the UK Internal Market Act 2020.
- The original implementation date set in Regulations was 1 April 2021. In 2020 this was revised to 1 July 2022 to give industry more time to prepare. In 2022 the date was moved again to 16 August 2023. In May 2023, [the Scottish Government reported that implementation of DRS was at an advanced stage](#), with significant investment made by industry.
- [Circularity Scotland Ltd](#), a private enterprise, was set up in 2021 to run the scheme. The Regulations allow producers to appoint a scheme administrator to meet obligations on their behalf.
- The Scottish Government had been seeking agreement with the UK Government on an exclusion to [the UK Internal Market Act \(UKIMA\) 2020](#). The UKIMA market access principles seek to protect the flow of goods and services in the UK's internal market. A [SPICe blog published in 2020 sets out background to the UKIMA and its relevance to the DRS](#).
- The UK Government and devolved administrations agreed [a process for considering exclusions to the market access principles in UKIMA](#). In February 2023 [the Scottish Government published a summary of developments](#) regarding the prospect of an exclusion. An exclusion was considered to be needed for DRS to go ahead as set out in the Scottish regulations, as it would result in different requirements on businesses in Scotland compared to the rest of the UK.
- In May 2023, the [UK Government published a policy statement on the Scottish DRS and a UK internal market exclusion](#). In summary, the UK Government agreed to a temporary exclusion, but only to cover the period from the launch of the Scottish DRS until planned schemes are in place in the rest of the UK, at which point it states "there will be maximum alignment". Given this aim of interoperability, the UK Government stated that the exclusion would not cover glass, given the UK Government has decided not to include glass in the DRS it is developing for England. Other conditions create further uncertainty about the details of the Scottish scheme, such as a condition that a maximum cap on deposit levels would have to be agreed.
- The [Scottish Government announced on 7 June 2023](#) that as a consequence of the UK Government's position, the Scottish DRS was being "delayed until October 2025 at the earliest". In June 2023, the Scottish Government laid [The Deposit and Return Scheme for Scotland \(Miscellaneous Amendment\) Regulations 2023](#) to amend the implementation date from March 2024 to October 2025.
- Following the announcements in June, Circularity Scotland Ltd, the Scottish scheme administrator, [announced it had gone into administration](#).
- Plans are developing for DRS in other parts of the UK but are behind Scotland. In January 2023, the UK Government [announced intentions for regulations to be in force by 2023 with a view to implementation in 2025](#) – subject to ongoing discussions with industry.

- On 7 July 2023, [the Scottish Government published a 'Gateway Review' of the scheme conducted in March 2023](#) setting out progress of and challenges to delivery of the Scottish DRS.

Scottish Government Action

- The Scottish Government [responded to the petition on 23 May 2023](#).
- As wider context, reforms contained in [the Circular Economy Bill, currently being scrutinised at Stage 1 in the Scottish Parliament by the Net Zero, Energy and Transport Committee](#), seek to increase recycling rates through a range of measures. These include increasing enforcement options for people who do not correctly use household recycling, powers to set local recycling targets for local authorities, and introducing a statutory code for household recycling to increase consistency.
- Other actions aimed to increase recycling and support the transition to a circular economy are set out in [the Scottish Government's draft strategy published for consultation in May 2022 - Delivering Scotland's circular economy: A Route Map to 2025 and beyond](#).

Alexa Morrison
Senior Researcher
28 August 2023

SPICe research specialists are not able to discuss the content of petition briefings with petitioners or other members of the public. However, if you have any comments on any petition briefing you can email us at spice@parliament.scot

Every effort is made to ensure that the information contained in petition briefings is correct at the time of publication. Readers should be aware that these briefings are not necessarily updated or otherwise amended to reflect subsequent changes.

Published by the Scottish Parliament Information Centre (SPICe), an office of the Scottish Parliamentary Corporate Body, The Scottish Parliament, Edinburgh, EH99 1SP