



A deposit return scheme for Scotland: Analysis of responses

AGRICULTURE, ENVIRONMENT AND MARINE



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Dawn Griesbach, Jennifer Waterton, Alison Platts and Anna Ross
Griesbach & Associates and Jennifer Waterton Consultancy

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Abbreviations

The following abbreviations are used in this report.

DRS: Deposit return scheme

EPR: Extended Producer Responsibility – requires that brand owners and manufacturers take environmental responsibility for their products and the associated packaging when they become waste. This can involve activities such as: (i) creating take back programmes, (ii) arranging waste collections, recycling or other suitable disposal, and (iii) designing products for re-use or recyclability. EPR also involves engaging and encouraging the public to take responsible action with regard to an organisation's products.

EQIA: Equalities Impact Assessment

HYGTB: 'Have You Got The Bottle' – campaign organisation

MUP: Minimum unit pricing, is a Scottish Government public health initiative which places a minimum price on all alcohol products of 50p per unit of alcohol

PRN: Packaging Recovery Note – a document which certifies that packaging material has been recovered or recycled by an accredited recycling company

RVM: Reverse vending machine – a machine which accepts containers for recycling and returns deposits

Executive summary

1. Between 27 June and 25 September 2018, the Scottish Government undertook a public consultation to explore options for establishing a deposit return scheme (DRS) in Scotland. The consultation paper, *A Deposit Return Scheme for Scotland*, discussed the key features of a scheme and set out different options for its operation – without putting forward a preferred option. The consultation contained 54 questions seeking views on:

- System components (Questions 1–39)
- The potential risks and opportunities associated with deposit return schemes (Questions 40–48)
- Cooperation with the UK Government (Questions 49–52)
- A partial equalities impact assessment (EQIA) (Questions 53–54).

Description of the responses and respondents (Chapter 2)

2. The analysis was based on 3,215 responses. These comprised responses from 159 organisations, 2,008 individuals and 1,048 postcard campaign respondents submitted by supporters of the Have You Got The Bottle (HYGTB) campaign.

3. Organisational respondents included a wide range of public, private and third sector organisations based in Scotland, elsewhere in the UK, and overseas. The largest categories of organisational respondents were: public sector organisations (25); food and drink producers (24); environmental, conservation, food and health charities (22); retail, vending and retail representative bodies (20); recycling and waste management organisations (16); and packaging manufacturers (16).

Overview of key messages and cross-cutting themes (Chapter 3)

4. There was widespread agreement amongst both organisational and individual respondents that a well-run and appropriately targeted DRS could provide opportunities in relation to improving the environment, changing people’s attitudes to recycling and littering, and building the circular economy. Respondents identified potential benefits (for employment, small retailers, charities and individuals) and risks (both general and specific) of establishing a DRS in Scotland, and they also suggested ways to maximise the opportunities and mitigate the risks.

5. Three particular themes were raised repeatedly – by both individuals and organisations – in relation to a wide range of consultation questions. These ‘cross-cutting’ themes were:

- Deposit return in Scotland should not be seen in isolation. Rather, it should be part of a (preferably, UK-wide) comprehensive approach to waste management, recycling and reuse.
- Deposit return in Scotland should be (i) ‘easy to use’ for consumers and other key stakeholders (i.e. producers, retailers, manufacturers, etc.), (ii) ‘accessible’ and ‘convenient’ for consumers (including those with disabilities, those without private transport, and those living in rural areas), and (iii) it should be ‘simple in design’, so that people can understand it and use it appropriately.

- The scheme should be evidence-based. Respondents thought there was a need for more (and more detailed) impact analysis and cost-benefit analysis, and they called for lessons to be learned from schemes elsewhere.

Materials to be collected in a DRS (Chapter 4, Questions 1–6)

6. The consultation discussed options and possible combinations relating to the **materials** the scheme might collect – including PET plastic containers, metal cans, glass containers, HDPE plastic containers, cartons and disposable cups. It also discussed the option of a staged introduction to the scheme (i.e. starting with a limited set of materials and expanding to include other materials), and the implications for local authorities (in relation to their statutory duties for recycling) of targeting certain materials within a DRS scheme.

7. There was a high level of support for a scheme that includes the widest range of materials possible. However, organisations were much more likely than individuals to favour a DRS which targeted a more limited set of materials: (i) PET plastic containers only, (ii) PET plastic and metal cans, or (iii) PET plastic, metal cans and glass containers.

8. Those in favour of targeting a more limited set of materials – typically PET plastic, metal and / or glass – emphasised the importance of ‘keeping things simple’ (at least initially) to ensure that the scheme is (i) economically viable, and (ii) easy for people to understand and participate in, while also avoiding competition with existing local authority kerbside recycling schemes. A focus on PET plastic, metal and glass was also seen as tackling the major contributors to the problem of littering.

9. Those preferring a wider scope for a DRS favoured an ‘ambitious’ approach which maximised recycling and enabled Scotland to become a world leader and innovator in this area. This group saw benefits in terms of efficiency and simplicity and also thought this type of approach would be more likely to (i) prompt behaviour change among members of the public, (ii) prevent market distortion and (iii) support innovation in recycling. These respondents – particularly individuals – argued for a scheme based on a wide range of materials (or products) including some beyond the options offered in the consultation paper.

10. The overall balance of opinion was supportive of a staged introduction of the scheme. Such an approach was seen as helpful and pragmatic in ensuring the successful introduction of a DRS and in building support for future expansion. Those opposed to a staged introduction expressed concerns about the costs of updating infrastructure, possible public confusion, and producers switching to out-of-scope packaging in the short term.

11. Respondents identified potential costs and benefits for councils and there was a range of views on the possible net impact of introducing a DRS. Views on both sides of the argument provided detailed evidence in support of their position, and there was agreement that the impact on local authorities could only be assessed once the scheme was fully specified and a full analysis conducted.

Products to include in a DRS (Chapter 5, Questions 7–13)

12. The consultation paper also considered the types of **products** that should be included in the DRS. It discussed the broad options of basing a scheme on the material a container is made from **or** the product it contains, as well as issues relating to including or excluding specific product categories (e.g. dairy, alcohol), and the option of a scheme targeting ‘on the go’ products (i.e. drinks bought and consumed away from the home).

13. There was no clear consensus among respondents about whether the material a container is made from, or the product it contains, should be the primary consideration in deciding the scope of a DRS. Organisations were more likely than individuals to say that the key consideration should be the material a container is made from – however, some organisations thought that **both** the material **and** the product were important to consider. At the same time, there were also views that the **main** considerations in deciding the scope of the scheme should not be either the material or the product, but rather **clarity for the consumer** and **cost-benefit**.

14. Overall, few respondents identified any products for specific exclusion from the scheme, although organisations were more likely than individuals to do so. The products identified most often for exclusion were dairy (and especially fresh milk), alcoholic drinks and, less often, fruit and vegetable juice. Concerns about dairy products related to hygiene and contamination issues; increases in the cost of milk (if a deposit is added) which was generally seen as an ‘essential’ foodstuff; the risk of adverse impacts on farmers; and, potentially, an increase in the cost and complexity of the scheme. Regarding alcohol, organisational respondents saw the potential for adverse impacts on the Scottish Government’s minimum unit pricing policy, on licensed premises, and on brewers and other businesses. Individuals noted that including alcohol products could complicate the involvement of children in the scheme. Reasons for excluding fruit and vegetable juice related to hygiene and contamination risks, and the potential problems that such containers might cause for reverse vending machines.

15. The overall balance of opinion was strongly opposed to a scheme limited to on the go products. There were, however, mixed views among organisations, with public sector bodies, recycling and waste management organisations and the hospitality trade being particularly supportive of an on the go DRS. Those in favour of an on the go scheme thought that this would address the main source of litter; be more acceptable and less confusing for consumers and businesses; and avoid duplicating existing kerbside collections. Those opposed to an on the go scheme highlighted difficulties in defining ‘on the go’; the potential impact on efficiency and cost-effectiveness because of the lower volumes involved; the risk of consumer confusion; and the possibility of market distortion.

Deposit return locations (Chapter 6, Questions 14–16)

16. The consultation asked for views about the options for return location (i.e. the place(s) where people can return their containers and reclaim their deposits). It also asked whether certain types of retailer (including online retailers) should be exempted from participation in a model based on taking containers back to a place that sells drinks.

17. There was very little support among respondents for a scheme that involved **solely** a return to a designated drop-off point. Respondents wanted the scheme to allow **either** for a model based on take-back to a place that sells drinks, **or** a mixture of take-back and designated drop-off.

18. Organisations and individuals had different views about whether there should be any exemptions for certain types of retailer within a take-back model. Organisations – particularly those in the retail sector – were more likely to say that there should be exemptions. Respondents identified four groups for possible exemptions: (i) ‘small’ retailers (including ‘corner shops’, ‘small convenience stores’, kiosks, food stands, etc.); (ii) retailers who did not

sell food and drink; (iii) (some) retailers who sell 'food to go'; and (iv) hospitality premises which sell items covered by the DRS for consumption on the premises.

19. There was a widespread view (among individuals and organisations) that online retailers should be included in a DRS scheme. Those in favour thought there should be a 'level playing field' for online and high street retailers. Those opposed thought that it was unrealistic or impractical for consumers to return empty containers to an online retailer, and that such an arrangement would introduce hygiene and food safety risks (because of the need to use the same vehicles to deliver fresh food and collect empty containers).

Financing the scheme (Chapter 7, Questions 17–21)

20. The consultation paper discussed how a DRS might be financed. Four main scheme costs were identified – refunding deposits; providing return points and issuing handling fees; logistics; and infrastructure and staffing associated with the scheme administrator. In addition, three income streams were identified: sale of collected materials (if owned by the scheme); producer fees; and unredeemed deposits. The consultation paper invited views on various issues and options related to these costs and income streams.

21. There was widespread agreement (both among organisations and individuals) that deposit return should be seen as a form of 'producer responsibility'. However, organisations emphasised the importance of ensuring that this was considered in a 'holistic way', alongside other producer responsibility requirements.

22. There was also general support (particularly among organisations) for an arrangement whereby the DRS administrator maintains ownership and income from the sale of materials collected in the scheme. This was seen to be essential for the financial viability of the scheme as well as providing an incentive for the administrator to run the scheme efficiently. Respondents thought that a centralised process for the sale of recyclate via a single administrator would also be more cost-effective, less open to fraud and more accountable than alternative arrangements.

23. Respondents largely indicated support for the scheme to 'pursue additional benefits' (rather than prioritising the maximisation of profit). However, there was less support for this among organisations, and it was clear that respondents had different views about what these 'additional benefits' might be – with some focusing on DRS operational benefits (e.g. maximising recycling and the quality and value of recyclate collected in the scheme), and others discussing benefits external to the scheme (e.g. other environmental initiatives and research into the development of alternatives to single use plastics).

24. There was a strong degree of consensus (among organisations and individuals) that any excess funding and unredeemed deposits should be ringfenced for the continued maintenance or improvement of the DRS, rather than being made available for other purposes (such as environmental projects).

Consumer communication (Chapter 8, Question 22)

25. The consultation paper highlighted the importance of consumer information for the success of deposit return schemes, and the role that product labelling might play in that.

26. There was general agreement among respondents (both organisations and individuals) that (i) producers should be required to put DRS-related information on each container, (ii)

those putting small amounts of material onto the market in Scotland should **not** be exempt from this labelling requirement, and (iii) rather than exempting small importers, such companies should be required to put a DRS-related label onto their existing packaging.

Preventing fraud (Chapter 9, Questions 23–24)

27. Respondents were asked about measures (including labelling) that might be taken to prevent fraud. In general, both organisations and individuals thought that the use of a specific barcode should be the preferred method for preventing fraud. Respondents thought this would provide a simple, cheap and easy-to-use option that was proportionate to the likely scale of fraudulent activity and would encourage industry cooperation.

28. However, environmental consultancies, packaging manufacturers and some individuals were more likely than other respondents to favour the use of a high security label for preventing fraud. This group suggested that such labels would (i) ensure single-return only, (ii) support traceability and audit, and (iii) be tamper proof and difficult to forge.

Level of deposit (Chapter 10, Questions 25–26)

29. Respondents were asked for their views about what level the deposit on containers should be set at. More than half of all respondents suggested deposit levels of between 15p and 20p. Respondents argued that the deposit level needs to balance (i) the financial impact on consumers, (ii) the financial and administrative impacts on retailers and manufacturers and (iii) the need to incentivise participation in the scheme.

30. The balance of opinion in relation to variable deposit levels differed markedly between organisations and individuals. Around a third of individuals favoured a variable deposit rate, compared with just one in eight organisations. Individuals who were in favour of this, focused on the use of the deposit level as a tool to influence consumer behaviour. However, the main reason respondents, on balance, favoured a flat-rate deposit was that it would be simpler.

Infrastructure and logistics (Chapter 11, Questions 27–29)

31. Respondents were asked for their views on various aspects of the infrastructure and logistics relating to the operation of a DRS. Specific questions focused on (i) the type of take-back system used and (ii) the way in which retailer handling fees should be calculated.

32. In terms of return method, a large majority of both organisations and individuals favoured using a combination of manual take-back and reverse vending machines.

33. Regarding the retailer handling fee, there were four main suggestions: (i) no handling fee should be paid, (ii) costs incurred through collecting and recycling containers should be reimbursed in full, (iii) a flat fee for participation in the scheme should be paid, and (iv) a variable fee should be paid depending on the number and volume of containers collected, the value / quality of the recycle, and time required to process returns.

Creating additional benefits from the scheme (Chapter 12, Questions 30–31)

34. Respondents were asked for their views on whether additional benefits should be pursued by the scheme. These could include (i) providing an option for consumers to donate their deposits to charity, and (ii) making use of variable producer fees or deposit rates to encourage manufacturers to design products which can be recycled more easily.

35. There were mixed views on whether a DRS should pursue additional benefits. Organisations were more likely than individuals to say 'yes', but food and drink producers and packaging manufacturers were much more likely than other organisations to say 'no' or 'don't know'. Among those who were in favour of pursuing additional benefits, there was endorsement for the proposal to give consumers the option to donate their deposits to charities or communities, rather than having it returned. Those who were **not** in favour argued that the environmental benefits likely to be achieved by a DRS were already substantial and burdening the scheme with pursuing additional benefits was likely to be detrimental. This latter group thought efforts should focus (at least initially) on developing an efficient and financially sustainable scheme, and they called for the DRS to 'keep it simple' and 'get it right' before attempting to do a multitude of other (unrelated) things.

System ownership (Chapter 13, Questions 32–34)

36. The consultation paper covered the issue of system ownership, asking about the type of organisation that should 'own' or run the DRS and act as scheme administrator, the basis on which the scheme administrator should operate, and the roles that they should carry out.

37. There was no clear consensus on the best model for system ownership. Public ownership was the most popular option selected by just under half of respondents. Respondents thought that this model would (i) allow wider environmental and community benefits to be prioritised, (ii) ensure transparency, accountability and good governance, and (iii) encourage scheme support and 'ownership' among members of the public. However, organisations were more likely to favour an industry-operated not-for-profit model. This group argued that industry stakeholders had the necessary knowledge and expertise, as well as access to existing supply chains and the logistics infrastructure needed to run a successful scheme. They also thought that this model would encourage buy-in and compliance from industry stakeholders and ensure a cost-effective scheme which would give the best return to communities. Note that there was little support for a privately-owned, commercially operated scheme.

38. Respondents offered a wide range of suggestions about the potential role and functions of the scheme administrator. These included (i) ensuring that the scheme meets its objectives, (ii) ensuring that it operates in accordance with wider ethical and environmental principles, (iii) working with stakeholders to establish and develop the scheme, (iv) ensuring compliance with legislation and accountability to government and the public, (v) overseeing finances and securing the best value for collected recyclate, and (vi) promoting, monitoring and evaluating the scheme. There was a view among organisations in particular that the administrator should be able to operate largely autonomously within a framework set by government.

Regulation of a DRS in Scotland (Chapter 14, Questions 35–39)

39. There was general support for an existing body, such as Trading Standards or SEPA to have the responsibility for regulating (i) producers and (ii) return sites. However, individuals were more likely than organisations to prefer this arrangement. Among organisations, charities, food and drink producers and hospitality and restaurant trade bodies were more likely to think the scheme administrator should have this role – both in relation to producers and return sites. Some respondents thought that **both** an existing body **and** the scheme administrator should have regulatory functions for different aspects of the scheme.

40. Organisations were more likely than individuals to comment on the possible regulatory powers of the scheme administrator. However, a majority of respondents overall thought that the scheme administrator should have a role in approving products that go on sale to make sure they are compatible with the scheme. Retailers were more likely than other organisations to oppose this type of role for the scheme administrator.

41. There was strong support (both among organisations and individuals) for the Scottish Government to have responsibility for regulating the scheme administrator. However, retailers were less likely than other respondents to support this view.

Discussion of example systems (Chapter 15, Questions 40–48)

42. The consultation paper set out four example deposit return schemes to demonstrate how different scheme components (ownership model, materials accepted, return locations, deposit level, etc) might be combined in different ways. Each example included a qualitative assessment. Respondents were asked (i) which example best matches the ambition of a DRS for Scotland, and (ii) if they agreed with the assessment provided for each example.

43. There was no clear consensus (among organisations or individuals) about which of the example schemes best matched the ambition for a DRS in Scotland. It was common for respondents to say that there was insufficient detail provided to allow an informed response to the question about whether they agreed with the assessment made in relation to each example, and some highlighted additional information (and assumptions) which they thought should be included in a full impact assessment, while others noted the uncertainty surrounding some of the contributory factors and argued that changing (any of) the scheme parameters could have a large impact on the Net Present Value (NPV) assessments (and therefore on the relative merits of the examples and on the viability of the scheme overall).

44. There was widespread agreement among both organisations and individuals about the opportunities that a DRS in Scotland could provide – if it was well run. These related to improving the environment, changing people’s attitudes in relation to recycling (and littering), increased employment, and building the circular economy. Respondents also saw potential benefits for retailers, charities and individuals who collect litter. The economic risks of a DRS identified by respondents were more diverse and included (i) general risks (for example, lack of engagement by the public and the costs of implementation) and (ii) specific risks linked to scheme design (for example, the risks of running a Scotland-only scheme or a scheme that was not fully aligned with Extended Producer Responsibility (EPR) requirements).

Cooperation with UK Government (Chapter 16, Questions 49–52)

45. A majority of both organisations and individuals thought that being part of a UK-wide DRS system would be beneficial. Organisations were almost unanimous in this view. However, there was no clear consensus among respondents about whether having a compatible but separate system across the UK would have the same effect as a single system – although organisations were more likely than individuals to say that it would not.

46. Respondents saw the benefits of UK-wide DRS system in terms of cost efficiency, consistency and fraud prevention. Some individuals (but no organisations) saw risks in being part of a UK-wide (or even a UK-compatible) system. These were in relation to delays in introducing the scheme; possible ‘watering down’ of the system in Scotland; and loss of control over key aspects of the scheme.

Equality impact assessment (Chapter 17, Questions 53–54)

47. There was some concern (amongst organisations in particular) that a DRS would disproportionately affect older people, disabled people (including those with mobility issues), those with learning disabilities, those on low incomes, people living in rural areas, people living in flats, and people without access to private transport. The effects on these groups were thought to be related to accessing return points and managing cashflow if they could not redeem their deposits quickly and easily. Respondents who raised these concerns believed that the EQIA had either not adequately assessed the impacts on these groups or had underestimated them.

1 Introduction

1.1 The Scottish Government is exploring options for establishing a deposit return scheme in Scotland. A consultation seeking views on a wide range of aspects of scheme design was carried out between June and September 2018. This report presents findings from an analysis of responses to that consultation.

Policy context

1.2 Dealing with plastic waste (and reducing the use of single use plastics) is a major environmental concern. The issue has come to the fore in recent years with work by the Ellen McArthur Foundation (in collaboration with McKinsey & Company and the New Economics Foundation) highlighting the growing scale of the problem, and high-profile figures such as David Attenborough adding their voices to the call for action.¹

1.3 Since plastic drinks containers make up a significant proportion of this waste, increasing the extent to which these are recycled is one way to tackle the problem of plastic pollution. The Scottish Government announced its plan to introduce a deposit return scheme (DRS) for drinks containers in October 2017.² The scheme is intended to increase recycling rates, increase the quality of recycled material and reduce littering by providing a financial incentive to recycle. Scotland will be the first country within the UK to take this step, although England has also announced plans to introduce such a scheme.³

1.4 The Scottish Government is now considering what kind of deposit return scheme would be most suited to the Scottish context. The views gathered in response to the consultation will inform the design of the scheme and help ensure that it works effectively for Scotland.

The consultation

1.5 The consultation paper, *A Deposit Return Scheme for Scotland*, set out the environmental and economic case for a deposit return scheme.⁴ It also outlined development work undertaken in collaboration with Zero Waste Scotland and overseen by a Programme Board involving key stakeholders, and the principles that have underpinned that work. The consultation discussed key features of how a scheme might operate with reference to 12 identified scheme components without putting forward a preferred option.

1.6 The consultation ran from 27 June to 25 September 2018. It contained 54 numbered questions seeking views on:

- System components — covering materials to be collected, products to be included, return locations, financing, consumer understanding, preventing fraud, deposit levels, infrastructure and logistics, additional benefits, scheme ownership, and regulation (Questions 1–39)
- Four examples of deposit return systems, and the potential risks and opportunities associated with each example (Questions 40–48)

¹ World Economic Forum, Ellen MacArthur Foundation and McKinsey and Company (2016) *The new plastics economy – Rethinking the future of plastics*. Available from: www.ellenmacarthurfoundation.org/publications.

² Scottish Government (2017) *A Nation with Ambition* (<https://beta.gov.scot/publications/nation-ambition-governments-programme-scotland-2017-18/>)

³ UK Government press release, March 2018. www.gov.uk/government/news/deposit-return-scheme-in-fight-against-plastic

⁴ A Deposit Return Scheme for Scotland, https://consult.gov.scot/environment-forestry/deposit-return-scheme/user_uploads/00537484.pdf

- Cooperation with the UK Government (Questions 49–52)
- Equalities impact assessment (Questions 53–54).

1.7 There were 54 consultation questions comprising a combination of single-part and multi-part questions. Altogether, there were 44 closed (tick-box) questions, six of which allowed multiple responses, and 53 open questions inviting comments.⁵

1.8 The consultation, including summary and easy read versions, could be accessed via the Scottish Government's online consultation hub. In addition, on behalf of the Scottish Government, Zero Waste Scotland ran a significant engagement programme that included roadshows in all 32 local authorities, media engagement and a webinar aimed at those who were not able to attend a roadshow event in person.

About the analysis

1.9 This report presents the analysis of the responses to the consultation. The findings are based on both quantitative and qualitative analysis, with an emphasis on the latter. The analysis explores the views of respondents on each of the issues and options discussed in the consultation paper.

1.10 Frequency analysis was undertaken in relation to all the closed questions in the consultation questionnaire and the results are shown in tables throughout this report. Comments made in response to each question were analysed qualitatively. The aim was to identify the main themes and the full range of views expressed in relation to each question or group of questions, and to draw out areas of agreement and disagreement between different groups of respondents.

1.11 As with all consultations it is important to bear in mind that the views of those who have responded are not representative of the views of the wider population. Individuals (and organisations) who have a keen interest in a topic – and the capacity to respond – are more likely to participate in a consultation than those who do not. This self-selection means that the views of consultation participants cannot be generalised to the wider population.

1.12 For this reason, the approach to consultation analysis is primarily qualitative in nature. Its main purpose is not to identify how **many** people held particular views, but rather to understand the full range of views expressed.

1.13 Finally, it is important to note that some of the responses to this consultation (especially those from organisations) contained technical information and references to other published and unpublished material. It is not possible in a report such as this to fully reflect the level of detail included in these submissions.

The report

1.14 The remainder of this report is structured as follows:

- Chapter 2 presents information on the respondents to the consultation and the responses submitted.

⁵ There were minor differences between the online questionnaire, the questions included in the consultation paper, and the questions included in the downloadable consultation response form. For the purpose of this analysis we have adhered to the numbering and formatting of the online questionnaire.

- Chapter 3 presents an overview of responses, a summary of the overall views and key messages from the analysis, and a short summary of cross-cutting themes (i.e. those which recurred repeatedly in the responses)
- Chapters 4 to 17 present the results of the analysis of the responses to the consultation questions.

1.15 Annexes to the report comprise a full list of organisational respondents (Annex 1), information about the Have You Got The Bottle campaign which organised responses to the consultation (Annex 2), the response rates for individual questions (Annex 3), and a detailed breakdown of organisational responses to two of the consultation questions – Questions 1 and 8 (Annex 4).

2 Description of the responses and respondents

Number of responses received

2.1 The consultation received 3,232 submissions through various routes. Two-thirds of the responses (66%) were submitted online; around a third (32%) were submitted as postcard campaign responses; and the remainder (2%) were submitted by email (Table 2.1).

Table 2.1: Number of responses received, by response type

Response type	n	%
Online responses	2,132	66%
Offline email responses	52	2%
Campaign responses (postcards)	1,048	32%
Total responses	3,232	100%

Number of responses included in the analysis

2.2 Of the 3,232 responses received, an examination of the data found that **seven** individuals and **eight** organisations had submitted two responses. Specifically:

- One individual submitted two responses in which the first response was a subset of the second. The second response was retained and the first removed.
- Six individuals submitted two different responses. For each of these individuals, their responses were combined into a single amalgamated response. Where there were differences in the answers to any closed question, the answer from the **second** (more recent) response was retained. However, all comments from both responses were copied into the amalgamated response.
- One organisation submitted two different online responses. These were combined into a single amalgamated response.
- Seven organisations submitted an online response and sent an identical (or nearly identical) response by email to the Scottish Government. In some cases, the response sent by email contained additional information which the respondent had been unable to submit online (e.g. attachments or general points not relating to specific questions). In all cases, the response sent by email has been retained, and the online response was removed.

2.3 In addition, one individual submitted two blank responses. Both these responses were removed.

2.4 Table 2.2 summarises the process of removing responses from the database.

Table 2.2: Number of responses received and included in the analysis

Number of responses received	3,232
Number of responses removed	
Duplicate responses	- 8
Multiple different responses combined	- 7
Blank responses	- 2
Total number of responses included in the analysis	3,215

2.5 Thus, the analysis presented here is based on **3,215** responses. This comprised responses from 159 organisations, 2,008 individuals and 1,048 campaign respondents (Table 2.3).

Table 2.3: Responses included in the analysis, by respondent type

Respondent type	n	%
Organisations	159	5%
Individuals	2,008	63%
Campaign respondents	1,048	33%
Total	3,215	100%

Percentages do not total 100% due to rounding.

Organisational respondents

2.6 As noted above, the consultation received responses from 159 organisations or groups. These included a wide range of public, private and third sector organisations – based in Scotland, elsewhere in the UK, and overseas. The largest categories were:

- Public sector organisations (25)
- Food and drink producers (24)
- Environmental, conservation, food and health charities (22)
- Retail, vending and retail representative bodies (20)
- Recycling and waste management organisations (16)
- Packaging manufacturers (16) (note that some of these were also involved in recycling and waste management activities).

2.7 Table 2.4 shows the full classification of organisational respondents. A list of all (159) organisational respondents is provided in Annex 1.

Table 2.4: Organisational respondents, by type

Organisation type	n	%
Public sector organisations	25	16%
Food and drink producers	24	15%
Environmental, conservation, food and health charities	22	14%
Retail, vending and retails representative bodies	20	13%
Recycling and waste management organisations	16	10%
Packaging manufacturers	16	10%
Community bodies	9	6%
Environmental consultancies	7	4%
Hospitality and restaurant trade	6	4%
Deposit return scheme companies (including international)	4	3%
Other organisations	10	6%
Total organisations	159	100%

Campaign responses

2.8 The campaign group, Have You Got The Bottle (HYGTB), assisted their members and supporters to respond to the consultation by (i) providing guidance on how to complete the online questionnaire, and (ii) producing pre-printed postcards for submission by post.

2.9 The guidance for submitting an online response was available on the HYGTB website. Two versions of the guidance were provided:

- A '15-minute version' covering 14 consultation questions (Qs 1, 2, 2a, 4, 7, 8, 11, 14, 16, 20, 25, 26, 40, 49). These questions related to the types of materials and products that should be collected, arrangements for returning containers, scheme funding, the deposit level, example schemes, and cross-UK cooperation.
- A '5-minute version' covering a subset of five questions (Qs 1, 7, 11, 14, 25).

2.10 The guidance suggested how respondents might answer the closed questions in the consultation and provided a brief explanation for the suggested answer which respondents could draw on in providing any comments they wished to include at the 'open' questions.

2.11 This was not a 'standard' campaign providing individuals with a template letter or model answers to individual questions, or asking them to submit their responses via a campaign website. Responses drawing on the HYGTB guidance were submitted via the online platform along with all other online responses. These responses did not have any explicit HYGTB identifier and it was therefore not possible for them to be counted separately. Moreover, although responses from individuals contained common text, virtually all of them were personalised (by for example writing personalised comments at one or more of the HYGTB questions or answering additional questions in the consultation paper not covered by the HYGTB guidance). Therefore, **all** responses received online have been counted as individual responses and included in the analysis.

2.12 Campaign supporters submitting **postcards** were invited to sign their name to a statement calling for a deposit return system that:

- Includes drinks containers made from all materials (Q1, Q3, Q8)
- Includes all drinks (Q7, Q11, Q40)
- Asks online retailers and most shops to accept returns (Q14 and Q16)
- Keeps unclaimed deposits in the system for stability, and lets the public choose to donate their deposit (Q20 and Q30).

2.13 Postcard respondents were also asked to indicate (i.e. to write in) the level of deposit (in pence) they thought should be on every drink container (Q25).

2.14 All postcards were collected by the campaign organiser and submitted to the Cabinet Secretary for Environment, Climate Change and Land Reform at the Scottish Parliament prior to the consultation closing date. Altogether, 1,048 postcards were received.

2.15 The postcard text is included in the qualitative analysis and reporting at relevant questions, and the information on the suggested deposit levels is analysed. However, the postcard responses are not included in the tables reporting responses to closed questions. Copies of the HYGTB campaign resources are included at Annex 2 of this report.

Response rate to individual questions

2.16 Annex 3 provides details of the number and proportion of organisational and individual respondents who replied to the closed questions. There was a higher response rate for closed questions than for open questions. However, some organisations preferred to provide comments without (in every case) replying to the relevant closed question.

3 Overview

3.1 This chapter presents a brief characterisation of the responses to the consultation, describes the overall views and key messages, and summarises the ‘cross-cutting’ themes which were raised repeatedly by respondents.

Characteristics of responses

3.2 Organisational responses generally engaged with the technical aspects of the consultation. They were often lengthy and detailed, and many included, or cited, supplementary evidence. This was particularly the case for food and drink producers, public sector organisations, retailers, packaging manufacturers, and recycling and waste management organisations. Furthermore, a substantial number of organisations either (i) challenged the evidence presented in the consultation paper in relation to a wide range of issues and / or (ii) said that many of the consultation questions could not be answered until the scheme was specified in more detail.

3.3 In contrast, responses from individuals were generally short, and many were based on the Have You Got The Bottle campaign response (discussed in Chapter 2). It was common for individuals to say that they did not know how to answer many of the questions in the consultation paper, which they considered to be quite ‘technical’. However, the views articulated by individuals were similar in many ways to those expressed by environmental charities and community bodies in calling for everything which **can** be recycled to **be** recycled.

Overall views and key messages

3.4 There was widespread agreement amongst both organisational and individual respondents that a well-run and appropriately targeted DRS could provide opportunities in relation to improving the environment, changing people’s attitudes to recycling and littering, and building the circular economy. Respondents identified potential benefits at all levels of the Scottish economy, for example: (i) at a national level, in terms of employment opportunities especially in relation to enhancing Scotland’s recycling infrastructure and in developing new and innovative materials, (ii) for retailers in terms of increased footfall, (iii) for charities if there is an option for consumers to donate their deposits, and (iv) for individuals who would be able to pick up discarded items in order to redeem the deposits.

3.5 In relation to the design and operation of the scheme, there was a range of areas in which respondents (both organisations and individuals) expressed a large degree of consensus. However, it is important to note that, on certain issues, there was disagreement between organisations and individuals, and between different kinds of organisations. Areas where there was widespread agreement included:

- **The materials – and products – to be included in the scheme:** Overall, there was support for a scheme that included the widest range of materials possible. However, organisations (and especially food and drink producers, retailers, and recycling and waste management organisations) were much more likely than individuals to favour a scheme which targeted a more limited set of materials – PET plastic, metal cans and, to a lesser extent, glass. Few respondents identified any specific products for exclusion from the scheme, although organisations were more likely than individuals to do so – particularly in relation to dairy / fresh milk, alcoholic drinks and, less often,

fruit and vegetable juice. In addition, the overall balance of opinion was strongly opposed to a scheme limited to 'on the go' products. However, certain organisations – particularly those in the public sector, recycling and waste management organisations and the hospitality trade – were supportive of an 'on the go' DRS.

- **A staged introduction of the scheme:** Respondents generally supported a staged introduction of a DRS in Scotland – i.e. starting with a more limited set of materials and then expanding in the future. Such an approach was seen as helpful for ensuring the successful introduction of the scheme and in building support for future development.
- **The return model and take-back logistics:** There was widespread agreement that the scheme should use **either** a model based on take-back to a place that sells drinks, **or** a mixture of take-back and designated drop-off. (There was very little support for a scheme that involved solely take-back to a place that sells drinks.) In addition, there was a general consensus that online retailers should be included in the scheme. In terms of the return method used, both organisations and individuals favoured using a combination of manual take-back and reverse vending machines in any scheme that involves take-back to retailer.
- **Financing the scheme:** There was strong support for the view that deposit return should be seen as a form of 'producer responsibility', although organisations emphasised the importance of managing this in a 'holistic way' alongside other producer responsibility requirements. There was also general support (particularly among organisations) for an arrangement whereby the DRS administrator maintains ownership and income from the sale of materials collected in the scheme, and agreement that any excess funding and unredeemed deposits should be ringfenced for the continued maintenance or improvement of the DRS. Regarding the deposit level, more than half of all respondents favoured an amount between 15p and 20p.
- **Consumer communication:** Both organisations and individuals agreed that (i) producers should be required to put DRS-related information on each container, (ii) those putting small amounts of material onto the market in Scotland should **not** be exempt from this labelling requirement, and (iii) small importers could be allowed to meet this requirement by putting a DRS-related label onto their existing packaging.
- **Aspects of scheme ownership:** There was widespread agreement that the scheme should **not** be privately-owned and commercially operated.
- **Regulatory aspects of the scheme:** There was general support for an existing body, such as Trading Standards or SEPA to have the responsibility for regulating (i) producers and (ii) return sites, and there was strong support (both among organisations and individuals) for the Scottish Government to have responsibility for regulating the scheme administrator.

3.6 However, respondents also identified a range of risks, particularly economic risks, for a DRS in Scotland. These were both general in nature (relevant to any / all schemes) and specific (linked to particular scheme design options).

3.7 General risks included limited public engagement; the potential for confusion; the cost of implementation; reduced sales and consumer expenditure; fraud and vandalism. There were also concerns about the possible adverse impacts on local authority kerbside recycling schemes, which were perceived to be highly successful.

3.8 Specific risks were identified in relation to (i) running a scheme based only in Scotland (rather than in the UK as a whole), (ii) including cartons and cups (because of the lack of a suitable infrastructure to process these and the limited market for the recycled products), and (iii) including materials or products which could have adverse impacts on hygiene, health and safety, financial viability, or other policies (e.g. HDPE, glass, alcohol). Moreover, a wide range of respondents identified potential risks for small retailers whose inclusion in the scheme as deposit return-points might compromise their financial viability.

3.9 Respondents thought that maximising opportunities and mitigating risks would require: (i) securing public 'buy in' through awareness raising, education and effective communication, (ii) ensuring a properly resourced and well-run scheme with sufficient time available for its introduction, and (iii) maintaining ongoing dialogue with industry and local communities throughout the development and implementation period to ensure an appropriate, fair, and coherent approach.

Cross-cutting themes

3.10 Three particular themes were raised repeatedly – by both individuals and organisations – in relation to a wide range of consultation questions. These 'cross-cutting themes' are discussed briefly below.

Deposit return in Scotland should not be seen in isolation

3.11 Respondents argued that a DRS should be part of a comprehensive approach to waste management, recycling and reuse. They reiterated that a DRS in Scotland should complement, rather than compete with, existing local authority kerbside schemes, and that it should also take account of other relevant policies and initiatives both in Scotland and elsewhere in the UK, such as Minimum Unit Pricing (MUP) for alcohol, anticipated reforms to Extended Producer Responsibility (EPR) and a proposed tax on single-use plastics. Furthermore, they also favoured a UK-wide (rather than Scotland-only) DRS – which they thought would offer benefits in terms of consistency, regulatory coherence, reduced complexity for all parties, and reduced scope for fraud.

Deposit return in Scotland should be accessible and convenient

3.12 Respondents repeatedly emphasised that, to achieve the large-scale behaviour change required, the DRS needed to be: (i) easy to use for consumers and other key stakeholders (producers, retailers, manufacturers); (ii) 'accessible' and 'convenient' for all consumers (including those with disabilities, those without private transport, and those living in rural areas); and (iii) 'simple in design' so that people can understand the scheme and use it appropriately.

The scheme should be evidence-based

3.13 Respondents thought there was a need for further analysis on a wide range of issues. For example, they called for more (and more detailed) impact analysis and cost-benefit analysis for each of the materials proposed for inclusion in the scheme, assessment of the impacts of different schemes on consumer behaviour, an analysis of the economic impacts on consumers, etc. There were also calls for lessons to be learned from schemes elsewhere.

4 Materials to be collected in a DRS (Q1–Q6)

4.1 One of the key components in a DRS relates to the materials that the scheme will collect. The consultation paper discussed the options, set out the advantages and disadvantages of including each option, and considered the possible combinations of materials which the scheme could target. It also discussed (i) the possibility of a staged introduction to the scheme, (ii) whether any materials should be excluded from the scheme, and (iii) what the cost implications for local authorities would be.

4.2 The consultation included six questions on these issues:

Question 1: Which of the options do you prefer? Please choose one or more options and explain your reasoning. [PET plastic containers / PET plastic containers and metal cans / PET plastic containers + glass containers + metal cans / PET plastic containers + glass containers + metal cans + HDPE plastic containers / PET plastic containers + glass containers + metal cans + cartons + disposable cups]

Question 2: Do you think the scheme should start with a core set of materials and then be expanded as appropriate? [Yes / No / Don't know]

Question 2a: If yes, which materials should it start with? [PET plastic / Metal (aluminium and steel) / Glass / HDPE plastic / Cartons / Disposable cups]

Question 2b: If yes, which materials do you think should be added later? [PET plastic / Metal (aluminium and steel) / Glass / HDPE plastic / Cartons / Disposable cups]

Question 3: Are there any materials that you think should not be included? [PET plastic / Metal (aluminium and steel) / Glass / HDPE plastic / Cartons / Disposable cups]

Question 4: Are there any other materials not already listed that should be included?

Question 5: Are you aware of any materials currently in development that should be included?

Question 6: What are your views on the cost implications for local authorities?

Materials in scope (Q1)

4.3 Question 1 invited views about which materials should be collected by a DRS. Respondents were invited to choose one or more options from a list containing various combinations of six different materials.⁶

4.4 Table 4.1 shows that almost half of respondents overall (45%) thought the DRS should include the widest possible range of materials. A further 44% thought the DRS should include all materials **except** for HDPE (36%) OR cartons and disposable cups (8%). Organisations were much less likely than individuals to favour a highly inclusive scheme: only 21% of organisations favoured the inclusion of the widest possible range of materials, while over half of the organisations (53%) favoured a restriction to PET plastic containers only (17%), PET plastic containers and metal cans only (27%), or PET plastic containers, metal cans and glass containers (9%). There were substantially different views among different organisational groups. For example, food and drink producers, retailers, and recycling / waste management organisations were more likely to favour a more limited set of materials being included in the DRS. By contrast, public sector organisations, charities, community bodies and environmental consultancies were more likely to favour a wider range

⁶ This question was asked in 'multicode' format (i.e. respondents were allowed to select as many options as they wished from a list of options) and the options offered were overlapping. A new derived variable allocated each respondent to one of six mutually exclusive possibilities as set out in Table 4.1.

of materials. (See Table A4.1 in Annex 4 for further details of the organisational responses to Question 1, broken down by organisation type.)

Table 4.1: Q1 – Which of the options do you prefer?

Options	Organisations		Individuals		Total	
	n	%	n	%	n	%
ALL materials listed*	28	21%	928	47%	956	45%
ALL materials listed EXCEPT HDPE containers	28	21%	738	38%	766	36%
ALL materials listed EXCEPT cartons and disposable cups	8	6%	160	8%	168	8%
PET plastic containers, metal cans and glass containers	12	9%	78	4%	90	4%
PET plastic containers and metal cans	37	27%	29	1%	66	3%
PET plastic containers only	23	17%	33	2%	56	3%
Total	136	100%	1,966	100%	2,102	100%

* 'ALL materials' refers to: PET plastic containers, metal cans, glass containers, HDPE plastic containers, cartons and disposable cups.

Percentages may not total 100% due to rounding.

4.5 Question 1 was addressed by the postcard campaign which called for all materials to be included in a DRS in Scotland.

4.6 Respondents gave a variety of reasons for preferring each of the six options set out in Table 4.1 above. They explained their preferences not only in terms of the **benefits** of targeting certain materials, but also in terms of the **disadvantages** or **difficulties** of including other materials. The main reasons given by respondents **in support** of each of the six options listed in Table 4.1 above are discussed below. Arguments **against** the inclusion of certain materials are discussed later in this chapter (together with views expressed in relation to Question 3).

4.7 Some respondents (mainly organisations, and some respondents who did not indicate a preference for any of the options) made general points which they thought should be considered in the selection of in-scope materials. These points are summarised in paragraphs 4.24 to 4.30 below.

Option 1 (PET plastic containers only) and option 2 (PET plastic containers and metal cans)

4.8 Respondents who selected option 1 (PET plastic containers only) or option 2 (PET plastic containers and metal cans) generally gave the same reasons for their preference. The main difference between them was that those in favour of targeting PET plastic containers only gave arguments for **not** including metal cans, whereas the latter group discussed the benefits of including metal cans.

4.9 Both groups (and both organisations and individuals within each group) thought that it would be best to keep the DRS 'simple to start with'. These groups also thought that a focus solely on PET plastic / PET plastic and metal was a 'good' or 'easy' starting point and would provide the basis for (i) developing the necessary systems, (ii) getting them working effectively, and (iii) building awareness and participation among the general public.

4.10 Both groups argued that these materials were the most significant contributors to litter in the environment and thus, targeting them in the DRS would have the biggest impact. Moreover, the focus on a smaller range of materials – at least initially – would:

- **Minimise the complexity and cost of the DRS:** There were repeated concerns that, if the DRS attempts to be all-encompassing from the start by including materials for which there is currently less established recycling capacity (i.e. disposable cups and cartons, in particular), this would increase the complexity and cost of the scheme, and the risk that it might fail.
- **Make it easy for people to participate:** These respondents emphasised the importance of removing potential barriers – for consumers, retailers and producers – so that they can understand and fully participate in the DRS.
- **Be less likely to compete with local authority kerbside recycling schemes:** Respondents favouring a focus on a more limited set of materials said that it was important for any scheme to complement existing recycling schemes. This could be achieved, especially if the scheme targeted ‘on the go’ plastic and metal drinks containers only. (This latter argument is considered in greater detail in relation to Question 11 in Chapter 5.)

4.11 Both groups argued that it is unnecessary to include glass in the DRS – while those who chose option 1 also said it was unnecessary to include metal – because other recycling schemes are already gathering these materials successfully and there are policies and / or regulations in place to support further increases in recycling of glass and metal.

4.12 Some organisational respondents who chose option 1 (particularly food and drink producers, packaging manufacturers, those in the retail sector, and those in the restaurant and hospitality trade) also suggested that:

- A focus solely on PET plastic would minimise disruption and adverse impacts on small businesses such as independent brewing companies, who would be required to have separate bottling runs for any products sold in glass containers in Scotland.
- It would also have the least adverse effect on other major policy initiatives – particularly, in Scotland, on minimum unit pricing (MUP) for alcohol, since most alcohol products are sold in glass or metal containers. (There is more detailed discussion of this issue in Chapter 5 in relation to Question 8.)
- In an airport retail context, a focus solely on PET plastic would be useful, since current hand luggage restrictions on liquids require that passengers dispose of all bottles containing more than 100ml before going through security. Most of these bottles are made of PET plastic.

4.13 Some of the respondents who chose option 2 pointed out that targeting PET plastic containers and metal cans would allow the Scottish Government to learn from the experiences of schemes in other countries – many of which collect this combination of materials. In addition, some organisational respondents (particularly those in the recycling and waste management sector and those in the retail sector) discussed the cost-benefit of targeting PET plastic and metal cans. These respondents noted that:

- These materials have high value and can be easily recycled, even when collected and transported together – whereas if glass was included, it would have to be collected

separately, thus increasing disruption to return points. In addition, there are well-developed markets for PET plastic and metal cans.

- Recycling and reprocessing facilities are available in the UK for these materials.

Option 3 (PET plastic containers, metal cans and glass containers)

4.14 Table 4.1 above suggests that there was very little support for option 3 (PET plastic containers, metal cans and glass containers) – either among organisations or among individuals.

4.15 Among organisations in favour of collecting this combination of materials, the following reasons were given:

- This combination of materials is the combination most widely captured by DRS systems operating in Europe; Scotland can learn from these experiences.
- Targeting this combination of materials would be the most cost-effective option as it concentrates on the recyclable products most used in the licensed trade.
- Including glass may help local authorities that do not provide a kerbside collection for glass.
- All these materials would add value to the scheme; there are good processes in place (including RVMs) for recycling them.

4.16 Individual respondents thought this combination of materials covered most littered items and considered it to be a ‘middle road’ – avoiding the complexity, cost and (possible) complications of trying to collect a wider range of materials.

Option 4 (PET plastic containers, metal cans, glass containers and HDPE plastic containers), option 5 (PET plastic, metal cans, glass, disposable cups and cartons) and ALL materials

4.17 Similar reasons were given by respondents who selected option 4 (PET plastic containers, metal cans, glass containers and HDPE plastic) or option 5 (PET plastic containers, metal cans, glass containers, disposable cups and cartons), or who expressed a preference for all six materials to be collected. Those who selected option 5 often stated in their comments that they wanted **all** materials (including HDPE plastic) to be included.

4.18 Individual respondents often simply reiterated that they wanted ‘as much as possible’ to be recycled, or that ‘all items’ should be recycled, without offering further explanation for their views. Among those who provided details, there was a recurring view that the DRS should ‘be ambitious’ and ‘far-reaching’. These respondents repeatedly stated that collecting the widest possible range of materials would have the greatest positive impact on litter, landfill and the environment. They saw the main benefits as:

- **Increased volume of recycling:** Some organisations suggested that capacity already exists in the UK for processing all the materials listed in Question 1. These respondents thought that a DRS would facilitate a significantly higher proportion of these materials being recycled than current household and commercial recycling collections.
- **Simplicity:** Respondents in these groups often suggested that including a wider range of materials from the start would create a simpler system for the public to

understand and engage with, limiting confusion over which containers are in scope and which are not.

- **Prompting behaviour change:** Targeting a wide range of materials would send out a clear message to the public that all these materials are valuable and that efforts should be taken to dispose of them correctly.
- **Efficiency:** Some in this group argued that since setting up the system and influencing public and business behaviour is a big undertaking, it makes sense to be as inclusive as possible.
- **Preventing market distortion:** Some respondents thought that, by including a wider range of materials, there would be less risk of food and drink producers switching to other materials. It would also encourage manufacturers to use the most easily recycled materials if all materials are included.
- **An opportunity to support innovation:** Some respondents thought a more ambitious scheme would receive more financial and material resources at the start-up stage, and that this in turn would lead to innovation in recycling materials that are currently difficult to recycle (such as disposable cups and cartons).

4.19 Less often, it was suggested that another benefit of targeting a wider combination of materials would be a **reduction** in household recycling – thus avoiding the problem of ‘bin overflow’ which was perceived as a widespread problem in urban areas.

4.20 While all three of these groups wanted the widest possible range of materials to be recycled, those who selected option 4 voiced concerns about the complexity and practical difficulties of including disposable cups and cartons (option 5). Occasionally, respondents who chose option 4 indicated that they wanted HDPE plastic to be included in the scheme, but they thought fresh milk HDPE containers should **not** be included. This latter view is discussed further in Chapter 5.

4.21 Some respondents in these groups acknowledged that one of the potential difficulties of including a wide range of materials was that more space would be required at return points to collect different materials separately. This could be difficult for small stores, particularly when the scheme first begins. Related to this point, there was also recognition that targeting a wider range of materials might put more of a burden on members of the public (for example, to recycle their materials into different collection bins). The view among those who raised this point, however, was that it ‘is not hard’ for people to separate different materials and recycle them appropriately.

Other combinations of materials preferred

4.22 Occasionally, respondents expressed a preference for some other combination of materials – rather than those offered in the consultation paper. Suggestions included: (i) PET plastic containers, metal cans and disposable cups; (ii) PET plastic containers, metal cans, cartons and disposable cups; (iii) PET plastic containers and disposable cups; (iv) PET plastic containers, metal cans and HDPE plastic containers (v) PET plastic containers, metal cans, HDPE plastic containers, disposable cups and cartons.

4.23 Those who suggested these types of combinations generally gave specific reasons for excluding the remaining types of material.

General points made in relation to the materials collected by the scheme

4.24 A range of organisations made more general points or identified general principles which should inform the selection of in-scope materials. (Some of these respondents chose not to indicate a preference for any of the options listed.) This group also highlighted wider considerations about the materials to be included in the scheme.

4.25 These views have been summarised below.

Decisions about in-scope materials should be based on cost-benefit analysis and robust option appraisal

4.26 These respondents emphasised that the decision about materials, sizes, formats and products to include in a DRS should be based on the best available data about where the greatest benefit can be achieved in a cost-effective way. Impact assessments should be undertaken in relation to each option, and consideration should be given to whether there is a market for the items collected. These kinds of response are discussed in greater detail in Chapter 15.

A DRS should be just one part of a comprehensive strategy for waste management, recycling and reuse

4.27 Some organisations (particularly those in the public sector) commented that a DRS should be part of a comprehensive and integrated system of resource and waste management.

4.28 This group argued that the introduction of a DRS should not be at the expense of existing (and in their view, effective) kerbside schemes. A more detailed discussion of the relationship between the DRS and local authority kerbside recycling is provided below in relation to Question 6 (paragraphs 4.71 to 4.80.)

4.29 Finally, there was a recurring view that the choice of materials for a DRS in Scotland should take into account wider policy initiatives – not only those relating to recycling and waste management, but also those relating to public health and reducing inequalities. Such initiatives would include: (i) plans by the UK Government to tax disposable cups, (ii) reform of Extended Producer Responsibility (EPR), (iii) minimum unit pricing for alcohol and (iv) wider policies aimed at tackling social and health inequalities. Some respondents highlighted possible unintended consequences – for older people, disabled people, rural and remote areas, and low-income households – both in terms of the additional cost of purchasing certain products (e.g. milk), and in terms of the environmental cost of consumers having to travel to return materials that could previously be collected at kerbside. (Note that the issues identified at points (i) and (ii) above are discussed in more detail in relation to Question 17 (Chapter 7) which reports on views of producer responsibility. Further discussion of possible impacts on equalities groups is in Chapter 17.)

The scheme will need to be flexible to account for specific contexts

4.30 Some respondents queried – or made suggestions about – how the scheme could work in very specific contexts, for example, an airport, a hospital, a small rural convenience store, or an island community. It was suggested that it may be possible to collect a comprehensive set of materials in some contexts or areas of Scotland, but it may be more appropriate to collect a scaled-down set of materials in others.

Possible staged introduction to the DRS (Q2)

4.31 Question 2 asked for views about a possible staged introduction to the DRS – i.e. starting with a core set of materials and expanding as appropriate. Table 4.2 shows that around two-thirds (65%) of respondents overall were in favour of the scheme starting with a core set of materials and then expanding later. Whilst most types of organisation were also broadly in favour of a staged approach, retailers were fairly evenly divided in their views (37% said ‘yes’ and 47% said ‘no’), and food and drink producers and packaging manufacturers disagreed with a staged approach (64% and 75% respectively said ‘no’).

Table 4.2: Q2 – Do you think the scheme should start with a core set of materials and then be expanded as appropriate?

Respondent type	Yes		No		Don't know		Total	
	n	%	n	%	n	%	n	%
Public sector organisations	17	81%	3	14%	1	5%	21	100%
Food and drink producers	7	32%	14	64%	1	5%	22	100%
Charities	13	76%	2	12%	2	12%	17	100%
Retailers	7	37%	9	47%	3	16%	19	100%
Recycling / waste mgmt. orgs	11	73%	4	27%	–	0%	15	100%
Packaging manufacturers	1	6%	12	75%	3	19%	16	100%
Community bodies	8	89%	–	0%	1	11%	9	100%
Environmental consultancies	5	71%	2	29%	–	0%	7	100%
Hospitality and restaurant trade	4	67%	1	17%	1	17%	6	100%
DRS companies	3	75%	1	25%	–	0%	4	100%
Other organisations	7	78%	2	22%	–	0%	9	100%
Total organisations	83	57%	50	34%	12	8%	145	100%
Total individuals	1,159	66%	480	27%	120	7%	1,759	100%
Total (organisations and individuals)	1,242	65%	530	28%	132	7%	1,904	100%

Percentages may not total 100% due to rounding.

4.32 The consultation did not ask for comments at Question 2. However, some organisational respondents who submitted their responses by email included comments on this question. In addition, respondents often discussed the option of a staged introduction to the DRS in their comments at Question 1, and these views are also covered below.

Views supporting a staged introduction to the DRS

4.33 It was fairly common for organisations and individuals to suggest that the DRS should start with a relatively simple mix of materials to allow the processes and impacts of the DRS to be assessed before increasing the range of materials in scope. This view was expressed both by those who chose a wide range of materials at Question 1 and by those who chose a more limited set of materials. These respondents were concerned that, if the scheme tries to be all-encompassing from the start, it may fail. Moreover, if it fails, the public may become disillusioned with the value of ‘correct’ recycling, which could also have an adverse impact not only on the future of a DRS in Scotland, but also on the viability of local authority recycling schemes. On the other hand, if the scheme can be introduced in a small way, successfully, giving the public time to get used to it, it will be easier to expand its scope to include other materials at a later stage – subject to further cost-benefit and environmental analysis for each material.

4.34 Occasionally, respondents in this group made suggestions about how a staged DRS could be designed, so that broadening its scope in the future can be achieved easily, cost-effectively and fairly. For example, it was suggested that:

- The initial infrastructure should take account of possible future expansion to avoid businesses having to pay twice or incurring significant increased investment at a future point, to accommodate the new scope. (There was, however, also a concern about businesses having to invest in more expensive infrastructure at the outset which may not then be used in the future).
- All companies whose packaging is included in an expanded scheme should be required to participate and to pay an allocation of the original capital and revenue set-up costs, so that newcomers do not benefit unfairly from any existing infrastructure.

4.35 Some public sector respondents suggested that that the DRS should initially target only 'on the go' products and then expand to other types of products later. (These views are discussed further in Chapter 5 in relation to Question 11.)

Views opposed to a staged introduction to the DRS

4.36 Respondents opposed to a staged introduction to the DRS included both those who chose a wide range of materials at Question 1 and those who preferred a more limited set of in-scope materials. The former wanted the DRS to 'be ambitious' from the start, and the latter wanted the scheme to start small and stay small.

4.37 These respondents gave three main reasons for NOT introducing a DRS in a staged way. These related to:

- **Costs:** Respondents thought there would be additional costs for adapting or upgrading RVMs and other scheme infrastructure (such as return locations and reprocessing facilities) and responding to any new labelling requirements. There could also be costs to local authorities, as incremental changes to the scheme would have an impact on waste and recycling services (and infrastructure) provided by councils.
- **Confusion among public:** A scheme that changes over time would require incremental behaviour shifts by the public. Respondents raising this issue thought it would be preferable to aim for maximum public participation from the start, with clear and consistent communication about the scheme.
- **The possibility that producers will switch to materials not in scope:** Respondents who wanted the widest possible range of materials to be targeted thought that a staged approach would provide greater opportunity – at least initially – for producers to switch to materials not in scope.

Initial ('core') set of materials

4.38 For those who said 'yes' at this question, two follow-up questions were asked about which materials the DRS should start with (Q2a) and which should follow later (Q2b).

4.39 Question 2a was a multi-code question, with respondents invited to select as many materials from a list (of six) as they wished. The proportion of respondents mentioning each

material as part of the ‘core set’ of materials is shown in Table 4.3 below.⁷ The table shows that, among those who thought a staged introduction to the DRS was appropriate: (i) PET plastic was almost universally selected as belonging to the ‘core set’ (92%), (ii) a large majority of respondents also selected metal (68%) and glass (61%), and (iii) the least popular material for inclusion in the ‘core set’ was HDPE plastic which was selected by 30% of respondents.

Table 4.3: Q2a – Number of respondents selecting each material as part of ‘core set’

Options	n	%
PET plastic	1,133	92%
Metal (aluminium and steel)	841	68%
Glass	750	61%
HDPE plastic	368	30%
Cartons	424	34%
Disposable cups	498	40%
Total*	1,232	

Percentages do not total 100% because respondents could tick more than one option.

** Includes only those who answered ‘yes’ at Question 2.*

4.40 Between them, respondents offered 49 different combinations of materials which the DRS should include in the first instance. Forty of these combinations were offered by a small number of respondents only (30 or fewer). The most popular nine combinations, which covered around two-thirds (67%) of responses, are set out in Table 4.4 below. (Note that, on average, respondents selected three materials for their ‘core set’.)

Table 4.4: Q2a – Materials included in the ‘core set’

Options	Total	
	n	%
ALL materials (PET plastic, metal, glass, HDPE plastic, cartons, disposable cups)	274	23%
PET plastic only	154	13%
PET plastic, metal, glass and HDPE plastic	99	8%
PET plastic and HDPE plastic	56	5%
PET plastic, HDPE plastic, cartons and disposable cups	52	4%
PET plastic, HDPE plastic and disposable cups	48	4%
PET plastic, metal and glass	47	4%
PET plastic and metal	39	3%
PET plastic and glass	32	3%
Other combination	401	33%
Total	1,202	100%

4.41 As can be seen from the table, the most popular ‘core set’ selected by respondents is the entire list of possible materials. (Note, the HYG TB campaign advised their supporters to respond in this way.) Other popular combinations were:

- PET plastic only (13%)

⁷ The analysis of responses to Question 2b is not presented since many respondents who selected ALL materials (see Table 4.4 above) then went on to also select some materials for later inclusion. In addition, respondents often selected complex combinations of materials for later inclusion, and as respondents were not asked to explain their choices, it is not possible to draw any conclusions about the selections made.

- PET plastic, metal, glass, and HDPE plastic (8%)
- PET plastic and HDPE plastic (5%).

Excluded materials (Q3)

4.42 Question 3 asked for views about whether any of the six materials listed above should **not** be included in a DRS in Scotland.^{8,9} The main findings were that:

- Around 1 in 7 respondents to the consultation (331 respondents out of a total of 2,167) selected one or more materials in response to this question. Eleven (11) respondents (all individuals) selected them all.
- Organisations were more likely than individuals to suggest that one or more materials should **not** be included. Specifically, around a third of all organisations thought that disposable cups and HDPE plastic should **not** be included in the scheme, and over a quarter thought that glass containers should **not** be included. Organisations were much **less** likely than individuals to say that metal cans should **not** be included. Those who did comprised a subset of (i) packaging manufacturers, (ii) organisations in the hospitality and restaurant trade and, less often, (iii) food and drink producers and (iv) public sector organisations.
- By contrast, the materials most likely to be identified by individual respondents for exclusion were disposable cups (around 1 in 10 suggested this) and cartons (around 1 in 20 suggested this). Very few individuals overall wanted PET plastic, metal cans, glass or HDPE plastic to be excluded.
- No organisation suggested that PET plastic should **not** be included. By contrast, among individuals, 19 thought PET plastic should **not** be included. The latter group were either opposed the introduction of a DRS scheme entirely, or they believed the scheme should target materials which are currently harder to recycle.

4.43 The main points made by those who wished to exclude one or more of the materials listed in the consultation paper are summarised here. Arguments against inclusion often echoed points set out in the consultation paper.

Arguments against including metal cans and glass

4.44 There were some similarities in the arguments of organisations who advocated the exclusion of metal cans and / or glass. In particular, this group thought it was unnecessary for a DRS in Scotland to target these two materials since both already had very high rates of recycling, and these rates are projected to rise under a reformed EPR system. These respondents cited evidence for this and argued that a DRS could provide only a modest improvement over what will, in any case, be achieved through current arrangements.

4.45 This type of argument was echoed by individual respondents who repeatedly stated that there were already good facilities available for recycling metal and glass. These respondents often suggested that the DRS should focus on materials that are ‘less well catered for’ at present.

⁸ Respondents also discussed reasons for excluding certain materials in their responses to Question 1. These comments have been integrated into the analysis here.

⁹ The table for this question is too extensive to be included. The main points have been extracted for the narrative.

4.46 Some organisations highlighted the potential for a scheme which included metal cans and glass to undermine the policy objectives of minimum unit pricing for alcohol. These respondents argued that, if metal cans and glass are included in the scheme, then alcohol products should be exempted. This point has been discussed already in relation to Question 1 and will be considered further in relation to Question 8 in Chapter 5.

4.47 Some respondents in the hospitality sector highlighted the potential for the scheme to have an adverse impact on small independent brewers. These respondents argued that the scheme should **either** include both metal and glass, **or** it should exclude both these materials. Including one but not the other would disadvantage some brewers (depending on whether products are canned or bottled).

4.48 With regards to metal cans, there were also concerns about the way multipacks may be handled within a DRS. Specifically, some organisations thought that if there was a deposit on every can in a multipack, consumers were likely to switch to large format single use plastic bottles instead. They argued the impacts could include (i) a substantial reduction in the sale of cans, (ii) job losses in the aluminium / steel manufacturing industry, and (iii) plant closures. It was also suggested that, if metal cans were diverted from kerbside schemes into a DRS, local authorities would derive significantly less value from the other forms of metal they collected and, therefore, may stop collecting other metal items – particularly those that are more difficult to recycle (aerosol cans, foil).

4.49 With regards to glass, those who were opposed to its inclusion in a DRS set out a wide range of additional arguments. These related to:

- **Cost:** There would be (additional) costs for equipment (i.e. separate or larger RVMs) and transportation. Such costs would not be recouped within the system due to the low-value of the material.
- **Lack of litter:** Glass bottles were perceived to make a relatively small contribution to littered waste.
- **Contamination:** There were concerns about the contamination associated with used glass bottles – not only in shops, but also in healthcare settings. In addition, the collection of mixed-colour glass through RVMs – as opposed to separation by colour at bring back sites – will create lower quality recyclate and potentially contaminate other high-value materials (such as PET plastic and cans).
- **Health and safety:** Respondents raised concerns about the possibility of breakages during the collection and sorting of glass by staff in retail shops.
- **Weight and bulk:** Because of its bulk and the need for separate and larger RVMs, returned glass would take up greater floor space in collection areas. There would also be implications for consumers having to carry / transport glass bottles – particularly in areas where glass is currently collected as part of a kerbside scheme. Evidence was noted from schemes in other countries (and one former scheme in Scotland) suggesting that glass typically has one of the lower collection rates when included in a DRS because many consumers prefer not to carry glass items back to return points.
- **Consumer confusion:** If the scheme targets only glass **beverage** bottles rather than **all** glass containers, this could cause confusion among consumers.

4.50 Instead of including glass in a DRS, these respondents thought efforts should focus on (i) supporting and, where possible, improving existing kerbside and drop-off collection, (ii) taking action through industry and local authority partnerships, supplemented by EPR reform and (iii) investing in improved sorting technology for glass bottles.

4.51 Alternatively, if glass is included, then the DRS should ensure no cross-contamination with other materials. In addition, tailored arrangements will be required for specific contexts (including hospitals and retail premises, and bars and restaurants which handle large quantities of glass packaging).

Arguments against collecting HDPE plastic

4.52 Respondents opposed to the inclusion of HDPE plastic generally focused on its use in packaging dairy products, and made the following points:

- Milk is a staple food; placing an additional cost (in the form of the deposit) on milk would have a negative impact on public health and on reducing health inequalities.
- Products in HDPE containers are usually consumed in the home, and thus do not contribute substantially to litter.
- There would be hygiene risks if HDPE plastic was included in the scheme.
- The processes for recycling HDPE plastic are well-established and already achieve a very high recycling rate (some said higher than that quoted in the consultation paper) and a high recycled material content.

4.53 These points are discussed further in Chapter 5 in relation to Questions 8, 12 and 13.

Arguments against collecting cartons and disposable cups

4.54 There was a widespread view that there would be significant challenges to overcome if a DRS was to collect cartons and disposable cups. Even among respondents who were in favour of collecting the widest possible range of materials, some thought that the inclusion of disposable cups, in particular, was problematic, and that a different type of approach to recycling them may be required. There was a recurring view that adding cartons or disposable cups to the scheme would increase the cost and complexity of collection without generating any financial benefit. In addition, some respondents emphasised that, for the DRS to be viable, high-value materials should not cross-subsidise low-value materials.

4.55 Regarding cartons, respondents additionally commented that:

- Cartons are difficult to empty entirely and to rinse, thus increasing the potential for contamination and odours at collection points which could attract vermin.
- If RVMs are used as a take-back option, the technology required for this to be possible would increase the cost of the scheme substantially. (Some respondents quoted a four-fold increase in the cost of a machine.) Other suggested it might be impossible to use RVMs for taking back cartons since liquids leaking from the cartons can cause the machines to malfunction.

4.56 With regards to disposable cups, respondents additionally highlighted that:

- Disposable cups are very inexpensive; there would be difficulties in preventing fraud if they were included in a DRS.
- The likelihood of contamination of other materials, if collected together, would be high.
- At present, disposable cups cannot be easily recycled.

4.57 Rather than including disposable cups and cartons in a DRS, respondents who wanted to exclude them from the scheme suggested alternatives – including collecting them through a similar but separate system or introducing recycling of cartons and disposable cups at a later stage when the technology for recycling them had advanced further.

4.58 With regards to cups specifically, some respondents thought that the aim should be to reduce their use (rather than recycling them) and there were calls to phase them out entirely. This view was particularly common among individual respondents and some charities. Related to this, there were suggestions to introduce a non-refundable charge for disposable cups paid for by the consumer, similar to that for single use carrier bags; and to incorporate a ‘cradle-to-grave’ cost for producers via a reformed EPR. Other suggestions focused on collecting disposable cups, but not for recycling. For example, there was a suggestion that they could be used to fuel waste-to-energy plants.

Views that no materials should be excluded

4.59 More than 400 respondents, including 39 organisations, did not select any materials for exclusion from the scheme but nevertheless went on to make comments at Question 3. In general, these respondents stated that (i) they wanted all these materials to be included in the scheme and (ii) if any were excluded, producers might switch to materials which are not in scope. Less often, respondents in this group raised similar points to those discussed above in relation to glass, HDPE plastic, cartons and cups, and suggested that different arrangements (outside of a DRS) may be needed to recycle certain materials in a cost-effective way.

Possible inclusion of other materials (Q4)

4.60 Question 4 asked for views about whether any other materials – i.e. other than the six listed in the consultation paper – should be included in a DRS for Scotland.

4.61 Individual respondents identified a wide variety of other materials which they thought should be included. By contrast, organisations were much less likely to suggest specific materials but were more likely to offer general comments. The main points made in both these types of responses are discussed below.

Other materials which should be included

4.62 As noted above, individuals mentioned a wide variety of other materials in response to Question 4. The priority for individuals was to improve the recycling of materials which are not easily recycled (at least in some areas of Scotland), and to reduce litter. This group repeatedly made the point that ‘all recyclable materials’, ‘all single use plastics’ or ‘all synthetic materials’ should be able to be recycled. However, it was not usually clear from people’s comments how certain materials could be collected as part of a DRS. Moreover, for many of the materials / items identified by individuals, recycling facilities are already widely available across Scotland.

4.63 Among both organisations and individuals, the following materials / items were frequently mentioned for potential inclusion in the scheme:

- Other plastic items such as detergent and shampoo bottles, plastic cutlery, plastic straws (i.e. not just PET plastic drinks containers)
- Polystyrene
- Textiles (including clothing, shoes and bags)
- Tetrapack and other forms of composite packaging (including multi-laminate pouches)
- Batteries.

4.64 Individuals frequently identified food packaging (e.g. plastic food trays, black plastic and plastic film) as a category of materials that could be included in the scheme, while organisations were less likely to mention this.

4.65 Other materials / objects frequently identified by individuals were plastic carrier bags / bags for life, paper, cardboard, electronics and crisp packets. Less often, individuals suggested that building materials (e.g. wood, chipboard, pallets, crates, PVC windows and doors) and metals (copper, iron, mild steel, lead, etc.) should be included in a DRS. A wide range of other materials were identified infrequently (usually by fewer than five individuals). Examples ranged from light bulbs, medicines and ink cartridges, to plant pots, cigarette ends and wet wipes. Some organisations also supported the inclusion of bioplastics. (These views are discussed further in relation to Question 5 below.)

New materials under development (Q5)

4.66 Question 5 asked whether there were ‘any materials currently in development’ which should be included in the DRS. The consultation paper did not discuss such materials, but the question referred specifically to ‘bioplastics’, and stated that ‘whilst these can look and behave like plastic, it is often important to ensure they are kept separate from plastic in the waste stream as they are recycled differently’. Thus, in their responses to this question, respondents generally focused on the extent to which bioplastics were appropriate for inclusion in a DRS.

4.67 There were differences in the way organisations and individuals responded to this question. A recurring view among individuals was that ‘anything that doesn’t break down naturally (or which is causing a problem in the environment), and which **can** be recycled **should** be recycled’.

4.68 By contrast, responses from some organisations included detailed technical information and references to published research. These responses discussed the distinctions between and, in some cases, the chemical properties of, ‘bio-based’, ‘biodegradable’, ‘oxo-degradable’ and ‘compostable’ plastics. Respondents commented that there was confusion among members of the public in relation to these different kinds of materials.¹⁰ The key points made were that:

- This term ‘bioplastics’ is used to refer to a variety of materials which have very different chemical properties.

¹⁰ Indeed, it was not always clear in the comments whether respondents were using these terms in precisely the same way.

- Bioplastics are plant-based (or bio-based); however, some are chemically identical to conventional fossil fuel-based plastics (such as PET) and some are not.
- Those which have the same chemical properties as conventional plastics can be recycled together with conventional plastics. Those which are chemically different (this would include ‘compostable’ or ‘oxo-degradable’ bioplastics) must be dealt with separately to avoid contamination of high-quality plastic recycle.

4.69 While respondents often expressed support for investing in the development of new, environmentally friendly packaging, there was disagreement about whether bioplastics could be classed as ‘environmentally friendly’. Some (mainly individual) respondents thought such materials could be recycled in a domestic compost bin – and therefore there was no need to include them in a DRS. Others thought that these materials would only degrade in conditions provided by industrial composting; therefore, they should be collected in local authority green waste bins, not through a DRS. A third view was that these materials were **neither** degradable **nor** easily recyclable (a related view was that they took a very long time to degrade), and thus, they do not address the problem of plastic pollution. Moreover, (i) since the public often mistakenly believes that these materials will break down naturally in the environment, they are more likely to be littered, (ii) their manufacture results in diverting productive farmland from growing food crops, and (iii) the necessary sorting technology is not (yet) available to recycle these materials. As a result, some organisations (and environmental charities in particular) argued that, bioplastics should be avoided altogether.

4.70 Finally, both organisations and individuals repeatedly emphasised the importance of clear labelling (some wanted to see statutory labelling requirements) to avoid confusion among members of the public, and the mixing up of materials which should be recycled separately.

Cost implications for local authorities (Q6)

4.71 Respondents were asked to comment on the cost implications of a DRS for local authorities. Their responses are discussed below under the following headings: (i) general comments relating to costs, (ii) overall views of cost implications for local authorities, (iii) concerns about cost implications for local authorities, (iv) positive views about the cost implications for local authorities, and (v) other comments.

General comments relating to costs

4.72 A wide range of respondents, particularly individuals, did not address the question in relation to cost implications for local authorities, but rather made general comments about the costs and financing of recycling and litter reduction initiatives. The main points made in these contributions were that:

- **Cost is not the defining issue:** Respondents emphasised that improving the environment through recycling and litter reduction was an absolute requirement, and that this should be done regardless of the cost. It was common for respondents to say that the ‘benefits outweighed the costs’, and that this needed to be thought of as a long-term commitment to ‘future generations’.
- **The costs are not known:** Some respondents said they were unable to provide a view on this question given the lack of clarity about the particular type of DRS that

would be implemented. In particular, the cost implications of an ‘on the go’ scheme would be very different to those of a scheme with comprehensive coverage.

- **The scheme should be ‘cost neutral’:** Respondents thought that whatever scheme was adopted, this should be ‘cost neutral’ or ‘self-financing’. Respondents thought that the costs associated with a DRS (collection, processing, etc.) should be able to be balanced by the income generated (through selling recycled material, charging deposits, etc.) as long as the scheme was ‘well run’.

4.73 In addition, it was common for respondents’ comments to include general views on who should fund the cost of recycling and litter reduction. Most commonly, respondents emphasised the importance of upholding the ‘polluter pays’ principle, and to affirm that producers (and manufacturers) should bear any costs associated with recycling and litter reduction. However, some respondents said that this was a ‘shared responsibility’ and that ‘everyone’ (including central government, local government, and consumers) needed to contribute, while others emphasised that, since this was a ‘national policy’, it should be financed centrally.

Overall views of cost implications for local authorities

4.74 Respondents were divided in their views about the cost implications for local authorities. These divisions were present within, as well as between, subgroups of organisational respondents. There were five main perspectives offered as follows:

- Those who were concerned that local authorities would be disadvantaged as a consequence of introducing a DRS both directly (e.g. through loss of revenue streams) and indirectly (e.g. through financial penalties relating to long-term waste management contracts). These respondents did not think the potential benefits would compensate for these losses.
- Those who thought that there might be costs for the local authorities in the start-up phase (relating to, for example, the purchase of additional machinery), but that these would reduce as the scheme was established and embedded, and became more efficient. These respondents often suggested that any initial costs should be funded by central government.
- Those who thought that the costs to local authorities (through, for example, losing valuable recyclate) would be balanced by the benefits (such as, being able to rationalise collections, reduce landfill costs, and reduce the costs relating to street cleaning). Moreover, some respondents said that the requirement set out in the EU’s Circular Economy strategy to ‘capture 100% of the net economic cost of dealing with packaging waste’ meant that local authority costs in relation to kerbside recycling / collections would need to be met by producers; so, by definition, there will be no cost implications for local authorities.
- Those who thought that local authorities would benefit financially from the introduction of a DRS. These respondents thought that the benefits (as set out in the bullet point above) would outweigh the costs.
- Those who thought that (i) there was not enough information available to determine what the cost implications for local authorities would be and / or (ii) that potential costs / savings were hard to quantify. These respondents thought that (i) full specification of the DRS, together with (ii) additional modelling – at a local level – of the likely financial

impacts across a wide range of variables were required in order to take a view on this. The modelling would need to cover not only physical aspects relating to collection, processing and disposal, but also aspects relating to the public's (behavioural) response to the introduction of a DRS.

4.75 Note that respondents sometimes offered more than one of these perspectives.

4.76 Respondents often cited evidence to support their perspectives, although some explicitly noted the lack of consensus in the available evidence.

Concerns about cost implications for local authorities

4.77 A range of concerns was expressed by those who thought there would be negative cost implications for local authorities. These concerns were identified not only by local authorities and other public sector organisations, but also by a range of other organisations (including food and drink producers, waste recycling and management organisations, packaging manufacturers and retailers) as well as some individual respondents. The main concerns were that:

- Local authorities have invested in developing their kerbside recycling activities over a long period. The introduction of a DRS needs to be seen in that context and must be designed from the outset to complement (not compete with) existing services. Respondents contrasted this with the situation in other countries which either (i) did not already have kerbside recycling arrangements in place and / or (ii) had discontinued their kerbside recycling after a scheme was introduced, and argued that the evidence from these other places was not necessarily transferable to the Scottish context.
- Local authority budgets are under a great deal of financial pressure. It would be highly detrimental if local authorities were worse off as a consequence of the DRS and needed to reduce other services to fund their recycling activities.
- It was the responsibility of the local authority to carry out kerbside recycling. This was enshrined in the Waste (Scotland) Regulations 2012 and had been further articulated within the Scottish Household Waste Charter. These requirements would have to be reviewed in the light of any new arrangements. The current recycling targets would also have to be reviewed.
- Local authorities should not be expected to separately identify in-scope containers which are collected through kerbside recycling; this would be complex and expensive to organise.
- Local authorities would lose the most 'valuable' materials from their waste collection. Thus, the amount of income (per tonne) that they would generate from their recycle would be substantially reduced. The removal of glass from the income stream was thought to be particularly problematic.
- Local authorities would be required to pay 'contamination penalty charges' and / or increased 'gate fees'.¹¹ There would also be financial penalties for withdrawing from existing long-term contractual arrangements with private sector waste management

¹¹ 'Gate fees' are paid when waste is submitted (e.g. at a waste processing centre). The fee payable is dependent on the quality of the waste submitted. Poorer quality waste attracts a higher gate fee (per tonne).

services. In addition, local authorities might incur costs relating to the modification of existing recycling facilities.

- Whilst a DRS would be likely to reduce the volume of material to be collected in kerbside recycling, these reductions would not necessarily 'translate' into efficiency gains. Local authorities would still be required to undertake collections, and these would not be any quicker or easier with the removal of DRS items. If service redesign was required, this would incur a cost.

4.78 While some respondents agreed that there would be financial benefits to local authorities of a DRS (for example in terms of reductions in the requirement for street cleaning, reduced landfill and waste management costs) these would not be sufficient to offset the costs. (Note that some local authorities provided details of modelling which they had carried out to quantify the losses associated with introducing a DRS.) Thus, there were concerns that jobs would be lost as a consequence.

Positive views about the cost implications for local authorities

4.79 Some respondents thought that, even if there were negative cost implications for local authorities in the short term, there would be (net) revenue benefits to local authorities resulting from a DRS. Respondents with this view included DRS companies as well as (some) community bodies, environmental consultancies, charities, food and drink producers, and other organisational respondents. These respondents highlighted that:

- Local authorities would benefit financially from lower landfill / residual waste disposal costs, lower costs in relation to dealing with littering (e.g. street cleaning), and lower collection costs (given the reduced volume of material processed through kerbside recycling).
- Long-term contracts for waste management can be renegotiated (using the 'force majeure' clause) if a DRS is introduced; this will mean that financial penalties will not be implemented.
- Local authorities could develop a new income stream through separating out the in-scope DRS containers that were put out for kerbside recycling.
- Local authorities would have the opportunity to develop new collection points / recycling facilities which could be profitable if well managed.

Other comments

4.80 There was a range of other comments made in relation to this question including that:

- Local authorities should be compensated for any losses incurred following the introduction of a DRS. Respondents who suggested this said that the compensation should be provided either through the EPR mechanism, by the scheme administrator, or by central government. (Note that some of these respondents specifically referred to compensation during the 'transition phase'.)
- There may be negative unintended consequences for consumers. In particular (i) people may 'devalue' non-DRS containers and stop recycling these and / or (ii) those who are already committed to recycling may object to having to pay an upfront deposit.

- The effects will not be uniform across authorities. In particular, some respondents argued that rural authorities would benefit, others that rural authorities would lose out, and a third group thought that those authorities which currently separate their waste into different streams may be disadvantaged.
- More information is required in relation to the practicalities and costs of (local authorities) sorting and collecting unredeemed deposits from their kerbside recycling activities. It was suggested that this had been done successfully in New Zealand. Others suggested this was undesirable as it would put local authorities in competition with the private sector, and could increase the likelihood of fraud.

5 Products to include in a DRS (Q7–Q13)

5.1 In addition to giving consideration to the materials to be collected in the DRS, the consultation paper also noted the importance of deciding which types of products and product categories should be included. The paper set out the issues in relation to including or excluding specific product categories (e.g. dairy, alcohol), and it also invited views on whether the scheme should target ‘on the go’ products (i.e. drinks bought and immediately consumed away from the home). There were five questions on these topics:

Question 7: Do you think the material the container is made from or the product it contains should be the key consideration for deciding the scope of the scheme? [Material the container is made from / Product it contains / Don't know] Please explain your reasons.

Question 8: Are there any product categories that should be excluded from the scheme? [nine options listed]

Question 9: Are there any product categories that you broadly agree with but think that certain products within them should be excluded? [Yes / No / Don't know] Please give specific reasons for exempting anything.

Question 10: Are there any other products that broadly fall into the category of ‘drinks’ that we have not included that you think should be?

Question 11: Do you think the deposit return scheme should be limited to ‘on the go’ only? [Yes / No / Don't know] Please explain why.

Question 11a: Do you agree with how we have defined ‘on the go’?

Scope of scheme – container material or product (Q7)

5.2 Question 7 asked for views about whether ‘the material the container is made from’ or ‘the product it contains’ should be the key consideration for deciding the scope of a DRS in Scotland. This was a closed question and respondents were invited to explain their views. Table 5.1 shows that there was no clear consensus among respondents about whether the key consideration should be the material the container is made from (53%) or the product it contains (43%). Organisations were more likely than individuals to prefer a focus on the material the container is made from (68% of organisations thought this compared to 52% of individuals). However, there were large differences between organisational types. Recycling and waste management organisations (100%) packaging manufacturers (92%), retailers (88%) and public sector organisations (83%) were strongly in favour of a focus on materials while charities (72%) and DRS companies (50%) favoured a focus on products.

Table 5.1: Q7 – Do you think the material the container is made from or the product it contains should be the key consideration for deciding the scope of the scheme?

Respondent type	Material the container is made from		Product it contains		Don't know		Total	
	n	%	n	%	n	%	n	%
Public sector organisations	15	83%	–	0%	3	17%	18	100%
Food and drink producers	16	73%	4	18%	2	9%	22	100%
Charities	4	22%	13	72%	1	6%	18	100%
Retailers	14	88%	1	6%	1	6%	16	100%
Recycling / waste mgmt orgs	12	100%	–	0%	–	0%	12	100%
Packaging manufacturers	12	92%	–	0%	1	8%	13	100%
Community bodies	5	56%	4	44%	–	0%	9	100%
Environmental consultancies	3	43%	3	43%	1	14%	7	100%
Hospitality and restaurant trade	4	67%	1	17%	1	17%	6	100%
DRS companies	2	50%	2	50%	–	0%	4	100%
Other organisations	3	38%	5	63%	–	0%	8	100%
Total organisations	90	68%	33	25%	10	8%	133	100%
Total individuals	1,008	52%	865	45%	62	3%	1,935	100%
Total (organisations and individuals)	1,098	53%	898	43%	72	3%	2,068	100%

Percentages may not total 100% due to rounding.

5.3 This question was addressed by the postcard campaign which called for the DRS to include **all drinks**. (Respondents in the postcard campaign were advised to choose ‘product it contains’ in response to Question 7.)

5.4 The main issues raised by respondents in their comments on this question are summarised below. There are several aspects to note:

- Similar points were made by (i) those who indicated that the ‘material’ should be the key consideration, (ii) those who answered ‘don’t know’, and (iii) those who did not reply to the closed part of this question.
- Furthermore, those (especially organisations) who indicated that the ‘material’ should be the key consideration often stated explicitly that the material was not the **only** consideration. Indeed, some in this group argued that **both** the material **and** the product had to be considered in deciding on the scope of the scheme. Others argued that the **key** considerations related to **other issues**.
- Those who thought the ‘product’ should be the key consideration were a distinct group, and the reasons given by this group are discussed first below.

The product as key consideration

5.5 Those who thought the ‘product’ should be the key consideration generally believed that the scheme should (and probably would) focus on **all drinks** containers. This group repeatedly made the point that if the DRS focuses on a subset of the materials used for drinks containers, there is a risk that manufacturers may switch to different materials to avoid being part of the scheme. On the other hand, if all **drinks** have a deposit – regardless of the material they are sold in – then manufacturers are more likely to use materials that can be easily recovered and recycled. Less often, this group made the following additional points:

- A scheme focused on ‘products’ (and drinks in particular) would be easier for the public to understand than a scheme targeting certain materials.
- If the scheme is designed to target drinks containers only, other products could be covered by a reformed EPR system.

5.6 Finally, some in this group selected ‘product’ as the key consideration because they thought certain products should be excluded from the scheme (milk or milk-based products and alcohol were all mentioned).

The material as the key consideration

5.7 Among those who thought the ‘material’ should be the key consideration in deciding the scope of a DRS, the following points were made:

- The DRS is part of an environmental policy which aims to increase the consistency, quality and volume of materials captured for recycling, and to reduce the inappropriate disposal of those materials. Thus, the primary consideration should be the material.
- A focus on ‘material’ would be easier for the public to understand, as the public can easily distinguish between a plastic, metal and glass container.
- Guidance from the European Commission states that schemes must be designed to avoid distortions in the market. Thus, a DRS which differentiates on the basis of a product could possibly breach EU law by giving an unfair advantage to producers who are exempt from the scheme.¹² It could also create a perception that the government was attempting to influence purchasing decisions for reasons other than reducing littering and increasing recycling rates.

5.8 A recurring view among this group was that, although the ‘material’ should be the **key** consideration, there may be reasons to exclude certain products from the scheme.

Both material and product are important to consider

5.9 It was relatively common for respondents who thought that the ‘material’ should be the key consideration, to qualify their comments, stating that the ‘product’ was also important. This group argued that the packaging material should be the **initial** consideration, but that certain products may need to be excluded (i) because their inclusion would make operations more complex and expensive; (ii) because they may introduce contamination, hygiene or vermin issues; or (iii) because their inclusion may undermine other policy initiatives.

Other considerations should be key

5.10 Some respondents challenged the view that either the ‘material’ or the ‘product’ had to be the key consideration in deciding the scope of the DRS. Rather, this group pointed to two **other** issues that should be considered as priorities:

- **Clarity for the consumer:** Some respondents noted that, to be successful, a DRS would require large-scale behaviour change. Thus, it must be easy for people to understand and participate in. There were repeated calls to make the scheme simple.

¹² Respondents cited EU Directive 94/62/EC, Article 7, and paragraph 3.3.2(c) of the European Commission’s guidance (2009/C107/01).

- **Cost-benefit:** Others argued that the scope of the scheme should be based entirely on a full and robust cost-benefit analysis which takes into account: (i) whether there is a commercially viable end market for the material collected, and (ii) the environmental, social and economic impacts of the range of possible options. This group emphasised the importance of making use of the best available data and research evidence.

5.11 Occasionally, respondents also identified other issues which should be considered in defining the scope of the scheme. These included the size of container, where it is purchased, where it is consumed, and whether it is sold in a multipack or as a single item.

Exclusion of certain product categories (Q8)

5.12 Question 8 asked whether there were any product categories that should be excluded from a DRS in Scotland. The question included a list of nine options, and respondents were invited to tick as many as they wished.

5.13 Just 262 respondents (64 organisations and 198 individuals – or 12% of all respondents) selected one or more categories for exclusion from the DRS. Of these, 14 respondents (3 organisations and 11 individuals) selected **all** the options (i.e. they suggested that all product categories should be excluded from a DRS). Table 5.2 shows the detailed frequency counts for the exclusions suggested by respondents. The table shows that:

- The number of individuals who thought any particular product category should be excluded was low. The figure was approximately 1% for soft drinks; 2% for mixers and bottled water; 3% for fruit / vegetable juice and alcohol products; 4% for spirits and other drinks; and 7% for dairy.
- As far as organisations were concerned, the numbers who favoured exemptions for soft drinks and bottled water was also low (2% of all organisations). However, the proportions favouring exemptions for mixers and fruit / vegetable juice were around 8%–9%; for alcohol products, 15%–16%; and for dairy, 34%.
- There were differences among different organisation types. Around four in ten public sector organisations, food and drink producers, and packaging manufacturers; five in ten recycling / waste management organisations; and six in ten retailers wanted dairy products to be excluded from a DRS. (See Annex 4, Table A4.2 for details.)

Table 5.2: Q8 – Are there any product categories that should be excluded from the scheme?

Options	Organisations		Individuals		Total	
	n	%	n	%	n	%
Ready to drink (soft)	3	2%	29	1%	32	1%
Soft mixer products	13	8%	30	1%	43	2%
Bottled water	3	2%	33	2%	36	2%
Fruit and vegetable juice	15	9%	46	2%	61	3%
Dairy	54	34%	90	4%	144	7%
All distilled spirits with ABV > 30%	24	15%	61	3%	85	4%
All fermented alcohol products (i.e. beer, cider and wine) and non-alcoholic versions of the above	25	16%	48	2%	73	3%
All other alcohol not covered by above categories with ABV < 30%	24	15%	48	2%	72	3%
All other drinks that can be purchased to drink on the go	10	6%	72	4%	82	4%
Base	159		2,008		2,167	

Percentages are based on the total number of organisations (159) and individuals (2,008), and total number of respondents (2,167). Note also that respondents were able to select more than one product category.

5.14 The reasons given by respondents for excluding dairy, alcohol, and fruit and vegetable juice from the scheme are discussed below. These reasons were broadly similar across all respondent (and organisation) types and were often (but not always) based on an assumption that a DRS in Scotland would primarily be targeted at on the go products. In relation to alcohol, individual respondents occasionally gave additional reasons to those given by organisations for excluding this product from the scheme.

Reasons for excluding dairy / milk products

5.15 Among those respondents who thought that dairy / milk products should be excluded from the DRS, three concerns were repeatedly raised:

- **Hygiene and contamination issues:** Residue in milk / dairy containers would cause hygiene problems and unpleasant odours. This would be a significant problem in certain contexts (retail, NHS, cafes / restaurants). It was noted that containers with dairy residue would have the potential to contaminate other waste streams and affect the value of other recyclates. Some respondents (including those in the retail sector) challenged the statement in the consultation paper that ‘as long as any transport containers are sealed and the material is collected and processed quickly, any hygiene impacts are negligible’. Given Scotland’s geography, these respondents thought it was unlikely that materials could be collected quickly from the extensive network of small convenience stores located in remote rural and island communities.
- **Increased cost of milk:** Milk is a staple food. Increasing the cost of milk by placing a deposit on the container could have an adverse impact on families on low incomes, which could then affect the health of children. While some acknowledged that the deposit paid on a container of milk would be able to be reclaimed by the consumer, respondents noted that consumer behaviours are not always ‘economically rational’. Thus, they thought, there was a risk that an increase in the price of milk could result in a decrease in demand.
- **Impacts on farmers:** The introduction of a DRS would add costs to the supply chain for producing milk – and these may be passed down to farmers by the milk processors (who would be responsible for paying a charge to the scheme administrator) at a time

when the Scottish dairy sector is already under severe price pressure. Some said that if milk was not excluded from the scheme, it could have 'catastrophic' effects on the dairy industry.

- **Increased complexity:** RVM only accept containers that hold up to three litres. Thus, there would be a requirement for manual take-back of larger milk containers which would increase the complexity of the scheme.

5.16 Some respondents thought that **all** dairy and dairy alternatives (such as soya and coconut milk, and milk delivered to the doorstep in glass bottles) should be excluded. However, others suggested that products such as smoothies, which are often consumed on the go in smaller-sized bottles, could be included, although the issues with hygiene and contamination would still apply.

5.17 Those wishing to exclude dairy products from the scheme noted that, if dairy is excluded, the implications of this may mean that HDPE plastics are excluded. However, these respondents noted that milk is generally consumed within the home rather than as an on the go product, and HDPE plastics are already widely recycled in kerbside schemes across Scotland. Thus, HDPE plastics do not make a significant contribution to litter in the environment. Some in this group also noted that dairy is excluded from many deposit return schemes internationally for the reasons discussed above.

Reasons for excluding alcohol products

5.18 Among those who thought alcohol products should be excluded from the scheme, concerns were raised that, if alcohol were included, there would be adverse impacts on:

- **Minimum unit pricing (MUP) policy for alcohol:** A DRS which included alcohol products would place a flat deposit on any container of alcohol without regard to the product volume or its alcohol strength. The recent introduction of MUP means that lower strength alcohol drinks (i.e. beer, etc.) are cheaper to buy than high strength products (i.e. spirits). A flat rate deposit will therefore have a proportionally greater effect on the price of low strength drinks and may therefore encourage the consumption of higher strength alcohol products. This would essentially undermine the policy intent of MUP. Some individual respondents also thought that having a deposit on any alcohol product could, in fact, provide a perverse incentive for people to drink more alcohol. In addition, some organisations pointed out that this would also introduce a confounding variable into the ongoing evaluation of MUP in which the Scottish Government has invested substantially.
- **Licensed on-trade businesses:** Containers for alcohol sold in on-trade premises such as pubs, restaurants and nightclubs are already recycled to a large extent. Respondents thought that if a deposit was introduced on alcohol containers sold in these premises, the scheme would be difficult to administer due to the high volume of sales. There were also questions about how returned containers would be collected from these businesses, since it would not be possible (for environmental health reasons) for the wholesaler to uplift empty bottles while they were on a delivery round, and there would be significant additional costs if wholesalers had to send out empty vans to collect returned containers.
- **Brewers and other businesses:** The increased costs for separate labelling requirements for Scotland was seen as a potential barrier to trade.

5.19 A further concern raised by some individuals (which was not raised by organisations) was that it should be possible for children to actively participate in a DRS in Scotland. Having alcohol included in the scheme would complicate this.

5.20 Respondents who were opposed to alcohol being included in a DRS also argued that, in general, alcohol is not consumed on the go. Indeed, drinking alcohol in public is banned in many parts of Scotland. Most alcohol products are consumed in the home or in licensed premises, and containers (both metal and glass) are recycled through kerbside schemes or other existing recycling arrangements. Respondents argued that these arrangements are effective and alcohol containers do not contribute substantially to litter.

5.21 The point was also made that different alcohol products have different sizes and shapes of packaging (branded whiskies were mentioned) which may prevent them being recycled in an RVM. These respondents emphasised that it would be clearer for consumers if all alcohol products were excluded from the scheme. Otherwise, different arrangements would have to be made to take account of the size and format of alcohol containers. This would add complexity to the scheme, and risk confusing the public.

Reasons for excluding fruit and vegetable juice

5.22 The main reasons given for excluding fruit and vegetable juice from a DRS related to (i) hygiene and the risk of unwashed containers attracting pests in shops and other return locations; (ii) contamination of high-value recyclate; (iii) and the potential for juice containers to cause malfunctioning and breakdown of RVMs.

5.23 Some individual respondents highlighted a public health concern – i.e. the possibility that a deposit on juice containers would lead to decreased purchase of fruit and vegetable juice – thus affecting the ability of some people to achieve their ‘five-a-day’ consumption of fruit and vegetables. However, a counter-argument was that, if the scheme led to a decline in the purchase of juice, people could eat fruit or vegetables instead, which some respondents thought would be a beneficial outcome. The point was also made that products such as diluting juice have a very long shelf life and are consumed in the home over a period of weeks or months, rather than purchased on the go and consumed immediately.

Other views – there should be no product exclusions

5.24 A notable proportion of respondents made comments at Question 8 but did not select any of the product categories listed in the closed part of the question. The most common view expressed by this group (particularly among individuals) was that none of these products should be excluded from a DRS in Scotland. Among organisations, another recurring view was that the scheme should be based on the material a container is made from, rather than the product it contains.

5.25 Some of these respondents conceded that there may be an argument for excluding fresh milk from the scheme. However, if it is excluded, they called for all other milk-based products to be included.

Excluding certain products in larger (included) categories (Q9)

5.26 Question 9 further explored respondents’ views about whether certain types of products should be excluded from a DRS in Scotland. In this case, the question invited comments about excluding certain products that were part of a larger (included) product

category. An example of this (mentioned in the consultation paper) was milk, which is part of a much larger category of dairy products.

5.27 A total of 75 respondents (including 15 organisations) indicated that they thought a certain product should be excluded from the scheme, although they thought the larger product category, should be included in the scheme. The reasons given largely reiterated the points made at Question 8 above.

5.28 The most common product identified for exclusion, both by organisations and individuals, was fresh milk – as discussed above at paragraph 5.15. Some respondents explicitly stated that they thought **other** milk-based drinks (which are often consumed on the go) **should** be included.

5.29 Respondents seldom suggested any other products in response to this question. Alcohol, cordials, diluting juice, baby formula, bottled water and medications were all mentioned by just two or three respondents.

5.30 Occasionally, there were comments or queries about other issues, including how imported products from small European producers would be dealt with under the scheme – there was concern about the implications (and additional costs) for wholesalers if they are required to unpack, label and re-pack the large quantity of such items that they handle. (This issue is discussed in further detail in Chapter 8 in relation to Question 22.)

Inclusion of other drink-related products (Q10)

5.31 Question 10 asked whether there were any other products (in addition to those listed in the consultation paper) that could be classed as ‘drinks’ and which should be included in the scheme. This was an open question with no initial closed question.

5.32 The most common response to this question, both among organisations and individuals, was ‘no’ or ‘none’. In addition, individuals often said ‘don’t know’. Some organisations reiterated their views that (i) a DRS in Scotland should focus on materials, not products or (ii) the broadest possible range of products should be included so that consumer behaviour is not distorted by the scheme.

5.33 Thus, only a relatively small number of respondents made suggestions in reply to this question, and these frequently referred to **materials** rather than **products** (e.g. ‘drinks pouches’, ‘foil pouches’, ‘anything else contained in ‘tetrapacks’, ‘juice cartons with straws’, etc.). These types of suggestions have been discussed in relation to Questions 4 and 5 and are not repeated here.

5.34 The suggestions which specifically related to products which could be classed as ‘drinks’ and should be included in the scheme were (i) non-dairy milk alternatives (including soya, almond, coconut, rice, or oat milk); (ii) soups; (iii) coffee and tea, both hot and iced; and (iv) ice lollies and ice cream. There were also suggestions (mainly among individuals) that (v) baby formula or baby milk and (vi) cough syrup, antacid and other ‘medical’ products should be included. However, these views contrasted with others (discussed above in relation to Question 9) that specifically called for such products to be excluded.

5.35 Some respondents (again, mainly individuals) identified a range of liquid, non-drink foodstuffs which they thought should be included (e.g. cooking oils, vinegar and other condiments, custard, etc.). There were also suggestions to include non-consumable liquid

products such as shampoos, soaps, domestic cleaning products, car screen wash, etc. Some individual respondents queried why the question focused only on 'drinks'. These individuals thought the scheme should include containers and packages of all kinds.

Limiting the DRS to 'on the go' products (Q11)

5.36 Question 11 invited views about whether a DRS in Scotland should be limited to 'on the go' products only. This was a closed question, and respondents were asked to provide further comments to explain their views. A further follow-up question asked respondents if they agreed with the way the consultation paper had defined 'on the go' drinks – i.e. drinks bought and immediately consumed away from the home – for instance small bottles of water and soft drinks.

5.37 Table 5.4 shows that overall, respondents were strongly of the view that the DRS should NOT be limited to 'on the go' only – 88% answered 'no' in response to this question. Individuals were more likely than organisations to answer 'no' (90% vs 61%, respectively). There were substantial differences in the views expressed by different organisational types. Charities (100%), DRS companies (100%), community bodies (89%) and environmental consultancies (86%) were particularly opposed to the scheme being limited to 'on the go' only, while a majority of respondents from the hospitality and restaurant trade (67%), recycling and waste management organisations (57%), public sector organisations (55%) and retailers (50%) were in favour of an 'on the go' only scheme.

Table 5.4: Q11 – Do you think that the deposit return scheme should be limited to 'on the go' only?

Respondent type	Yes		No		Don't know		Total	
	n	%	n	%	n	%	n	%
Public sector organisations	12	55%	9	41%	1	5%	22	100%
Food and drink producers	7	30%	14	61%	2	9%	23	100%
Charities	–	0%	21	100%	–	0%	21	100%
Retailers	10	50%	8	40%	2	10%	20	100%
Recycling / waste mgmt orgs	8	57%	6	43%	–	0%	14	100%
Packaging manufacturers	5	33%	6	40%	4	27%	15	100%
Community bodies	–	0%	8	89%	1	11%	9	100%
Environmental consultancies	1	14%	6	86%	–	0%	7	100%
Hospitality and restaurant trade	4	67%	1	17%	1	17%	6	100%
DRS companies	–	0%	4	100%	–	0%	4	100%
Other organisations	–	0%	8	100%	–	0%	8	100%
Total organisations	47	32%	91	61%	11	7%	149	100%
Total individuals	67	4%	1,721	90%	123	6%	1,911	100%
Total (organisations and individuals)	114	6%	1,812	88%	134	7%	2,060	100%

Percentages may not total 100% due to rounding.

5.38 This question was addressed by the postcard campaign which called for the scheme to include 'all drinks'. Respondents were therefore advised to tick 'no' in response to Question 11.

5.39 Respondents gave a range of reasons to explain why they supported or opposed a DRS in Scotland that targeted on the go drinks only. These are summarised below. Those who opposed an on the go focus for the scheme usually wanted the scheme to target **all**

drinks containers (regardless of where the product was consumed). This type of DRS was referred to as an 'all-in' scheme. Note that both groups cited published research to support their views, and both also believed that the type of scheme they advocated would cause least confusion for members of the public.

Views in favour of an 'on the go' scheme

5.40 Among those who supported an on the go scheme, the following reasons were given:

- **Addresses the main source of litter:** A recurring view among this group was that there are currently very low rates of recycling and high rates of littering of on the go containers. By contrast, containers for products consumed in the home have very high rates of recycling. Thus, these respondents thought that a scheme which captured on the go containers would maximise recycling and result in the greatest possible impact.
- **Greater acceptability and less confusion for consumers and businesses:** Some respondents in this group argued that an on the go scheme would minimise the costs and demands on consumers and small businesses. They also considered that an on the go scheme would be more easily understood by consumers – whereas if all types and sizes of **drinks** containers were in scope, consumers may begin to question why containers of other products (cooking oil, for example) were not in scope when they were of a similar size and made of the same material.
- **Avoids duplicating kerbside collection:** This group suggested that Scotland's kerbside recycling scheme was 'among the best in the world', and that an on the go DRS would complement this rather than competing with it. These respondents thought that an all-in scheme would result in the removal of valuable material from local authority kerbside schemes, thus putting such schemes at risk, and targeting resources where they were not needed.

5.41 This group also highlighted a range of other disadvantages of a scheme targeted at **all** drinks containers, including:

- Inconvenience for consumers who would have to return a larger volume of containers to specific return points in order to reclaim their deposits, as opposed to having those containers regularly collected from their doorsteps – concerns were expressed specifically about the impacts on people with disabilities, people without private transport, and those who have young children
- Negative financial impact on local authorities who would lose the most valuable materials from their kerbside schemes
- Additional costs and space requirements for retailers because of the larger volume of material collected.

5.42 However, some respondents in this group acknowledged that a challenge in targeting on the go drinks containers would be in relation to setting the precise boundaries of the scheme. Some suggested that further research was needed to establish what should and should **not** be in scope, while others proposed specific definitions (e.g. all PET plastic drinks containers with a volume of less than 750ml, etc.). There were also suggestions that an on the go scheme may need to have some 'common sense exemptions' for products not typically consumed on the go (for example, milk or spirits).

Views opposed to an ‘on the go’ scheme

5.43 Those opposed to an on the go scheme gave the following reasons:

- **Difficulty in defining ‘on the go’:** These respondents thought it was not possible to clearly draw a distinction between drinks consumed on the go, and those purchased for home consumption. They noted that there are no on the go schemes in other countries, and thus no existing model for this type of scheme.
- **Efficiency and cost-effectiveness:** This group argued that, to be cost-effective, a DRS must maximise the volume of material it collects. The point was made that one of the main outcomes of a DRS will be better and more efficient separation of high-value recyclates than is possible through the existing kerbside scheme. They thought that limiting the scheme solely to on the go drinks containers while allowing some high-quality materials to end up in mixed recycling ‘made no economic sense’, and that the cost of establishing a system which targeted only on the go materials could not be justified.
- **Consumer confusion:** These respondents emphasised the importance for the success of the scheme of achieving large-scale behaviour change among the public. They were concerned that an on the go scheme would create complexity and lead to confusion among consumers about which containers were in scope and which were not. It was suggested that this could result in an increase in littering if people take containers to return points and find they are not accepted.
- **Market distortion:** Respondents in this group objected to efforts to define on the go drinks according to the size of the container. This group argued that if the scheme only targeted containers of certain sizes, then there was a risk that producers would simply change the sizes of their bottles and cans to avoid being in the scheme as had been seen in other countries (e.g. Germany, The Netherlands). It would also create an unfair price advantage for producers who were outside the scheme compared to those selling similar products who were in the scheme.

5.44 Instead of an on the go focus for a DRS in Scotland, this group called for an ‘all-in’ scheme that would target **all** drinks containers – of all sizes and materials. They described the benefits of an all-in scheme as:

- Providing maximum opportunity to recycle and reduce litter
- Supporting clear and consistent consumer communication
- Resulting in less confusion among members of the public about what was in scope and what was excluded
- Leading to significant cost savings for local authorities
- Ensuring that producers take responsibility for the material they put onto the market.

Defining ‘on the go’

5.45 The consultation paper defined ‘on the go’ drinks as ‘drinks bought and immediately consumed away from the home – for instance small bottles of water and soft drinks’. Respondents were asked if they agreed with this definition.

5.46 The three most common replies to this question, especially among individuals, were: (i) 'yes', (ii) 'no' and (iii) 'unsure', without any further comment or explanation being given.¹³ The fourth most common response to this question was that the definition provided was 'irrelevant', since a DRS in Scotland should not be limited to on the go drinks.

5.47 Among those who provided further comment about the definition of 'on the go', there were two main groups:

- Those who thought the definition was unsatisfactory in some way. This included those who **disagreed** with the definition, and those who said that they **agreed** with it, but thought it was too vague to provide a basis for a DRS. These respondents were generally opposed to a scheme which was limited to on the go drinks only.
- Those who broadly **agreed** with the definition, but nevertheless suggested one or more improvements to it – mainly intended to provide greater precision. These respondents generally supported an on the go drinks scheme.

5.48 The main points made by both these groups are summarised below.

Views that the definition was unsatisfactory in some way

5.49 Among this group, there was a shared view that the distinction which the consultation paper definition was trying to make was an artificial one. They argued that (i) it was impossible to predict how and when people will consume the items they purchase, (ii) there was no limit to the size of a container that someone might purchase and consume on the go, and (iii) some products that are intended to be consumed at home (e.g. multipacks of alcoholic beverages) are frequently consumed outside the home and contribute to litter.

5.50 Thus, among those in this group who agreed with the definition, there were some who nevertheless thought that the definition could not be practically operationalised, or that to operationalise it, it would require further detail.

Views that the definition was broadly correct, but required further specification

5.51 Respondents in this group thought the definition set out in the consultation paper was broadly acceptable, but that to prevent confusion among the public, it should include details of (i) the material and (ii) the size of the container. Some in this group referred to a definition developed by the environmental compliance company, Valpak, which distinguished between 'on the go' packaging (i.e. that disposed of in public spaces, streets, stations, airports, etc) and 'away from home' packaging (i.e. any packaging disposed of outside of the home). The latter would cover 'on the go' packaging and also any packaging disposed of in offices, events, etc. The Valpak definition also proposed a container size criterion.

Issues related to dairy products (Q12 and Q13)

5.52 Question 12 was a two-part question (comprising a closed question and space for comments) asking respondents if they thought that including dairy products in any scheme carried hygiene or related risks above those posed by other products.

5.53 Table 5.5 shows that more than half of all respondents (58%) thought that dairy did **not** carry additional hygiene or related risks while around one in eight (13%) said they

¹³ Note that it was relatively common among those who had expressed opposition to an on the go drinks scheme to answer 'yes' to this second question, thus indicating that they agreed with the definition in the consultation paper.

thought there were such risks. However, almost one in three respondents (29%) answered 'don't know'. At the same time, there was no clear consensus among organisations in relation to this question – 43% said 'yes', 31% said 'no' and 26% said 'don't know'. There were also notable differences between different types of organisation – a substantial majority of retailers (75%), recycling and waste management organisations (67%) and packaging manufacturers (67%) thought that dairy products carried additional hygiene or related risks, in contrast to the majority of community bodies (86%) and public sector organisations (70%) who disagreed with this view.

Table 5.5: Q12 – Specifically on dairy products, do you think including dairy carries hygiene or related risks above those posed by other products?

Respondent type	Yes		No		Don't know		Total	
	n	%	n	%	n	%	n	%
Public sector organisations	2	10%	14	70%	4	20%	20	100%
Food and drink producers	8	42%	3	16%	8	42%	19	100%
Charities	3	30%	5	50%	2	20%	10	100%
Retailers	12	75%	1	6%	3	19%	16	100%
Recycling / waste mgmt orgs	10	67%	1	7%	4	27%	15	100%
Packaging manufacturers	10	67%	1	7%	4	27%	15	100%
Community bodies	1	14%	6	86%	–	0%	7	100%
Environmental consultancies	2	29%	3	43%	2	29%	7	100%
Hospitality and restaurant trade	2	33%	1	17%	3	50%	6	100%
DRS companies	1	33%	2	67%	–	0%	3	100%
Other organisations	2	40%	1	20%	2	40%	5	100%
Total organisations	53	43%	38	31%	32	26%	123	100%
Total individuals	165	11%	897	60%	437	29%	1,499	100%
Total (organisations and individuals)	218	13%	469	58%	1,622	29%	1,622	100%

Percentages may not total 100% due to rounding.

5.54 The second part of the question asked respondents to 'provide evidence' in support of their answer. For the most part, however, respondents offered general comments and views or anecdotal evidence based on personal or professional experience. The sections below present the views of those who thought that including dairy carries hygiene or related risks above those posed by other products, followed by the views of those who disagreed with this premise.

Views of those who thought that including dairy carried more risks

5.55 Those who thought that including dairy packaging carried more risks than other packaging often made the following points:

- Dairy – more so than other products – provided an environment in which bacteria thrived.
- Dairy residue was more difficult to clean than that of other products, and thus was more likely to be a problem in a DRS (in returned containers and in RVMs where these were used).
- Dairy products had a short shelf life and needed to be refrigerated. Any residue in returned containers would therefore quickly 'go off'.

- Dairy residue had the potential to attract vermin and insects, thus introducing further health hazards.
- Including dairy might pose risks to people (DRS staff, retail staff and members of the public) with dairy allergies and intolerances.

5.56 Some respondents did not think the extra risks associated with dairy packaging could be easily mitigated through effective scheme design, and generally favoured the exclusion of dairy from any Scottish scheme.

5.57 However, among those who thought that dairy carried greater risks than other products (i.e. they ticked 'yes' at the tick-box part of Question 12) was a distinct group who believed that this greater risk **could** be countered in an appropriately designed and run scheme (as suggested in the consultation paper). These respondents drew attention to:

- The need to educate the public about washing out containers.
- The fact that dairy containers were already included within kerbside and other recycling schemes, and returnable glass bottles were used in doorstep delivery schemes without any apparent problems.
- The advice provided by the Royal Environmental Health Institute of Scotland (REHIS), as cited in the consultation paper (i.e. that the return and storage of such containers did not present any issues which could not be mitigated), and the inclusion of dairy in other schemes.

5.58 These respondents frequently discussed the type of scheme features required to ensure the safe handling of dairy packaging. (See paragraph 5.67.)

Views of those who did not think including dairy carried more risks

5.59 Those who did not think dairy packaging presented more risks than other types of packaging did not necessarily think that there was 'no risk' involved with the inclusion of dairy or any other product but argued that the system would have to be designed to deal with the (minimal) risk presented by **all** products. This group made similar points to those who thought the greater dairy risk could be mitigated, and these respondents were confident that this could be done successfully.

5.60 Occasionally, respondents noted the role of pasteurisation in minimising the risk posed by dairy, or they argued that bacteria associated with dairy was not particularly harmful.

Possible exclusion of dairy products

5.61 Question 13 went on to ask if any specific dairy products should be excluded from the proposed system. This was a two-part question: the first part was a tick-box multi-code question asking respondents to select one or more options from a list of seven dairy products for possible exclusion from the scheme, while the second part asked respondents to give reasons for their selection(s).

5.62 The first part of the question was answered by a relatively small number of respondents (a total of 166). Some of the responses suggested that respondents were not always clear how to answer. For example, some respondents selected **both** 'all ready to

drink milk and other dairy' **and also** selected some or all of the individual categories of dairy product offered.

5.63 For these reasons, the analysis of the closed question is not presented here. The main finding, however, was that only a small minority of respondents overall (7%) said they wanted any dairy products to be excluded from the system. Most commonly, those respondents who did wish to see restrictions on dairy products called for **all** dairy products to be excluded. Organisations were notably more likely than individuals (26% vs 4%) to want to see all dairy products excluded from the scheme.

5.64 Comments made at Question 13 are presented below. The views of those who did not select any products for exclusion are presented first, followed by the views of those who selected particular products for exclusion.

5.65 Note that in a substantial proportion of cases, individual respondents simply stated 'no', 'none' or 'nothing should be excluded' or offered similar brief comments to make it clear that they did not want to see any dairy products excluded. These respondents did not provide any further explanation of their views.

Views opposed to excluding dairy products

5.66 In their comments, respondents made the following main points (often restating points made in response to Question 12).

- It was important that any scheme maximised collection and recycling and this would be achieved by focusing on the material and not the product.
- Dairy packaging relied heavily on plastic and contributed to the problem of plastic pollution and should therefore be included in any scheme.
- Exclusions would complicate the system for both consumers and retailers, and should only be considered in exceptional circumstances.
- There was no hygiene justification for excluding dairy – the health risks were no more significant than for other products, and / or any health risks could be countered via appropriate scheme design.
- Excluding dairy (or any other product type) might distort competition and influence consumer choices or, alternatively, might create loopholes which might be exploited by food producers and manufacturers.

5.67 There was a widespread view that any issues (hygiene, smell, etc.) related to the inclusion of dairy or any other products could be mitigated by (i) educating the public about the importance of washing out containers prior to return (possibly requiring this as a condition of deposit return), and (ii) designing a 'best practice' scheme which dealt effectively with the issue (via appropriate storage arrangements, frequent collections, adequate cleaning and sterilising, or including a separate channel for collecting dairy containers).

5.68 Very occasionally, respondents offered qualified support for the inclusion of dairy, arguing this should happen **only if** the hygiene issues were resolved, or suggesting that a lower deposit might be considered on this category of products.

Views in favour of excluding dairy products

5.69 Those who wished to see dairy products excluded from the scheme generally reiterated the **hygiene-related concerns** noted at Question 12 (above). That is, they thought that dairy packaging carried an increased risk to health because of the increased likelihood of the presence of bacteria and other pathogens; the prevalence of allergies and intolerances; and the risk of attracting vermin and insects. Additionally, they argued that dairy packaging would create an odour and that the handling of such materials would be unpleasant for staff. It was also suggested that these problems would be compounded by warm weather.

5.70 Many of the issues raised by respondents were seen as posing particular problems for (i) small outlets with limited space for safe (i.e. hygienic) storage away from food and pharmacy items and (ii) locations in rural areas or with low turnover where collections might be less frequent.

5.71 For some, their objection to the inclusion of dairy was linked in part to the expectation that consumers would not wash out containers, or would not clean them sufficiently well, or the view that washing out was not practical if the scheme accepted (or was focused on) on the go products.

5.72 Less often, respondents in this group argued that:

- Existing schemes in other countries generally excluded dairy; respondents also referred to reported difficulties caused by the inclusion of dairy in some schemes (e.g. residue problems in machines designed to accommodate dairy packaging; the reformulation of products by manufacturers to avoid inclusion in the scheme).
- Including dairy and mitigating the hygiene risks adequately would make the scheme more complicated and more expensive.

5.73 Within this group, there were some who thought all dairy should be excluded until it was proved that there was no risk to health. There were also suggestions that an alternative to including dairy packaging in a deposit return scheme would be to establish an extended producer responsibility scheme and / or encourage the development and use of less environmentally damaging packaging options (including greater use of reusable glass).

5.74 Some of those arguing for the exclusion of dairy products did so for **reasons other than hygiene**. Such respondents noted the following:

- Dairy products were mainly consumed in the home (rather than on the go), and could, thus, be recycled via kerbside recycling schemes. Indeed, it was pointed out that the recycling rate for dairy packaging through this channel was already high, and that to introduce another option could undermine this.
- Dairy packaging was not a major contributor to littering.
- Milk (and to a lesser extent milk products) should be regarded as a basic foodstuff, and treated differently from other products (soft drinks, alcohol etc.).
- Any price rise which led to reduced sales could have a significant impact on the dairy industry which operated on very tight margins.

- Inclusion of dairy would have an effect throughout the food manufacturing and catering industry, given its widespread use in the supply chain.
- Any problems caused by the inclusion of dairy (e.g. for retailers) may attract negative publicity and affect public support for the scheme as a whole.

Specific inclusions or exclusions

5.75 Although most respondents offered general views only, a few respondents focused on particular products in their comments, arguing for or against the inclusion of fresh milk, dairy alternatives, probiotic drinks, tea and coffee, and milk shakes / flavoured milk.

6 Deposit return locations (Q14–Q16)

6.1 As outlined in the consultation paper, the choice of return location (i.e. the place(s) where people can return their containers and reclaim their deposits) will be a key element in any scheme introduced in Scotland. The consultation asked for views about the options for return location, as well as asking about the inclusion or exclusion of different types of retailer in a model based on taking back to a place that sells drinks.

Question 14: Which option for return location do you prefer? Please choose one and explain your reasons. [Take back to a place that sells drinks / Take back to a designated drop-off point / Mixture of take back and designated drop-off]

Question 15: In any model involving return to retail, are there any types of retailer that should be excluded? [Yes / No / Don't know] Please explain your reasons.

Question 16: Do you agree that online retailers should be included in the scheme? [Yes / No / Don't know]

Question 16a: What provisions do you think should be made to ensure online shopping is included successfully?

Preferred return location, and the possible exclusion of some retailers (Q14 and Q15)

6.2 Question 14 addressed the issue of respondent return location, with respondents asked to indicate their preference relating to three options: take back to a place that sells drinks; take back to a designated drop-off point; or a combination of the two. A follow-up question (Question 15) asked respondents for views on the exclusion of any types of retailer in any model based on 'return to retail'.

6.3 Table 6.1 shows that there was no clear consensus on the preferred return location in terms of the options offered – 43% of respondents preferred containers to be taken back to a place that sells drinks and 52% preferred a mixture of take-back and drop-off locations. Individuals were more likely than organisations to prefer containers being taken back to a place that sells drinks (45% compared to 25%) and less likely to prefer a mixture of take-back and drop-off locations (51% compared to 69%). The views of charities differed substantially from other organisations. Almost seven in ten charities (68%) preferred a scheme in which containers would be taken back to a place that sells drinks.

6.4 Note that, while there was no clear preference for one specific option, there was very little support among respondents for a scheme that involved **solely** a return to a designated drop-off point. By contrast, 95% of respondents wanted the scheme to allow **either** for a model based on take-back to a place that sells drinks, **or** a mixture of take-back and designated drop-off.

Table 6.1: Q14 – Which option for return location do you prefer?

Respondent type	Takeback to place that sells drinks		Takeback to designated drop-off		Mixture of takeback and drop-off		Total	
	n	%	n	%	n	%	n	%
Public sector organisations	4	18%	1	5%	17	77%	22	100%
Food and drink producers	1	5%	–	0%	19	95%	20	100%
Charities	13	68%	–	0%	6	32%	19	100%
Retailers	3	17%	4	22%	11	61%	18	100%
Recycling / waste mgmt. orgs	1	7%	1	7%	13	87%	15	100%
Packaging manufacturers	2	15%	–	0%	11	85%	13	100%
Community bodies	3	33%	–	0%	6	67%	9	100%
Environmental consultancies	2	29%	–	0%	5	71%	7	100%
Hospitality and restaurant trade	–	0%	2	33%	4	67%	6	100%
DRS companies	2	67%	–	0%	1	33%	3	100%
Other organisations	4	50%	–	0%	4	50%	8	100%
Total organisations	35	25%	8	6%	97	69%	140	100%
Total individuals	860	45%	94	5%	977	51%	1,931	100%
Total (organisations and individuals)	895	43%	102	5%	1,074	52%	2,071	100%

Percentages may not total 100% due to rounding.

6.5 Question 14 was addressed by the postcard campaign which called for containers to be taken back to a place that sells drinks.

6.6 Table 6.2 shows that six out of ten respondents (60%) said there were no types of retailer that should be excluded, two out of ten respondents that there were some types of retailer that should be excluded (22%) and two out of ten respondents that they didn't know (18%).

6.7 The pattern of responses for organisations was markedly different to that for individuals. A majority of organisations (55%) thought there were some types of retailer who should be excluded, compared to around one-third who did not (30%). As far as individuals were concerned, the figures were 19% for those who thought some types of retailer should be excluded, compared to 62% who did not. Retailers were particularly likely to think there should be some exemptions (82% said 'yes'). The hospitality and restaurant trade (67%), charities (64%) and packaging manufacturers (64%) were also more likely than other organisational types to be in favour of some exemptions.

Table 6.2: Q15 – In any model involving return to retail, are there any types of retailer that should be excluded?

Respondent type	Yes		No		Don't know		Total	
	n	%	n	%	n	%	n	%
Public sector organisations	13	59%	6	27%	3	14%	22	100%
Food and drink producers	9	45%	9	45%	2	10%	20	100%
Charities	7	64%	2	18%	2	18%	11	100%
Retailers	14	82%	2	12%	1	6%	17	100%
Recycling / waste mgmt orgs	6	43%	2	14%	6	43%	14	100%
Packaging manufacturers	9	64%	2	14%	3	21%	14	100%
Community bodies	1	14%	6	86%	–	0%	7	100%
Environmental consultancies	2	33%	3	50%	1	17%	6	100%
Hospitality and restaurant trade	4	67%	1	17%	1	17%	6	100%
DRS companies	1	33%	2	67%	–	0%	3	100%
Other organisations	3	50%	3	50%	–	0%	6	100%
Total organisations	69	55%	38	30%	19	15%	126	100%
Total individuals	285	19%	939	62%	281	19%	1,505	100%
Total (organisations and individuals)	354	22%	977	60%	300	18%	1,631	100%

Percentages may not total 100% due to rounding.

Comments on preferred drop-off locations and retailer exclusions

6.8 Note that the analysis of comments revealed issues with the way the tick-box questions had been answered. In relation to Question 14, many of those who selected 'take back to a place that sells drinks' also said in their comments that other drop-off locations should be available (this was suggested by the HYG TB campaign), thus suggesting higher support for a model based on a mixture of 'take back and drop off' than is shown in Table 6.1. As far as Question 15 was concerned many of those who said there should be no exemptions went on to propose exempting some retailers and gave reasons why. Thus the 60% figure for 'no exemptions' show in Table 6.2 also appears to be an overestimate.

Overview

6.9 Both individual and organisational respondents were in general agreement that the most important feature of a DRS – and the determining factor in whether it would be successful in achieving the aims of the scheme – was that it should be 'easy', 'accessible', 'simple' and, 'convenient' for consumers. Respondents thought these qualities were best achieved by a system which allowed exclusions for a few key types of location only.

6.10 Paragraphs 6.11 to 6.29 below set out the main issues which respondents discussed, in terms of (i) number and types of drop-off locations that they would like to see included in the DRS, (ii) views in relation to exclusions, and (iii) other relevant issues.

Number and types of drop-off locations

6.11 The predominant view, expressed by most respondents was that as many retail outlets as possible, as well as a range of other designated drop-off locations should be included in the scheme. Respondents argued that 'good coverage' of both urban and rural areas was required in order to encourage consumers to develop good habits in relation to recycling. If the system was not convenient for consumers in relation to (i) the accessibility of

the locations and (ii) the ease of reclaiming the deposit then it would not be used and the objectives of the scheme would not be achieved.

6.12 As discussed below (paragraph 6.16), respondents generally wanted as many retail outlets as possible to participate in the scheme. In addition, respondents suggested a wide range of places which they thought could operate as ‘designated drop-off locations’. These covered existing waste cycling facilities but also community and social enterprise facilities, shopping centres, offices, parks, transport hubs, recreational centres, schools, churches, car parks, and so on.

6.13 In discussing the types of drop-off locations they would like to see, respondents focused their comments on (i) the positive aspects of returning items to a ‘local shop’, which would not require an additional journey or access to a car, could easily be incorporated into daily life, and was particularly suited to the return of single items¹⁴ (ii) the positive aspects of a centralised, larger, efficient, well-maintained location with round-the-clock access and infrastructure (including on-site staff) to accept a wide range of types of container and (iii) the importance of having access to both types of drop-off location.

6.14 A range of respondents (both organisations and individuals) emphasised that the decision about drop-off locations was not one which should be taken by legislators. Rather, it should be for the scheme administrator to decide, since they would have responsibility for the accreditation and maintenance of such locations. A strategy would need to be developed for each area, and decisions would involve considering the distribution of the population, the existing infrastructure, and the potential for ‘shared’ or ‘partnership’ arrangements in certain specific locations so that good coverage could be achieved.

6.15 The alternative view, expressed only occasionally, was that fewer drop-off locations were required; these respondents (i) highlighted the trade-off between the costs of running the scheme and the number of drop-off locations or (ii) suggested that there were reasons to exclude a wide range of retailers from the scheme or (iii) argued that designated drop-off points only would mean the scheme was better organised and more accepted by the public.

Views on retailer exclusions from DRS

6.16 As can be seen from Table 6.2, the majority of respondents thought that no retailers should be excluded from a DRS. Respondents who said they were against exclusions of any kind made one or more of the following arguments:

- It is important to create a ‘level playing field’ which does not result in any ‘market distortion’. This argument was made particularly by retailers.
- By including ALL retailers, responsibility for the scheme is spread and any (administrative and financial) burden is shared as widely as possible.
- It is too confusing to have exemptions. Keeping the scheme very simple will help with administration and compliance.
- If you make a profit from selling the food and drink included in the scheme, you should contribute to the costs of recycling.
- Including all retailers is consistent with the principle that ‘the polluter pays’.

¹⁴ However, note that some respondents indicated in their comments that it would be difficult to take an item back to the exact place / retail outlet where it was purchased. This was a misunderstanding of the arrangements for the DRS.

- If extending producer responsibility is the goal, it is unfair to have any exemptions.

6.17 However, other respondents argued that some types of retailer should be excluded from the scheme, and suggested that there were four main groups for which a case might be made: (i) retailers who did not sell food and drink; (ii) ‘small’ retailers (including ‘corner shops’, ‘small convenience stores’, kiosks, food stands, ice cream vans, petrol stations, etc.); (iii) (some) retailers who provide ‘food to go’; and (iv) hospitality premises which sell items covered by the DRS for consumption on the premises. ‘Small retailers’ was the group most commonly mentioned by respondents (especially individual respondents) as meriting exemption. The reasons for each of these exclusions are set out below.

6.18 Individual respondents in particular emphasised that the DRS should only cover those retail businesses which sold the types of food and drink (and the types of containers) covered by the scheme.

6.19 As far as ‘small’ retailers were concerned, respondents argued that participation in the scheme would be too costly for them to implement, and might place too heavy a burden on these businesses. Specifically, it was argued that a range of ‘small’ retailers:

- Did not have adequate space in-store either to install an RVM or to operate a manual collection and storage system
- Would not be able to afford the capital costs of an RVM, and would be unable to afford the staff time and training required to participate in a scheme
- Would be disadvantaged by the disruption to customers who would have to queue for longer
- Would find it difficult to arrange the transport back to the central recycling point
- Would not have the resources to mitigate the health and safety issues arising from staff handling dirty containers.

6.20 While some respondents offered a definition of ‘small’ based on the floor space of the retail outlet, others simply said that a definition would have to be developed and agreed. Organisational respondents sometimes referred specifically to the definition used in Estonia (where outlets with floor space of less than 50 square metres can opt out and those with floor space in the range 50 to 200 square metres can opt out with the local authority’s approval), or used a figure of around 200 square metres. The Association of Convenience Stores suggested a figure of 280 square metres. Occasionally respondents suggested a definition based on turnover or staffing levels.

6.21 Whilst respondents thought this group should be allowed to be exempt from the DRS, they often also said that small retailers should be able to join the scheme on a voluntary basis if they wished.

6.22 A small number of respondents mentioned the question of ‘footfall’ for these small retailers in the context of the scheme. They argued that small retailers who did not act as DRS return points might experience a drop in business if consumers opted to use retail outlets where they could also return their containers. Some cited evidence for this.

6.23 As far as retailers who dispense ‘food to go’ were concerned, respondents argued that using the same physical space for both serving food and accepting returns was not

compatible with current food hygiene and health and safety regulations. Food handlers should not handle (potentially contaminated) returns, retaining bags of returned containers was a health and safety risk for staff, and customers would not tolerate the smell and generally unpleasant environment that would result. (Note that this exemption was mentioned in the context of small retailers serving fresh food.)

6.24 As far as hospitality premises were concerned, organisational respondents argued that – in line with other schemes around the world – bars, pubs, clubs, restaurants and cafes which sell items for consumption on the premises should be excluded from the DRS. It would be too difficult, and impractical, to run a DRS in these locations as the high volume of sales would create a significant financial and administrative burden. Instead, these venues should simply ‘manage’ the cans and bottles sold through existing recycling systems (referred to by some respondents as ‘closed loop recycling’).

6.25 In addition to the three groups identified above, a small number of organisational respondents said that retail stores in transport hubs (including airports) should be excluded from a DRS. It was thought that it was more appropriate for these types of venues to be covered by (existing) municipal systems. In addition, a case for exclusion was made by just a few respondents in relation to (i) NHS sites because of the increased pressure on NHS waste management services which was not thought to be appropriate (ii) all retail outlets or all small outlets (because backhauling is very challenging and expensive) and (iii) off licences (because children should not be returning bottles there).

Other relevant issues

6.26 A range of both organisational and individual respondents described schemes that were in operation elsewhere, especially in Norway, Germany, Canada, US and Estonia. In general, they said that these schemes worked well. Returns to supermarkets which had efficient machines installed were particularly highlighted as being successful.

6.27 A range of respondents emphasised that any retail outlet included in the scheme should not be required to take back an item which it did not itself offer for sale. This was mentioned particularly in relation to ‘small retailers’. Respondents also said that retailers (especially small retailers) should be allowed to refuse to accept large quantities of returns, or returns which were in a particularly unhygienic state.

6.28 There was a strong focus in respondent comments about the particular issues related to rurality and isolation. It was suggested that this should be factored into the handling fee paid by the scheme administrator to retailers in isolated communities. More generally the issues faced in rural settings needed to be explicitly recognised in the scheme design.

6.29 Respondents also suggested that funding would have to be made available to cover the costs of installing RVM machines (or equivalent) in retail stores; arrangements for drinks sold via vending machines would need to be considered; and that special arrangements would need to be developed for historic sites.

Involvement of online retailers in the scheme (Q16)

6.30 Question 16 focused on whether and how online sales and online retailers might be accommodated within the scheme.

6.31 Table 6.3 shows that a large majority of respondents (76%) agreed that online retailers should be included in the scheme. Less than one in ten (9%) thought that they should not. The remaining 15% said they ‘didn’t know’. Organisations were slightly more likely than individuals (85% vs 75%) to agree that online retailers should be included. Hospitality and restaurant trade respondents, recycling and waste management organisations and retailers were slightly less likely than other organisational respondents to think online retailers should be included. However, even for these groups, over two-thirds were in favour of including online retailers.

Table 6.3: Q16 – Do you agree that online retailers should be included in the scheme?

Respondent type	Yes		No		Don't know		Total	
	n	%	n	%	n	%	n	%
Public sector organisations	19	86%	–	0%	3	14%	22	100%
Food and drink producers	18	95%	1	5%	–	0%	19	100%
Charities	17	100%	–	0%	–	0%	17	100%
Retailers	10	71%	2	14%	2	14%	14	100%
Recycling / waste mgmt orgs	11	73%	3	20%	1	7%	15	100%
Packaging manufacturers	12	86%	–	0%	2	14%	14	100%
Community bodies	7	78%	1	11%	1	11%	9	100%
Environmental consultancies	6	86%	–	0%	1	14%	7	100%
Hospitality and restaurant trade	4	67%	–	0%	2	33%	6	100%
DRS companies	3	100%	–	0%	–	0%	3	100%
Other organisations	7	88%	–	0%	1	13%	8	100%
Total organisations	114	85%	7	5%	13	10%	134	100%
Total individuals	1,243	75%	155	9%	252	15%	1,650	100%
Total (organisations and individuals)	1,357	76%	162	9%	265	15%	1,784	100%

Percentages may not total 100% due to rounding.

6.32 This question was addressed by the postcard campaign which called for online retailers to accept returns.

6.33 In their comments at Question 16 respondents explained their reasons for agreeing or disagreeing that online retailers should be included in the DRS. They also discussed legal, practical, environmental and social aspects which had a bearing on the way online retailers were – or were not – included in the scheme. These issues are discussed below.

Arguments in favour of including online retailers in a DRS

6.34 Both individual and organisational respondents set out a wide range of arguments for including online retailers in the scheme. These overlapped substantially with the arguments set out earlier (paragraph 6.16) in favour of **not** excluding **any** retailers from a DRS. The main reasons cited were that:

- The online food and drink business should take responsibility for the waste it produces. This argument was often linked to comments about (i) the high volume of waste produced by the online retail sector (ii) the current lack of an incentive for online retailers to reduce the amount of waste they produce and (iii) there being no distinction in terms of environmental harm between waste produced by an online retailer and waste produced by a high street retailer.

- There needs to be a ‘level playing field’ (including regulatory consistency) for the online and high street retail sectors. This argument was often linked to a view that the online sector already enjoyed a range of competitive advantages. Any further special treatment would act as an incentive to shop online and thereby exacerbate these differences and contribute to a diminution of the high street retail sector.
- Online sales of food and drink are growing rapidly. Excluding online retailers would mean excluding a large – and growing – share of the food and drink market and would therefore reduce the overall benefits of the DRS substantially.
- Many consumers shop online because they can’t get to the shops for social and economic reasons (e.g. disability, time pressures, lack of transport); these consumers need to be able to access the DRS.
- It would be both confusing and inconvenient for consumers if online retailers were outside the scheme.
- Other countries (Norway and Germany were often specifically mentioned) have already successfully introduced a DRS for online retail, so there is no reason why this should not also be possible in Scotland. Indeed, online retailers in Scotland are already included in the requirement to charge for single use plastic bags.

6.35 In addition, a range of respondents said that online retailers should be included in the DRS if this ‘could be made to work’. Suggestions about this are discussed further below.

Arguments for not including online retailers in a DRS

6.36 In general, those who said either that online retailers should not be included in a DRS or that they ‘didn’t know’ whether they should be were unclear how such a scheme would work. These respondents (i) did not think it was realistic or practical for consumers to return their empty containers to an online retailer or (ii) suggested that empty containers could be returned to a designated drop-off point or high street retail outlet (which for them meant that the online retailers were outwith the DRS).

6.37 In addition, occasionally, respondents made each of the following arguments:

- The inclusion of online retailers was ‘too complex’ and so ‘people wouldn’t do it’. Moreover, it would ‘greatly complicate the supply chain’ (e.g. it would be difficult to determine the take-back arrangements for businesses such as UberEats).
- The inclusion of online retailers would introduce hygiene and food safety risks (because of the need to use the same vehicles to both deliver fresh food and collect empty – contaminated – containers).
- The inclusion of online retailers did not make financial sense, and would not be viable, as the costs of returning products would be too high and was not environmentally sustainable.
- There was no need for online retailers to be included if the DRS was restricted to ‘on the go’ foods only.
- There was no need for online retailers to be included if there were sufficient coverage in terms of participating retail outlets and designated drop-off points.
- Online retailers could participate on a voluntary basis in the first instance and / or should not be required to be part of the initial scheme but might be added in later.

Provisions for a DRS involving online retailers

6.38 Both organisational and individual respondents raised a wide range of issues for consideration in relation to a DRS involving online retailers. In general, respondents focused on questions about what kind of returns system would work in the context of online retailers. However, other aspects were also raised, as discussed below.

6.39 It should be noted that it was common for individual respondents to say that they 'didn't know', had 'no idea', were 'not sure' or 'could not comment' on what provisions should be made for online shopping to ensure its successful inclusion in the scheme. These issues were thought to be for others (in particular the scheme administrator) to address. In addition, there was a widespread view among individual respondents that returning empty containers to an online retailer 'would not work'. These views are discussed further in paragraph 6.51 below.

6.40 As far as how the scheme for online retailers could best be arranged, the main suggestions were that:

- Empty containers should be returned via online delivery vans. (This was the suggestion offered in the HYGTB campaign text.)
- Empty containers should be returned to existing (i) high street retailers (ii) designated drop-off points or (iii) a combination of both.
- Online retailers should develop partnerships with 'bricks and mortar' retailers to arrange for a system of returns and / or fund new / additional drop-off points.
- Empty containers should be posted back to the online retailer.

6.41 Note that the suggestions covered both systems which involved returning the item(s) to the online retailer from whom they were purchased and systems which did not.

6.42 The main issues discussed by respondents in relation to these suggestions covered (i) the importance of developing a system for online returns which was suitable for those unable to go to the shops (ii) the practical and financial challenges of returning empty containers via online delivery vans (iii) considerations in relation to using the existing recycling infrastructure (iv) differentiating the arrangements for online retailers who also have a presence in the high street from those who do not (v) how to organise a system which involves empty containers being posted back to the online retailer and (vi) what measures would need to be put in place to dissuade consumers from using existing kerbside recycling options for products purchased online.

6.43 In all scenarios, respondents emphasised that however the scheme was designed, consumers would have to be able to get their deposit back quickly and efficiently.

6.44 Both individual and organisational respondents highlighted the importance of any system developed for the return of online purchases being **suitable for those consumers who buy products online**. Online purchasers are often unable to get to the shops themselves (because of disability, lack of transport, lack of time etc.), and returning items via online delivery vans was therefore the best solution for them.

6.45 Both individual and organisational respondents recognised the **practical and financial challenges of returning empty containers via online delivery vans**. These included (i) the hygiene and food safety related issues of combining the delivery of fresh

food with the collection of waste and the potential costs associated with acquiring and fitting new vehicles for this purpose (ii) ensuring that there was enough space in the delivery vans to collect empty containers (iii) developing a fair system in relation to how much waste / how many returns a consumer is allowed to make and the extent to which a particular online retailer has to collect empty containers of a kind it does not sell (iv) ensuring that the quality of the returned items was adequate (v) keeping handling times and the associated disruption to a minimum and (vi) providing alternative arrangements for consumers who are not at home when their online delivery arrives.

6.46 Organisational respondents particularly highlighted the potential need to review existing regulations (e.g. Waste Management Licensing (Scotland) Regulations 2011).¹⁵

6.47 As far as **using the existing recycling infrastructure was concerned**, respondents focused on the importance of ensuring that online retailers paid their ‘fair share’ in relation to the use and maintenance of these locations.

6.48 Respondents often commented that the scheme **requirements were different depending on whether or not the online retailer had a ‘bricks and mortar’ presence**. There was support for the idea of online retailers with no physical infrastructure (i) building partnerships with retailers who had an outlet or simply (ii) paying a handling fee to existing outlets for accepting their returns. Whichever option was chosen, the financial arrangements for any such agreement would need to be fair.

6.49 A small number of respondents – mostly individuals – discussed issues related to **posting empty containers back to online retailers**. These respondents suggested that return labels, a free return postage bag and free uplift should all form part of the DRS.

6.50 Finally, a few of respondents discussed how to **dissuade consumers from using existing kerbside recycling for these returns**. It was suggested that removing more valuable material from kerbside recycling might not make economic sense without financial investment (e.g. online retailers might need to be paid a higher handling fee).

6.51 Those who were unsure how a system including online retailers would work raised the following points:

- It was not feasible or practical or cost effective to return items to online retailers; in particular, installing RVMs in delivery vehicles was not realistic.
- Increasing the number of couriers who collect empty containers would increase the carbon footprint of the DRS and should be avoided.
- A different system would be required for one-off rather than regular online purchases.

6.52 A range of other issues were raised by respondents covering (i) the importance of online retailers advertising details of the scheme on their website (so that consumers would be informed about how they were involved with recycling) (ii) the development of a compulsory registration scheme (backed up by legislation) with rigorous compliance monitoring and powers to fine or stop a non-compliant online retailer from trading (iii) the need for any DRS to cover imported items or items from an online retailer based outwith Scotland and (iv) the imposition of a ‘tax’ on any retailers who did not join the DRS.

¹⁵ <http://www.legislation.gov.uk/sdsi/2011/9780111012147/contents>

7 Financing the scheme (Q17–Q21)

7.1 The consultation paper discussed how a DRS might be financed. Four main scheme costs were identified – refunding deposits, providing return points and issuing handling fees, logistics, and infrastructure and staffing associated with the scheme administrator – along with three income streams: sale of collected materials (if owned by the scheme), producer fees, and unredeemed deposits. The consultation paper set out various issues and options related to these costs and income streams, and sought views as follows:

Question 17: Do you agree that deposit return should be seen as a form of producer responsibility? [Yes / No / Don't know]

Question 17a: If yes, how do you see deposit return interacting with other producer responsibility obligations?

Question 18: Do you think it is appropriate for the scheme administrator to maintain ownership and income from sales of the material? [Yes / No / Don't know] Please explain your reasons.

Question 19: If the scheme administrator maintains ownership of the material, should it prioritise maximising profit from sales or should it seek to achieve additional benefits? [Maximise profit from sales / Pursue other benefits]

Question 19a: If you selected pursue additional benefits, which benefit should the administrator pursue?

Question 20: Should any excess funding or unredeemed deposits be ringfenced for the continued maintenance or improvement of the system, or do you think it would be appropriate to divert funding to other purposes? [Funding should be ringfenced / Use for other purposes]

Question 21: How would you define a producer?

Producer responsibility for deposit return (Q17)

7.2 Question 17 focused on deposit return, and asked if this should be treated as a form of producer responsibility (i.e. a means of transferring environmental costs to those who benefit from placing products on the markets).

7.3 Table 7.1 shows that a large majority of respondents (83%) thought that deposit return should be seen as a form of producer responsibility. Both organisations (91%) and individuals (82%) were strongly of the view that deposit return should be seen as a form of producer responsibility. However, more individuals (12%) than organisations (3%) were likely to say they 'didn't know'.

Table 7.1: Q17 – Do you agree that deposit return should be seen as a form of producer responsibility?

Respondent type	Yes		No		Don't know		Total	
	n	%	n	%	n	%	n	%
Public sector organisations	21	95%	–	0%	1	5%	22	100%
Food and drink producers	20	83%	4	17%	–	0%	24	100%
Charities	13	100%	–	0%	–	0%	13	100%
Retailers	13	76%	1	6%	3	18%	17	100%
Recycling / waste mgmt orgs	15	100%	–	0%	–	0%	15	100%
Packaging manufacturers	16	100%	–	0%	–	0%	16	100%
Community bodies	7	100%	–	0%	–	0%	7	100%
Environmental consultancies	5	71%	2	29%	–	0%	7	100%
Hospitality and restaurant trade	4	80%	1	20%	–	0%	5	100%
DRS companies	3	100%	–	0%	–	0%	3	100%
Other organisations	8	100%	–	0%	–	0%	8	100%
Total organisations	125	91%	8	6%	4	3%	137	100%
Total individuals	1,256	82%	88	6%	186	12%	1,530	100%
Total (organisations and individuals)	1,381	83%	96	6%	190	11%	1,667	100%

Percentages may not total 100% due to rounding.

Impact on other producer responsibility obligations

7.4 Respondents who answered 'yes' at Question 17 were asked whether they thought deposit return would impact on other producer responsibility obligations.

7.5 On the whole, individual respondents did not know what 'other producer responsibility obligations' were. Those individuals who answered offered three types of response. The first was simply to say they were 'not sure' or 'didn't know' or 'didn't understand the question'. The second type of response was to reiterate how important it was for producers to (i) accept responsibility for the waste they produce (ii) move towards using recyclable materials, and (iii) stop using single use plastics and other harmful materials in their packaging. The third type of response, offered by just a few individuals, was that producers already have other responsibilities – e.g. relating to (i) hygiene (ii) health and safety more generally (iii) quality assurance across a wide range of fields including design compliance and standardisation – and that they are required by law to operate in a way that fulfils all these obligations and responsibilities.

7.6 Organisational respondents in general supported an 'overhaul' of producer responsibility which it was thought was currently not fit for purpose. These respondents emphasised the importance of ensuring that producer responsibility in relation to the DRS was considered in a 'holistic way'. This meant considering the DRS in tandem with, and alongside, a range of other mechanisms (some of which were themselves under review) such as:

- The review of Packaging Recovery Notes (PRN) / Extended Producer Responsibility (EPR), a consultation on which is expected in Autumn 2018. This review covers a much wider range of items than just drinks containers. (Note that the PRN system is part of EPR; whilst some respondents talked about the review of the PRN system in their comments, others focused on the review of EPR.)

- UK Government proposals for a tax on single use plastics / EU single use plastics directive / other proposals on taxation
- Guidance and regulation on design for recyclability.

7.7 The main points made were that:

- Depending on how the (new) EPR is developed, there may be no requirement for a DRS. Thus, the review of EPR should be conducted before any decision is made regarding a DRS. It is possible that following the review of the EPR, the environmental outcomes anticipated for the DRS can be achieved at lower cost.
- The material covered by the DRS should be removed from the PRN system in order to avoid 'double taxation'. This point was at the core of many of the responses to this question and was made by a wide range of organisational respondents including charities, food and drink producers, environmental consultancies, packaging manufacturers and retailers. It was suggested that if these materials could not be removed from the PRN, then producers should be allowed to choose whether to adhere to PRN or DRS.
- The current PRN scheme makes producers responsible for 10% of the costs of recovery. This figure should be 100%.
- The DRS and the other linked mechanisms need to be developed in such a way as to ensure that there is no incentive to avoid a DRS.

7.8 Not all organisations agreed that 'double taxation' was an issue which needed to be addressed. In particular, it was suggested by a public sector organisation that producers would not 'pay twice' if a DRS is introduced for 'on the go' items. Moreover, a waste and recycling organisation defined the producer obligation under the DRS as financing recycle collection and the obligation under PRN as financing recycling infrastructure; it was argued that this was not double counting in the context of full cost recovery.

7.9 A range of other points, not directly related to the question, were made by organisational respondents including that:

- The DRS might have adverse impacts on return rates for non-DRS containers.
- If materials collected through kerbside collections are also included in the DRS then producers costs could be higher.
- The method for financing DRS in Norway is cost effective. The method in Denmark which involves a mandatory DRS also results in high return rates but is more expensive.
- The definition of producer responsibility is not consistent in the consultation document. The DRS is actually a form of 'product stewardship' not EPR.

Financing the scheme – income from sales of DRS materials (Q18 and Q19)

7.10 Question 18 and 19 looked at ownership of and income from collected materials.

7.11 Question 18 asked for views on whether the scheme administrator should maintain ownership of and income from sales of material collected within the scheme. Respondents were asked to complete a tick-box question and provide any additional comments.

7.12 Table 7.2 shows that 44% of respondents thought it was appropriate for the scheme administrator to maintain ownership and income from sales of the material while 16% thought it was not. However, a large proportion of respondents (40%) were unable to say whether or not it was appropriate.

7.13 Just 8% of organisations felt unable to express a view on this question, compared to almost half (43%) of individuals. Individuals who said 'yes' greatly outnumbered those who said 'no' (41% compared to 16%). This pattern was even stronger among organisations – those saying 'yes' outnumbered those saying 'no' by 84% to 8%, with all organisational types strongly of the view that this arrangement was appropriate.

Table 7.2: Q18 – Do you think it is appropriate for the scheme administrator to maintain ownership and income from sales of the material?

Respondent type	Yes		No		Don't know		Total	
	n	%	n	%	n	%	n	%
Public sector organisations	15	71%	4	19%	2	10%	21	100%
Food and drink producers	22	100%	–	0%	–	0%	22	100%
Charities	9	90%	–	0%	1	10%	10	100%
Retailers	14	88%	1	6%	1	6%	16	100%
Recycling / waste mgmt orgs	9	64%	2	14%	3	21%	14	100%
Packaging manufacturers	10	77%	2	15%	1	8%	13	100%
Community bodies	5	83%	–	0%	1	17%	6	100%
Environmental consultancies	5	83%	1	17%	–	0%	6	100%
Hospitality and restaurant trade	4	80%	–	0%	1	20%	5	100%
DRS companies	3	100%	–	0%	–	0%	3	100%
Other organisations	7	100%	–	0%	–	0%	7	100%
Total organisations	103	84%	10	8%	10	8%	123	100%
Total individuals	576	41%	229	16%	598	43%	1,403	100%
Total (organisations and individuals)	679	44%	239	16%	608	40%	1,526	100%

Percentages may not total 100% due to rounding.

7.14 Respondents' comments at Question 18 often touched upon issues addressed elsewhere in the consultation document. Specifically, they often addressed issues related to (i) Question 32, which asked about the ownership of the scheme (ii) Question 19, which asked about the role of the scheme administrator, and (iii) Questions 20, 31 and 33, which asked how the income (and profits) from the scheme should be handled. Thus, most of the comments made at Question 18 have been considered together with the comments made at other questions. The text below (paragraphs 7.15 to 7.19) provides a brief commentary on additional insights arising from the analysis.

7.15 There were three main arguments put forward in favour of the scheme administrator maintaining ownership and income from sales of the material, namely that:

- This arrangement is essential for the financial viability of the scheme. The scheme costs money to run, and it is important that it is self-financing so that the burden on the public purse is minimised. The proposal to use income from sales of the material

to finance the scheme seems entirely appropriate and is consistent with the principle that all operational arrangements (including managing any financial risk) are the responsibility of the scheme administrator.

- This arrangement would provide an incentive for the scheme administrator to run the scheme efficiently. This would mean that recycling rates were maximised and producer fees were minimised.
- A centralised process for the sale of recyclate via a single administrator would be (i) simple (and therefore cost effective) to run (ii) less likely to be open to fraud (iii) more accountable and (iv) able to achieve economies of scale and higher prices from the sale of material. These respondents sometimes contrasted this kind of arrangement with the 'reuse and return' scheme operated in Germany.

7.16 However, it was common for respondents to place conditions on this arrangement being acceptable. The conditions were that:

- The scheme should be run on a not-for-profit basis.
- Any profit or surplus from running the scheme needed to be invested into relevant activities.

7.17 Occasionally, some organisational respondents argued that the scheme should be privatised and that this was the way to ensure maximum efficiency and achievement of scheme objectives.

Arguments against the scheme administrator maintaining ownership and income

7.18 There were two main arguments made against the scheme administrator maintaining ownership and income as follows:

- If the scheme administrator is able to profit from the scheme, then that provides a perverse incentive for keeping the scheme running. The ultimate aim is to eliminate waste but the scheme incentivises collecting as much waste as possible.
- The private sector should not profit from running a DRS.

Other points

7.19 A range of other issues were addressed by respondents. Many of these related to (i) the arrangements for ownership of the scheme and (ii) the effects of different ownership models on the efficacy of the scheme (e.g. in relation to downgrading, market distortion, competition between recycling organisations, impacts on local authorities etc.).

Role of scheme administrator – maximise profit vs seek additional benefits (Q19)

7.20 Question 19 (a two-part question) followed on from Question 18. The first part of the question (a tick-box question) asked about the relative prioritisation of maximising profit and achieving additional benefits if the administrator retained ownership of the material collected via the scheme. The second part of the question was directed at those who thought that the scheme administrator should prioritise additional benefits and asked for views on what additional benefits should be pursued.

7.21 Table 7.3 shows that five out of six respondents (84%) thought the scheme administrator should prioritise achieving additional benefits compared to one out of six (16%) who thought they should prioritise maximising profit from sales. However, organisations were more likely than individuals to prioritise maximising profit from sales (38% compared to 14%), with some organisation types – food and drink producers (59%) and packaging manufacturers (64%) – indicating majority support for prioritising maximising profit. Other organisations – retailers, those in the hospitality trade, and environmental consultancies – were divided in their views on this question.

Table 7.3: Q19 – If the scheme administrator maintains ownership of the material, should it prioritise maximising profit from sales or should it seek to achieve additional benefits?

Respondent type	Achieve additional benefits		Prioritise maximising profit		Total	
	n	%	n	%	n	%
Public sector organisations	11	61%	7	39%	18	100%
Food and drink producers	7	41%	10	59%	17	100%
Charities	9	100%	–	0%	9	100%
Retailers	8	50%	8	50%	16	100%
Recycling / waste mgmt orgs	7	64%	4	36%	11	100%
Packaging manufacturers	4	36%	7	64%	11	100%
Community bodies	6	100%	–	0%	6	100%
Environmental consultancies	2	50%	2	50%	4	100%
Hospitality and restaurant trade	2	50%	2	50%	4	100%
DRS companies	2	100%	–	0%	2	100%
Other organisations	6	100%	–	0%	6	100%
Total organisations	64	62%	40	38%	104	100%
Total individuals	961	86%	150	14%	1,111	100%
Total (organisations and individuals)	1,025	84%	190	16%	1,215	100%

Percentages may not total 100% due to rounding.

Note: At least three organisations selected BOTH 'achieve additional benefits' AND 'prioritise maximising profit'. These responses are not included in the table.

7.22 Although the follow-up question was targeted at respondents who favoured the prioritisation of seeking additional benefits over maximisation of profits, around a tenth of those who commented thought that maximising profit should be the priority (as indicated at Question 19). The sections below cover (i) suggested additional benefits, and (ii) views on pursuing maximum profit or additional benefits.

Additional benefits

7.23 There was a wide range of calls for the scheme to pursue additional benefits that supported the 'common good' or which 'optimised the benefits' for communities in Scotland. However, respondents interpreted this in different ways, with some focusing on DRS operational issues and others discussing issues external to the scheme itself.

7.24 Most often, those who focused on operational aspects of the DRS wished to see investment in scheme development and promotion in order to maximise recycling and the quality and value of the recyclate produced via the scheme. As well as investing in technical improvements to the scheme, respondents also called for investment in education,

awareness raising and encouragement regarding recycling behaviour, plastic use etc., and in ensuring the scheme was fully accessible to all groups.

7.25 In some cases, respondents also said they wished to see the scheme prioritise ethical and sustainable business practices.

7.26 Respondents who envisaged additional benefits as being 'external' to the scheme made the following main suggestions as to what might be pursued:

- Support for initiatives in the environment policy area – e.g. addressing carbon emissions and climate change.
- Development of local recycling industry capacity (at Scotland or community level), with some saying that this would support employment and the local economy, and the 'circular' economy.
- Research and development activities relating to recycling processes, waste reduction, the development of more environmentally sound / biodegradable packaging, and alternatives to single use plastics, etc.
- Funding for public services, community groups and projects, particularly – but not restricted to – those related to recycling, waste reduction or wider environmental improvements.

7.27 While individuals offered a full range of views, organisational respondents who made suggestions for additional benefits tended to focus on DRS-related activities, or investment in local recycling capacity.

Views on pursuing maximum profit vs additional benefits

7.28 A substantial proportion of respondents who commented at Question 19a did not address the specific question of **which** additional benefit(s) the administrator should pursue. Instead, they discussed their reasons for favouring the prioritisation of either profit or additional benefits, as indicated at Question 19, or their wider views on the appropriate business model to be adopted by the scheme.

7.29 There were two main views presented as follows:

- Some respondents – particularly, but not exclusively, individuals – thought the scheme should prioritise environmental and wider societal benefits, or the issue of recycling and plastic waste more specifically, and felt the pursuit of maximum profit was not appropriate in this context. It was common for respondents to say that the scheme should be run on a not-for-profit basis, as a social enterprise, or by the public sector, and / or should be run in accordance with sustainable business practices. There was some concern that a profit motive might skew the focus of the scheme, or lead to unintended consequences. Nevertheless, there was also a view that the scheme should be sustainable and self-financing and that any profit that did accrue should be reinvested in the scheme or related activities. Some in this group went on to give views on the type of benefits the scheme might pursue as discussed at paragraphs 7.23 to 7.26.
- Other respondents, including most organisations, thought the scheme should aim to maximise profit, including through the sale of recyclate material, and, indeed, had to do this in order to (i) operate viably and competitively in a commercial context, and (ii)

be effective in terms of meeting the scheme objectives. There was a concern that the pursuit of ‘additional benefits’ would detract from this. However, some also argued that prioritising the maximisation of profit would (in time) allow additional benefits to be pursued – these respondents largely envisaged additional benefits as being closely related to scheme development and promotion, or activities with a clear link to scheme objectives, and / or said this should be at the discretion of operators, who would ultimately act within the parameters set by government.

7.30 However, alongside these two positions, a range of respondents (organisations and individuals) argued that both profit **and** additional benefits could and should be pursued. They did not think these objectives were mutually exclusive, and, indeed saw profit as necessary for funding additional benefits. They thought that the relative importance of additional benefits and the pursuit of profit needed to be considered ‘in the round’ with a balance struck between the two objectives. Respondents envisaging this balance in different ways, and also suggested that it might alter over time.

Use of excess funding and unredeemed deposits (Q20)

7.31 Question 20 focused on excess funding or unredeemed deposits and asked if this should be ringfenced for the continued maintenance or improvement of the DRS, or made available for use for other appropriate purposes such as environmental projects.

7.32 Table 7.4 shows that there was a strong degree of consensus among individual and organisational respondents that these funds should be ringfenced. Just one in six respondents (17%) thought it would be appropriate to divert funding for other purposes. Public sector organisations were the only group to offer a divergent view with around four in ten (39%) of these organisations agreeing funding should be ringfenced, compared to six in ten (61%) who disagreed.

Table 7.4: Q20 – Should any excess funding or unredeemed deposits be ringfenced for the continued maintenance or improvement of the system, or do you think it would be appropriate to divert funding to other purposes?

Respondent type	Funding should be ringfenced		Use for other purposes		Total	
	n	%	n	%	n	%
Public sector organisations	7	39%	11	61%	18	100%
Food and drink producers	23	100%	–	0%	23	100%
Charities	14	82%	3	18%	17	100%
Retailers	17	100%	–	0%	17	100%
Recycling / waste mgmt orgs	13	100%	–	0%	13	100%
Packaging manufacturers	16	100%	–	0%	16	100%
Community bodies	6	86%	1	14%	7	100%
Environmental consultancies	6	100%	–	0%	6	100%
Hospitality and restaurant trade	4	80%	1	20%	5	100%
DRS companies	3	100%	–	0%	3	100%
Other organisations	7	88%	1	13%	8	100%
Total organisations	116	87%	17	13%	133	100%
Total individuals	1,217	83%	254	17%	1,471	100%
Total (organisations and individuals)	1,333	83%	271	17%	1,604	100%

Percentages may not total 100% due to rounding

7.33 This question was addressed by the postcard campaign which called for excess funding or unredeemed deposits to be ringfenced for the scheme.

Definition of a producer (Q21)

7.34 The consultation paper discussed potentially new obligations which may be put onto 'producers' as a result of a DRS. It defined producers as 'those companies that put deposit-bearing products onto the market'. Question 21 (an open question) asked respondents how they would define a producer.

7.35 In general, responses to this question were brief; individuals in particular provided just a phrase or a short sentence. Given this brevity it was not always clear whether the responses were addressing the question in purely abstract terms or whether they were answering specifically in the context of a DRS. Moreover, occasionally respondents said it was not possible to provide a definition in the absence of an agreed design for the DRS, since the definition of a producer would follow from the definition of the scope of the DRS.

7.36 To a large degree, respondents in general, and individuals in particular, simply 'played back' the definition offered in the consultation document, using their own words. Thus, responses such as 'a business that produces food and drink', 'a company who produced the product which needs to be recycled', 'manufacturer of the bottles', 'someone who creates or combines ingredients to make a product' and so on were common.

7.37 There were, however, differences in the responses offered. In particular, respondents differed in focusing their definition on entities involved with producing either (i) the product or (ii) the packaging for the product or (iii) both the product and the packaging.¹⁶

7.38 Respondents described a variety of (i) types of organisation and (ii) types of activities which they associated with being a producer, although these were not expanded on in detail.

7.39 The types of **organisation** mentioned included: manufacturers, importers, packers / fillers, bottlers, brand owners, brand retailers, retailers, supermarkets, any organisation using plastic, and 'anyone in the supply chain'. It was common for respondents to mention a range of types of organisation and to offer an inclusive definition of a producer. Occasionally it was suggested that certain types of organisation (e.g. small organisations with low turnover, farmers, and retailers / sellers) should be exempted from the definition.

7.40 The types of **activities** referred to covered: creating and / or developing, owning, manufacturing, importing, selling (or reselling / distributing), trading, profiting from a product. Again, the implication was that the definition of a producer should be wide ranging and inclusive.

7.41 Organisational responses, especially food and drink producers, packaging manufacturers, and recycling and waste management organisations, highlighted definitions already set out in legislation and / or guidance which would provide a good starting point for the definition of a producer under the DRS. Those most frequently mentioned were:

- Waste Electrical and Electronic Equipment Regulations 2013 (WEEE)¹⁷

¹⁶ This is consistent with the finding reported in relation to Question 7 where respondents were fairly evenly divided in whether they thought the container or the product should be the key consideration in determining the scope of the DRS.

¹⁷ <http://www.legislation.gov.uk/uksi/2013/3113/contents/made>

- Packaging waste producer responsibilities (2014)¹⁸
- Soft Drinks Industry Levy combined with the Finance Act 2017¹⁹
- Producer responsibility for packaging (2010)²⁰
- The Producer Responsibility Obligations (Packaging Waste) (Amendment 2017).²¹

7.42 Occasionally, individual respondents also emphasised the importance of having a ‘professional definition’ or ‘legislation’. More commonly, however, respondents highlighted the importance of a clear definition which could be interpreted consistently; some organisations also specifically suggested that consistency of definition on a UK-wide basis was important.

¹⁸ <https://www.gov.uk/guidance/packaging-producer-responsibilities>

¹⁹ <http://www.legislation.gov.uk/ukpga/2017/10/part/2/crossheading/charging-of-the-soft-drinks-industry-levy/enacted>

²⁰ <https://www.360environmental.co.uk/documents/apv7.pdf>

²¹ <http://www.legislation.gov.uk/uksi/2017/1221/made>

8 Consumer communication and labelling (Q22)

8.1 The consultation paper discussed the importance of consumer information for the success of deposit return schemes, and the role that product labelling might play in that. It outlined the approaches taken in other countries, and some of the issues that might be encountered and need to be addressed. It sought views on the requirement to include information about the DRS on each eligible container, and the treatment of small producers / importers with regard to any labelling requirements. Questions were as follows:

Question 22: Do you agree that producers should be required to put deposit return scheme-related information on each container? [Yes / No / Don't know]

Question 22a: If yes, should those putting small amounts of material onto the market in Scotland be exempt from this labelling requirement? [Yes / No / Don't know]

Question 22b: If so, what do you think the limit for this should be?

Question 22c: Rather than be exempt, should small importers be required to put a label with deposit return-related information onto the existing packaging? [Yes / No / Don't know]

Question 22d: If no, what are your reasons?

8.2 The chapter looks first at the general issue of possible labelling requirements, before looking at the application of requirements to small producers and importers.

Requirement for DRS-related information on containers (Q22)

8.3 Question 22 addressed the issue of whether producers should be required to put DRS-related information on containers, and what the implications of that might be for producers and consumers. This was a closed question with no directly linked follow-up open question. However, respondents often commented on the broad issue of labelling requirements at Questions 22b and 22d, and this material provides the basis for the analysis presented at paragraphs 8.6 to 8.14.

8.4 Table 8.1 shows that there was general consensus among respondents that producers should be required to put DRS-related information on each container – with 93% overall answering 'yes'. Both organisational and individual respondents favoured this requirement. However, one-quarter (25%) of retailers disagreed with this view and said 'no'.

Table 8.1: Q22 – Do you agree that producers should be required to put DRS-related information on each container?

Respondent type	Yes		No		Don't know		Total	
	n	%	n	%	n	%	n	%
Public sector organisations	20	91%	1	5%	1	5%	22	100%
Food and drink producers	17	89%	1	5%	1	5%	19	100%
Charities	13	100%	–	0%	–	0%	13	100%
Retailers	14	70%	5	25%	1	5%	20	100%
Recycling / waste mgmt orgs	13	93%	–	0%	1	7%	14	100%
Packaging manufacturers	15	100%	–	0%	–	0%	15	100%
Community bodies	6	86%	–	0%	1	14%	7	100%
Environmental consultancies	7	100%	–	0%	–	0%	7	100%
Hospitality and restaurant trade	4	80%	1	20%	–	0%	5	100%
DRS companies	3	100%	–	0%	–	0%	3	100%
Other organisations	6	86%	–	0%	1	14%	7	100%
Total organisations	118	89%	8	6%	6	5%	132	100%
Total individuals	1,416	94%	66	4%	30	2%	1,512	100%
Total (organisations and individuals)	1,534	93%	74	5%	36	2%	1,644	100%

Percentages may not total 100% due to rounding.

8.5 Comments from respondents covered labelling requirements and label design and each of these issues are covered below.

Labelling requirements

8.6 There was widespread agreement that good information would be crucial to the success of any scheme, but differing views about the role of on-product labelling in any public information campaign.

8.7 Those who thought that labelling should be required on each container saw this as essential to maximise recycling and / or to ensure the success of the scheme. Most commonly, respondents said that it would provide clear and unambiguous information to consumers and retail / deposit return staff about the inclusion of individual items in the scheme. Occasionally, respondents suggested it would help prevent fraud (see also Chapter 9). This group of respondents generally did not think a labelling requirement would place an unreasonable burden on producers – it was argued that producers already complied with other labelling requirements, and that any new requirement would be accommodated within normal production systems.

8.8 There was a range of comments suggesting that there should be ‘no exceptions’ that this should be ‘a legal requirement’, and that compliance should be monitored and enforced.

8.9 Those supporting obligatory labelling of individual containers often said this should be accompanied by other forms of information (e.g. websites, leaflets and posters at relevant locations such as shops and deposit return sites) and shelf labelling. They highlighted the limited space available on labels, the difficulties some people had in reading very small text, and the fact that labels were not always read. Indeed, some saw value in including only very limited information (e.g. a scheme logo and basic information that the container was part of the DRS) as this would not then need to be changed as the scheme itself evolved over time.

8.10 Some thought that on-product information would be less important if all containers were included in the scheme (as it wouldn't be necessary to highlight those that were included) and might be phased out over time as people became familiar with the scheme.

8.11 Those who disagreed with obligatory labelling offered two main reasons:

- They thought providing on-product information would be impractical and costly for producers / importers, particularly those supplying multiple markets, or only bringing a small volume of products to market. The relatively small Scottish market in global terms was noted. This issue is discussed further at paragraphs 8.20 to 8.23 below.
- They thought on-product information was not required – the use of other communication channels (e.g. posters, websites, on-shelf labelling) was seen as adequate or even more effective than on-product information. Some said that all that was required on the product itself was a barcode or other marker to allow the container to be processed correctly.

8.12 Respondents also noted a number of other points to qualify or explain their views. These included:

- The possibility of allowing any requirements to be phased in and / or providing transitional support to producers (particularly small businesses) in meeting any new labelling requirements
- The challenge of including labelling on very small containers, and multipack containers
- The difficulty of enforcement given the global nature of food and drink production.

Label design

8.13 Respondents made a number of common points regarding the possible design and content of any labelling. There was, for example, broad agreement on the need for:

- A simple, easily recognised logo and / or slogan so that DRS containers were easily identifiable, with some suggesting that was all that was required
- Uniformity and consistency in labelling across all containers
- Basic and / or minimal information only – respondents did not generally envisage this including information on deposit levels – with more detailed information available from other sources.

8.14 There was a call (from organisations, in particular) for label design and any accompanying information requirements to be consistent across the UK (and, in the longer term, more widely), to minimise commercial costs and maximise consumer understanding.

Labelling requirements for small producers / importers (Q22a–Q22d)

8.15 Four follow-up questions (Questions 22a to 22d) asked about the treatment of producers / importers who put small amounts of material on to the Scottish market with regard to labelling requirements. Respondents were asked whether small producers should be exempt from any requirement and whether small importers should be able to comply by adding a DRS-label to existing packaging.

8.16 Table 8.2 shows that there was widespread agreement (among both individuals and organisations) that producers who put small amounts of material onto the Scottish market should **not** be exempt from this labelling requirement. Overall, 78% indicated that they were opposed to exemptions to this requirement.

Table 8.2: Q22a – If yes, should those putting small amounts of material onto the market in Scotland be exempt from this labelling requirement?

Respondent type	Yes		No		Don't know		Total	
	n	%	n	%	n	%	n	%
Public sector organisations	1	5%	13	65%	6	30%	20	100%
Food and drink producers	3	18%	13	76%	1	6%	17	100%
Charities	–	0%	11	92%	1	8%	12	100%
Retailers	–	0%	10	83%	2	17%	12	100%
Recycling / waste mgmt orgs	1	8%	12	92%	–	0%	13	100%
Packaging manufacturers	1	7%	13	87%	1	7%	15	100%
Community bodies	1	17%	4	67%	1	17%	6	100%
Environmental consultancies	–	0%	6	100%	–	0%	6	100%
Hospitality and restaurant trade	–	0%	3	75%	1	25%	4	100%
DRS companies	–	0%	2	67%	1	33%	3	100%
Other organisations	–	0%	4	100%	–	0%	4	100%
Total organisations	7	6%	91	81%	14	13%	112	100%
Total individuals	99	7%	1,075	78%	204	15%	1,378	100%
Total (organisations and individuals)	106	7%	1,166	78%	218	15%	1,490	100%

The figures shown related only to those respondents who answered 'yes' at Question 22.

Percentages may not total 100% due to rounding.

8.17 There was also general agreement at Question 22c that, rather than exempting small importers, such companies should be required to put a DRS-related label onto their existing packaging. Overall, 87% of respondents answered 'yes' to this question (Table 8.3).

Table 8.3: Q22c – Rather than be exempt, should small importers be required to put a label with DRS-related information onto the existing packaging?

Respondent type	Yes		No		Don't know		Total	
	n	%	n	%	n	%	n	%
Public sector organisations	16	80%	1	5%	3	15%	20	100%
Food and drink producers	12	80%	2	13%	1	7%	15	100%
Charities	9	82%	–	0%	2	18%	11	100%
Retailers	11	92%	–	0%	1	8%	12	100%
Recycling / waste mgmt orgs	8	67%	2	17%	2	17%	12	100%
Packaging manufacturers	11	85%	1	8%	1	8%	13	100%
Community bodies	6	100%	–	0%	–	0%	6	100%
Environmental consultancies	4	80%	1	20%	–	0%	5	100%
Hospitality and restaurant trade	2	50%	–	0%	2	50%	4	100%
DRS companies	3	100%	–	0%	–	0%	3	100%
Other organisations	3	75%	1	25%	–	0%	4	100%
Total organisations	85	81%	8	8%	12	11%	105	100%
Total individuals	1,193	88%	47	3%	117	9%	1,357	100%
Total (organisations and individuals)	1,278	87%	55	4%	129	9%	1,462	100%

The figures shown related only to those respondents who answered 'yes' at Question 22.

Percentages may not total 100% due to rounding.

8.18 There was a great deal of overlap in the responses at Questions 22b and 22d which asked for further comments on how any labelling requirements might apply to small producers / importers. Respondents also did not always distinguish between small producers and importers in their responses. As such, the responses to these two questions have been analysed and reported on together in the following sections which cover views for and against exemptions from labelling requirements, as well as views on a possible alternative to labelling requirements.

8.19 It should be noted that there appeared to be a degree of misunderstanding about the questions, with comments from some respondents suggesting that they thought the questions were asking about exemption of small producers from the **scheme as a whole**, rather than from the labelling requirement. These respondents raised issues about fairness, competition, the need to maximise recycling, the need to minimise 'loopholes', and the cumulative effect of excluding multiple small producers. In some cases, the brief nature of the comments provided meant it was not clear how respondents had interpreted these questions.

View in favour of exemptions from labelling requirements

8.20 Those who favoured exemptions for small producers (whether local or importing to the Scottish market from overseas) were mainly concerned about the impact on small businesses in terms of the cost and practicality of including additional information on packaging. Some specifically noted that this concern applied both to the option of additional labels, and to the option of integrating information into existing packaging (see paragraphs 8.26 to 8.27 below). There was a related concern – expressed by retailers and drinks producers in particular – that, ultimately, the impact on businesses might result in reduced choice for consumers in Scotland. For this reason, some thought the exemption should apply to the scheme as a whole, rather than just the labelling requirement.

8.21 Respondents suggested a range of criteria for establishing a labelling exemption. These included:

- Type of business / product: start-ups, locally focused community businesses, 'artisan' or 'craft' producers, 'exclusive' products
- Route to market: those selling straight to customers, those only selling to 'specialist' shops (whereas it was suggested that those selling to supermarkets should **not** be exempt), those selling on an occasional or seasonal basis
- Level of sales: measured by volume (100 to 100,000 units, 20,000 litres), value (£5,000 to £10,000), market share, or proportion of sales exported to Scotland.

8.22 There was, however, no clear consensus on this issue. Occasionally, respondents suggested this should be discussed and agreed with producers or piloted. There was also a suggestion that the criteria should be in line with that used for PRN.

8.23 Occasionally, respondents argued against compulsion, but suggested that (i) small producers might include information on a voluntary basis and should be encouraged to do so; (ii) small business were sometimes more able than large businesses to respond to new requirements in an innovative way; and (iii) that over time many may choose to comply.

Views opposed to exemptions from labelling requirements

8.24 Those who did not wish small producers / importers to be exempt from labelling requirements emphasised the importance of all eligible containers carrying relevant information. They also argued that all those producing for the Scottish market should comply with all local legislation. In explaining their views further, respondents suggested that not allowing exemptions would:

- Maximise the success of the scheme by assisting consumer understanding
- Ensure a simple scheme for all parties – the difficulty of defining a small producer was noted by some
- Be fair to all producers, and not distort competition
- Have minimal cost implications for producers
- Be in line with approaches adopted in schemes elsewhere.

8.25 However, some in this group did acknowledge a need to avoid placing onerous burdens on small producers while also ensuring a successful, comprehensive scheme.

8.26 By and large, those who commented on the issue thought that the option of additional labels or stickers offered a reasonable cost-effective solution for small importers, with some noting that these should be of consistent design and size, should be non-removable and should not obscure other information on the packaging. Some saw a role for importers, wholesalers, retailers or the scheme administrator (e.g. in producing, supplying or applying labels) if this option were to be available.

8.27 There was, however, some concern about the waste implications of additional labels or stickers, with some voicing a preference for information to be integrated into existing labelling.

An alternative to labelling requirements

8.28 Across both groups (i.e. those in favour of exemptions and those against), there were occasional suggestions that rather than being required to include scheme information on packaging, small producers might pay a levy or fee towards the cost of centrally produced scheme information. (This argument was also made by some respondents with regard to labelling in general, not just in respect of small producers.)

9 Fraud and security issues (Q23 and Q24)

9.1 The consultation paper noted the risk of fraudulent activity by individuals and organisations, and it discussed measures (including labelling) that might need to be taken to prevent fraud. Two questions invited views on labelling options and the need for other measures to address any other security issues in the scheme:

Question 23: Which option for labelling do you believe offers the best balance between reducing potential for fraud and managing costs to producers and retailers? [No changes to current system / Specific barcode / High security label] Please elaborate.

Question 24: Are there other security measures we should be considering, for instance heightened security measures at key return locations? [Yes / No / Don't know]

Preventing fraud (Q23)

9.2 Question 23 asked for views on which one of three options offered the best balance between reducing the potential for fraud and managing costs to producers and retailers. Table 9.1 shows that a substantial majority of respondents (72%) thought that adding a specific barcode offered the best balance between reducing potential fraud and managing costs to producers and retailers. Seventeen percent (17%) favoured no changes to the current system, and the remaining 11% favoured a high security label.

9.3 A specific barcode was the preferred option for both individuals (72%) and organisations (66%). However, there was some variation in support for different options between different types of organisational respondents. A specific barcode was most popular among DRS companies (100%), food and drink producers (83%), community bodies (83%), charities (80%), recycling and waste management organisations (70%), the hospitality and restaurant trade (60%) and retailers (67%), while two-thirds of environmental consultancies (67%) and over half of packaging manufacturers (58%) favoured a high security label.

Table 9.1: Q23 – Which option for labelling do you believe offers the best balance between reducing potential for fraud and managing costs to producers and retailers?

Respondent type	Specific barcode		High security label		No changes to current system		Total	
	n	%	n	%	n	%	n	%
Public sector organisations	9	47%	6	32%	4	21%	19	100%
Food and drink producers	15	83%	1	6%	2	11%	18	100%
Charities	8	80%	1	10%	1	10%	10	100%
Retailers	8	67%	3	25%	1	8%	12	100%
Recycling / waste mgmt orgs	7	70%	2	20%	1	10%	10	100%
Packaging manufacturers	5	42%	7	58%	–	0%	12	100%
Community bodies	5	83%	–	0%	1	17%	6	100%
Environmental consultancies	2	33%	4	67%	–	0%	6	100%
Hospitality and restaurant trade	3	60%	–	0%	2	40%	5	100%
DRS companies	4	100%	–	0%	–	0%	4	100%
Other organisations	5	83%	–	0%	1	17%	6	100%
Total organisations	71	66%	24	22%	13	12%	108	100%
Total individuals	877	72%	121	10%	218	18%	1,216	100%
Total (organisations and individuals)	948	72%	145	11%	231	17%	1,324	100%

Percentages may not total 100% due to rounding. Note that six respondents (2 retailers, 1 recycling and waste management organisation and 3 packaging manufacturers) selected BOTH 'specific barcode' and 'high security label' in response to this question. These responses are not included in the table.

9.4 The following sections look in turn at the views expressed on the three options offered, before discussing respondents' more general comments on security labelling.

Views on the option of a specific barcode

9.5 Table 9.1 shows that a specific barcode was the most popular option among individuals and most types of organisations. There were three main reasons given for this:

- Using this method would build on the existing barcode system which was widely used and familiar to consumers, retailer and producers / manufacturers. The technology already in place in many potential return locations could be adapted to support the scheme.
- A specific barcode would provide a simple, cheap and easy to use option that was proportionate to the likely scale of fraudulent activity, and would encourage industry cooperation.
- Barcode technology offered the required functionality in terms of (i) traceability, monitoring and audit, (ii) adaptability and flexibility over time, with limitless combinations available, (iii) supporting automation of the deposit return transaction process, (iv) offering a visual check confirming that an item was part of the scheme, and (v) offering scope to include further consumer information that would be accessible via smartphones.

9.6 Some respondents also said that barcodes could not easily be tampered with or copied; however, this was contested by other respondents – see paragraph 9.9.

9.7 Rather than outlining specific advantages of barcodes, some respondents simply stated that this option offered the best balance in terms of effective security at reasonable

cost. Some saw this option as the ‘absolute minimum requirement’; others thought a high security label offered better security but at too high a cost.

9.8 Some respondents also commented on more practical aspects of using barcodes, suggesting that the barcode (i) should be securely attached to the container, or on the container itself rather than on an attached label, and (ii) should be accompanied by a numerical code for use in case of barcode failure.

9.9 In contrast, those who gave reasons for **not** favouring this option, thought that barcodes could be too easily tampered with or produced for fraudulent purposes, or could be accidentally damaged, thus preventing the deposit redemption. It was also noted that not all small retailers had barcode technology in place (one organisation put this figure at about 50%), and that the reuse of barcodes by retailers might cause problems in a DRS context.

Views on the option of a high security label

9.10 Those favouring the use of high security labels mainly felt that this would offer the best defence against fraud. This group suggested, variously, that such labels would (i) ensure single-return only, (ii) support traceability and audit, and (iii) be tamper proof and difficult to forge.

9.11 The cost implications of this option were discussed (by organisations in particular). Some were positive about the perceived security benefits but thought its use should depend on further economic analysis; others believed that there would be costs associated with initial investment, but that this would build confidence in the system and be worthwhile in the longer term. Less often, respondents thought that a high security label would be a low-cost simple option, that would be effective for those importing from elsewhere.

9.12 Respondents commenting on label design suggested that high security labels might incorporate currency-style security markers, watermarks, screen printing, unique symbols, holograms, and ultraviolet ink. Respondents often noted the importance of labels being hard to remove, with embossed labels seen as a solution by some.

9.13 Those opposed to this option thought it would be too expensive, or unnecessary given the likely level of fraud. Others were unclear about the advantages of a high security label over the alternative of a specific barcode.

Views on ‘no change to the current system’

9.14 Those who favoured ‘no change to the current system’ generally made one or more of the following points:

- Fraud was unlikely to be a major issue (particularly if a UK-wide scheme was introduced), and expense on security markers of any type was therefore not justified – the system should simply pay out based on items returned with the cost of fraud being counterbalanced by the non-return of some items.
- The system should be able to use **existing** barcodes – this would be adequate in terms of security, and functionality, and would have the least impact on businesses in terms of costs and logistics.
- Not introducing any additional security would allow the system to be kept simple, would maximise recycling, and ensure a speedy return process for consumers.

- No system was fool proof in terms of fraud prevention or functionality; therefore, expense on security measures was not justified.

9.15 Those who gave reasons for not favouring ‘no change to the current system’ thought this could lead to significant fraud.

Other options

9.16 Some respondents (both individuals and organisations) put forward alternative suggestions for security labelling. The most common such suggestion was that a ‘QR’ code (a form of two-dimensional barcode with can be scanned and ‘read’ by a smart phone) might be used. These codes can hold significantly more data than standard barcodes and could provide a means for consumers to get information about the scheme. Other suggestions included embedded RFID chips, the development of specific codes (linked to producers, or doubling as lottery coupons to incentivise returns) and the use of ‘SmartWater’ technology.

Other comments on options for security labelling

9.17 There was a series of comments that arose regardless of the views of respondents on the three options offered, as summarised here:

- Some respondents (including some organisational respondents) indicated in their comments that they would be happy with **either** a high security label **or** a specific barcode or they stated that both options should be used in combination. These respondents prioritised particular features – e.g. the presence of a scheme identifier, effective fraud prevention, functionality for a wide range of return points, cost-effectiveness – and wished to see security arrangements that would best meet these requirements.
- Some respondents thought that the consultation paper did not provide sufficient information to decide on the best option, or said that any decision should be based on a full economic analysis of the options, and that this could not be carried out until scheme details were agreed, and the likelihood of fraud could be assessed. Whether or not the scheme was Scotland-specific or part of a UK-wide approach was seen as critical to this assessment.
- There was a broadly held view that greater fraud prevention measures would be needed if a Scotland-only (as opposed to UK-wide) scheme was introduced, and that this would be complex and costly for businesses. There was a view that any decision on security options should be delayed until DRS arrangements for the rest of the UK were clearer.
- The impact on businesses, and small business in particular, was a common concern. Respondents emphasised the need for security measures to be simple and low-cost to minimise the burden on business at all points in the process. There were also calls for (i) transitional assistance for businesses in complying with any security systems and (ii) clarity regarding liability for fraud via manual returns.
- Respondents noted a wide range of specific circumstances that would need to be accommodated within any security system. These included:
 - Type of return point: RVM and staffed return points, and staffed return points with and without access to relevant technology (e.g. for reading barcodes)

- Nature and scale of fraud: Large-scale and ‘corporate’ fraud as well as small-scale fraud at individual level
- Container type: Re-usable containers, multipacks, and other container types where inclusion of a security label may be problematic
- Presentation of damaged barcodes / labels.
- There were several suggestions made regarding the possible acceptance of containers not carrying the required security labelling (or with damaged labelling). These respondents wanted the scheme to prioritise the maximisation of returns and recycling rather than fraud prevention. They thought that all containers should be accepted, although some suggested that those without the required labelling (for whatever reason) should get a lower pay-out or no pay-out. (This was somewhat different to the view of those who argued for a system without any security labelling (see paragraph 9.14).

9.18 Overall, while organisations and individuals made broadly similar points in relation to the different options offered, organisations were particularly likely to argue for (i) the impact on business to be taken into account, (ii) a UK-wide approach that would assist consumer understanding, and be less costly and logistically complex for businesses, and (iii) any decision to be based on a sound economic analysis of the various options.

Other security measures (Q24)

9.19 Question 24 followed on from Question 23 and asked about the need for **other** security measures to ensure the safe operation of a deposit return scheme.

9.20 Table 9.2 shows that half of those who responded to this question (51%) selected ‘don’t know’. Of the remainder, 27% thought that other security measures were not needed, while 22% thought they were. However, there were notable differences between the responses of organisations and individuals. Organisations were much more likely than individuals to say other security measures should be considered (52% compared to 20%) and much less likely to say ‘don’t know’ (27% compared to 53%). Furthermore, the responses varied markedly between organisational types: the proportion agreeing that other security measures should be considered ranged from 20% (for respondents in the hospitality and restaurant trade) to 100% (for DRS companies).

Table 9.2: Q24 – Are there other security measures we should be considering, for instance heightened security measures at key return locations?

Respondent type	Yes		No		Don't know		Total	
	n	%	n	%	n	%	n	%
Public sector organisations	7	33%	8	38%	6	29%	21	100%
Food and drink producers	5	26%	3	16%	11	58%	19	100%
Charities	5	56%	2	22%	2	22%	9	100%
Retailers	11	73%	–	0%	4	27%	15	100%
Recycling / waste mgmt orgs	6	50%	3	25%	3	25%	12	100%
Packaging manufacturers	12	80%	2	13%	1	7%	15	100%
Community bodies	4	67%	2	33%	–	0%	6	100%
Environmental consultancies	3	50%	2	33%	1	17%	6	100%
Hospitality and restaurant trade	1	20%	2	40%	2	40%	5	100%
DRS companies	3	100%	–	0%	–	0%	3	100%
Other organisations	3	60%	1	20%	1	20%	5	100%
Total organisations	60	52%	25	22%	31	27%	116	100%
Total individuals	249	20%	348	27%	676	53%	1,273	100%
Total (organisations and individuals)	309	22%	373	27%	707	51%	1,389	100%

Percentages may not total 100% due to rounding

9.21 The discussion below presents the comments made at Question 24. It also incorporates the wide range of suggestions made at Question 23 regarding measures which might be put in place alongside (or instead of) a barcode or high security labelling, with organisations frequently advocating a ‘package’ of security measures. It should be noted that there was often little difference in the views of those who said ‘yes’ and those who said ‘no’ at the initial tick-box question, with the response selected reflecting different assumptions about scheme design (see paragraph 9.26).

Views in support of other security measures

9.22 Among those who thought that other security measures were needed, a wide range of issues were identified which might need to be addressed. These included:

- Fraud (small and large scale), including attempted multiple returns of containers, misuse of barcodes / security labels, attempted return of non-scheme containers
- Vandalism (including fire-raising), damage to RVMs, theft (or attempted theft) from RVMs and members of the public, littering, and anti-social behaviour at return sites, particularly those in open public spaces
- Physical and verbal abuse of staff at return locations (this was a particular issue for respondents from the retail sector)
- Stealing (including by staff) from storage facilities, RVMs and manual return points – respondents mentioned theft of deposit return money as well as of containers which could then be redeemed for a deposit, particularly from sites generating a lot of empty containers (e.g. pubs and food outlets; and from kerbside recycling collections)
- Littering, as a result of people scavenging for containers to return.

9.23 The security measures suggested by respondents focused on the following:

- Physical security: e.g. well-lit return sites in public areas; well supervised and secured storage facilities; alarms; CCTV; number plate logging; monitoring and surveillance by staff and / or via CCTV to detect fraudulent activity
- Scheme processes: e.g. regular emptying of RVMs and uplifting of non-RVM returns, accreditation of sites and provision of guidance on best practice
- Scheme infrastructure: e.g. secure, tamper-proof RVMs; limits on the number of returns allowed at any one time and the amount of cash held in machines; the incorporation of container recognition technology into RVMs, designed to recognise eligible containers by shape, weight, etc.; acceptance of intact containers only; on-site / in-machine crushing of returns to remove their return value; designated return points for those returning large numbers of items
- Deposit arrangements: e.g. setting an appropriate deposit level; non-cash pay-outs using vouchers for spending or for cashing in at in-store payment points; payments direct to bank accounts or deposit-scheme accounts; the use of a DRS smartcard which would allow return behaviour to be tracked; a requirement to present ID, or proof of a Scottish postcode, or to present a purchase receipt or make a declaration relating to place of purchase in order to redeem a deposit
- Monitoring procedures: e.g. the use of IT to monitor return activity at individual sites, and the investigation of 'irregular' activity (e.g. out of the ordinary numbers of returns); regular and 'spot' audits and inspections.

Views against other security measures

9.24 In the main, those who thought other security measures were not needed made four points:

- They were sceptical about the likelihood of, or could not see the scope for, fraud or other criminal behaviour in relation to the DRS.
- They cited the experience of other countries (including Germany, Sweden, Norway, and the US) which they said indicated minimal problems.
- They thought that existing or standard security measures would be sufficient, with respondents referring to arrangements in place for cash ATMs, and the routine presence of CCTV in shops and other public spaces.
- They thought that appropriate scheme design (e.g. the use of high security labels or barcodes and secure RVMs) would address the risk of security issues.

9.25 Respondents in this group often saw this as a matter of balance – between ensuring adequate security and cost. Given the perceived low risk, these respondents did not think substantial expenditure on security was merited. There was also a concern that excessive security would deter public participation the scheme.

9.26 The points made by respondents who thought existing / standard security measure were adequate or thought that fraud and other crime could be prevented via appropriate scheme design (bullet 3 and 4 at paragraph 9.24 above) often echoed those mentioned by respondents who said that other security measures should be put in place.

Other comments on fraud prevention and the need for other security measures

9.27 Across both Questions 23 and 24 there was a range of views on the likelihood of the scheme giving rise to fraud and other criminal or anti-social behaviour, and the associated need for measures to prevent or tackle this. These included (i) concerns about fraud being a 'huge problem'; (ii) an acceptance that some fraud was inevitable and that robust prevention measures and strict penalties were required in order to protect the system's viability and integrity; (iii) uncertainty about the likelihood of fraud but a belief that it was right to take precautionary steps; (iv) scepticism about the scale of any security problems; and (v) a lack of understanding about the scope for fraudulent / criminal behaviour.

9.28 A substantial proportion of respondents (individuals in particular) used their comments (at Question 23 and 24) to indicate that they were not sure about or did not know the best options regarding security. Some specifically said that they did not have the knowledge to give an informed answer or that this was a matter for 'experts' in the field. Others thought that this was a decision for the scheme administrator, in consultation with relevant parties, or that it was something that should be monitored over time, with appropriate steps taken as and when required.

9.29 Finally, regardless of how the closed questions were answered, it was common for respondents to say that the need for security measures would 'depend' on a range of factors to do with scheme design; in practice, however, these respondents often went on to offer similar comments to other respondents.

10 Level of deposit (Q25 and Q26)

10.1 The consultation paper outlined the deposit levels used in other schemes around the world and discussed various factors which needed to be considered in setting the deposit level for the proposed scheme in Scotland – e.g. the impact on consumer behaviour, equalities and potential for fraud – and the need to strike the right balance between these factors. The option of having a flat rate or variable deposit level was also discussed. The consultation paper asked two questions on the issue of the deposit level.

Question 25: Do you have a preference for what level the deposit should be set at? [Yes / No / Don't know] Please explain your reasoning for choosing this level.

Question 26: Do you think that certain types of drinks containers should carry a different deposit level? [Yes / No / Don't know] Please explain which ones and why you think the deposit should be varied.

Preferences regarding the deposit level (Q25)

10.2 Question 25 asked for respondents' views on the level at which the deposit should be set. This was a two-part question: the first part of the question was a closed question asking respondents to indicate (Yes / No) if they had a preference regarding the deposit level, while the second part asked respondents to indicate what level the deposit should be and to explain their reasoning in choosing this level.

10.3 Overall, 70% of respondents answered 'yes' to indicate that they had a preference regarding the level of the deposit. Organisations were less likely than individuals to say this (58% vs 71% respectively) (Table 10.1).

Table 10.1: Q25 – Do you have a preference for what level the deposit should be set at?

Respondent type	Yes		No		Don't know		Total	
	n	%	n	%	n	%	n	%
Public sector organisations	6	27%	13	59%	3	14%	22	100%
Food and drink producers	10	45%	3	14%	9	41%	22	100%
Charities	16	94%	–	0%	1	6%	17	100%
Retailers	8	44%	6	33%	4	22%	18	100%
Recycling / waste mgmt orgs	10	71%	3	21%	1	7%	14	100%
Packaging manufacturers	5	38%	7	54%	1	8%	13	100%
Community bodies	8	89%	1	11%	–	0%	9	100%
Environmental consultancies	6	86%	1	14%	–	0%	7	100%
Hospitality and restaurant trade	2	33%	3	50%	1	17%	6	100%
DRS companies	4	100%	–	0%	–	0%	4	100%
Other organisations	6	86%	1	14%	–	0%	7	100%
Total organisations	81	58%	38	27%	20	14%	139	100%
Total individuals	1,322	71%	345	19%	186	10%	1,853	100%
Total (organisations and individuals)	1,403	70%	383	19%	206	10%	1,992	100%

Percentages may not total 100% due to rounding.

10.4 Among those who provided comments at Question 25, around 85% suggested a specific individual amount or range, or stated a preference for a system incorporating a

variable deposit level within their comments (see also Question 26 below). The suggestions made by these respondents are summarised in Table 10.2 below.

10.5 As can be seen, respondents suggested a wide range of deposit levels. However, more than half of all respondents suggested deposit levels of between 15 and 20p (32% suggested 15 to 20p, 2% suggested 15p and 24% suggested 20p). Organisations were somewhat more likely than individuals to favour lower deposit levels although for both groups the median amount suggested was very similar (15–20p for organisations and 20p for individuals). The overall median deposit suggested was 20p.

10.6 In a small number of cases respondents said that the deposit should be ‘zero’ as they were opposed to the introduction of a DRS or did not think a return scheme should operate on the basis of consumer deposits – these responses are not included in Table 10.2.

Table 10.2: Q25 – Do you have a preference for what level the deposit should be set at?

Level of deposit suggested	Individuals		Organisations		All respondents	
	n	%	n	%	n	%
Less than 10p	27	2%	4	5%	31	2%
10p	65	5%	11	14%	76	6%
10-20p	49	4%	12	15%	61	4%
15p	31	2%	1	1%	32	2%
15-20p	413	32%	20	25%	433	32%
15-25p	15	1%	1	1%	16	1%
20p	313	24%	10	12%	323	24%
20-25p	17	1%	0	0%	17	1%
More than 20p	29	2%	0	0%	29	2%
25p	26	2%	0	0%	26	2%
30p	15	1%	1	1%	16	1%
50p	21	2%	0	0%	21	2%
More than 50p	17	1%	2	2%	19	1%
Other monetary range / amount	89	7%	2	2%	91	7%
Variable level	165	13%	17	21%	182	13%
Total	1,292	100%	81	100%	1,373	100%

Percentages may not total 100% due to rounding.

Notes to table: The individual amounts or ranges shown were proposed by respondents (with the exception of the categories of 'Less than 10p' and 'More than 50p'). Note that the categories are not mutually exclusive – e.g. 10–20p overlaps with 15–20p.

Less than 10p: Includes individual amounts below 10p and ranges up to and including 10p – e.g. 5–10p.

More than 50p: Includes individual amounts above 50p, and ranges from 50p upwards – e.g. 50–100p.

Other range or amount: Some ranges were wide ranging – e.g. 10–100p, 50–200p), and some ranges / amounts were suggested by small numbers of respondents only.

Variable level: This category includes responses from those who thought the deposit amount should vary according to a range of factors – e.g. product, container size, packaging material, sale price, etc. Around half of these respondents provided an indication of upper and lower deposit levels – e.g. 15p for small bottles, 50p for large bottles.

10.7 Table 10.3 below shows the views of those who responded online or via email alongside those who responded via the HYGTB postcard campaign. Again, the median deposit suggested when online, email and postcard responses are considered is 20p.²²

²² The prepared postcards included a space for respondents to suggest a specific deposit amount, allowing people to make a personalised response to Question 25.

Table 10.3: Q25 – Do you have a preference for what level the deposit should be set at? (online / email responses and campaign responses)

Deposit level suggested	Online / email respondents		Postcard respondents		All respondents	
	n	%	n	%	n	%
Less than 10p	31	2%	69	7%	100	4%
10p	76	6%	214	23%	290	13%
10-20p	61	4%	2	0%	63	3%
15p	32	2%	34	4%	66	3%
15-20p	433	32%	0	0%	433	19%
15-25p	16	1%	0	0%	16	1%
20p	323	24%	371	40%	694	30%
20-25p	17	1%	0	0%	17	1%
More than 20p	29	2%	0	0%	29	1%
25p	26	2%	69	7%	95	4%
30p	16	1%	61	6%	77	3%
50p	21	2%	86	9%	107	5%
More than 50p	19	1%	16	2%	35	2%
Other monetary range / amount	91	7%	14	1%	105	5%
Variable level	182	13%	3	0%	185	13%
Total	1,373	100%	939	100%	2,312	100%

Percentages may not total 100% due to rounding.

10.8 The following sections discuss the views of respondents about deposit levels. (Note, however, that the views of those who favoured a variable deposit level are discussed with comments made at Question 26 below.)

10.9 In explaining their views, respondents made three main points in terms of the factors that should determine the deposit level. They highlighted the following, largely reflecting the arguments outlined in the consultation paper:

- **The potential financial impact on consumers:** Respondents were concerned about the potential impact on consumers, and those on low incomes or tight budgets in particular. There was a concern that setting the level too high (particularly in relation to low-value basic items) would affect the affordability of products and have a disproportionate impact on those with limited means, or those who might find it harder to access return points to get their deposit back. However, some offered a different view, suggesting that the deposit level did not matter as it would be returned to consumer in due course.
- **The potential impact (financial and administrative) on retailers and manufacturers:** Respondents were also anxious that the deposit level did not distort the market by influencing consumer choices, impacting on sales or profit margins, or encouraging retailers to change their packaging to a material outwith the DRS. In addition, there were some concerns about business cash flow and passing scheme costs on to consumers. However, there was also a view that an appropriately set deposit level could be effective in bringing about change in the use of packaging by manufacturers.
- **The need to incentivise participation in the scheme:** Respondents stressed that the deposit had to be high enough to make it 'worthwhile' for people to collect and

return their containers, or gather up other people's discarded containers to claim the deposit (in the case of children in particular). It also had to take account of people in rural areas with less access to return points. At the same time, it was noted that the deposit level was not the only factor which would affect return rates.

10.10 Less often, respondents noted (i) the need to protect against fraud, and suggested that a 'lower' level of deposit was required for this reason; (ii) the importance of ensuring that the deposit level supported the economic viability of the scheme and the reprocessing industry; and (iii) the importance of raising awareness and encouraging longer term changes in attitudes and behaviour with regard to recycling.

10.11 Occasionally, the following points were also made:

- The deposit should be a single coin or a 'round' figure as this would make refund transactions simple for both retailers and consumers.
- Deposit levels should be consistent with any other future UK-wide schemes.
- Decisions about deposit levels need to consider the combined effect on retail prices of a deposit and the recently introduced minimum unit price for alcohol or the proposed tax on sugary drinks.

10.12 It was common for respondents to discuss more than one factor that should be considered in determining the deposit level for the scheme. Most often, discussion focused on the financial impact on consumers and the need to incentivise behaviour change, with respondents stressing the need to strike the right balance between these two considerations – i.e. they thought the deposit level should be low enough not make the initial outlay on products unaffordable, but high enough to encourage people to participate in the scheme by returning their containers. Less often, respondents talked about the need for the deposit to be high enough to encourage returns but not so high as to encourage fraud.

10.13 It was notable that respondents put forward similar reasons and emphasised the need for balance, regardless of the level of deposit that they favoured.

10.14 While many of the points above were made by a range of respondents, some organisations did not give a view on the deposit level – they felt this was a matter for the scheme operator who should be able to set the deposit at a level that met the scheme objectives, and vary this as appropriate as the scheme developed.

Views on variable deposit levels (Q26)

10.15 Question 26 asked for views on the specific option of a system incorporating different deposit levels for different types of drinks containers. The consultation paper briefly discussed the advantages and disadvantages of such an approach.

10.16 Table 10.4 below shows that just a third of respondents (34%) favoured variable deposit levels for different containers. However, there were notable differences between the views of individuals and organisations, with organisations much less likely to support this option (12% compared to 36%), and more likely to reply 'no' (74% of organisations said 'no' compared to 48% of individuals).

10.17 Moreover, the proportion of individuals agreeing that different drinks containers should carry a variable deposit level (36%) was markedly higher than the proportion who expressed this view at Question 25 (13% made comments suggesting a preference for a 'variable level' deposit at Question 25 – see again Table 10.2 above).

Table 10.4: Q26 – Do you think that certain types of drinks containers should carry a different deposit level?

Respondent type	Yes		No		Don't know		Total	
	n	%	n	%	n	%	n	%
Public sector organisations	3	14%	13	62%	5	24%	21	100%
Food and drink producers	3	14%	14	64%	5	23%	22	100%
Charities	1	6%	15	88%	1	6%	17	100%
Retailers	1	6%	14	82%	2	12%	17	100%
Recycling / waste mgmt orgs	2	17%	10	83%	–	0%	12	100%
Packaging manufacturers	1	10%	6	60%	3	30%	10	100%
Community bodies	2	22%	7	78%	–	0%	9	100%
Environmental consultancies	2	29%	5	71%	–	0%	7	100%
Hospitality and restaurant trade	–	0%	4	67%	2	33%	6	100%
DRS companies	–	0%	4	100%	–	0%	4	100%
Other organisations	1	13%	7	88%	–	0%	8	100%
Total organisations	16	12%	99	74%	18	14%	133	100%
Total individuals	573	36%	761	48%	261	16%	1,595	100%
Total (organisations and individuals)	589	34%	860	50%	279	16%	1,728	100%

Percentages may not total 100% due to rounding.

10.18 The following sections consider, in turn, the views of those in favour and those opposed to variable deposit levels. Those respondents who selected 'don't know' made broadly similar points to those who answered 'yes' or 'no', and their views are also covered in the sections below. (Note that comments on a variable deposit level made in response to Question 25 are also covered here.)

Opposition to a system based on variable deposit levels

10.19 Table 10.4 above shows that around half of individuals and three-quarters of organisations did not support a scheme based on different deposit levels for different container types. Comments from this group generally echoed points made in the consultation paper. In particular, they favoured a flat rate deposit because they thought that this would be simpler for consumers to understand and would make the system easier to operate and administer for all parties (consumers, retailers and producers). This included making manual deposit return transactions more efficient and straightforward.

10.20 Some respondents also thought that variable deposit levels may have unintended consequences in (i) influencing consumer purchase decisions or (ii) leading consumers to believe that it was more important to return some types of containers rather than others. By contrast, they thought a flat rate would (i) be more effective in influencing producer decisions about packaging; (ii) be fairer for low-income families; and (iii) protect against fraud.

10.21 There was also some support for the suggestion in the consultation paper that a variable producer responsibility fee might be used alongside a flat rate deposit to reflect the different value of different materials collected via the scheme.

Support for a system based on variable deposits

10.22 Those respondents (mainly individuals) who supported a system based on variable deposits identified a wide range of inter-related factors which they thought were relevant to setting the deposit level in such a system. These included the following:

- The material the container was made from (respondents often distinguished between glass and plastics), the amount / complexity of packaging used and the related environmental impact
- The size / volume / weight of the product
- The cost of the product, with various suggestions for percentage-based or band-based systems
- The complexity and costs associated with reprocessing different materials and the value attached to the material in the reprocessing industry
- The nature of the product (e.g. 'on the go' products, essentials vs luxuries, 'healthy' vs 'unhealthy' products, multipacks vs single items), or the context in which it was purchased (e.g. at an airport)
- The scale of the litter problem associated with particular products and the need to improve recycling rates for certain types of containers / products.

10.23 It was common for respondents to offer a combination of factors which they thought might be used to determine deposit levels.

10.24 Respondents in this group often advocated using the deposit level as a tool to influence consumer, retailer or producer behaviour (in terms of purchasing and recycling behaviour, and in terms of encouraging less environmentally damaging packaging).

Other comments related to setting the deposit level

10.25 Across all groups, some respondents suggested the following:

- The deposit should be reviewed and adjusted over time in the light of experience, and to reflect changes in consumer prices. There were calls for an initial low deposit, an initial trial period, or a transition period.
- Deposit levels would depend on the scope of the scheme, which was yet to be decided.
- Evidence and experience from existing and historical UK schemes (including the plastic bag levy), from schemes elsewhere, and from existing or future research and modelling exercises could provide pointers for setting the deposit level (or levels). Some respondents provided evidence as part of their response.
- The scheme should use vouchers, tokens or points or offer a system for 'banking' deposits with a bonus for doing so.

11 Infrastructure and logistics (Q27–Q29)

11.1 The consultation paper discussed the different physical components of a DRS. These included (i) the method by which people can return their bottles and other containers (either through a reverse vending machine (RVM) or manual over-the-counter take-back arrangements), (ii) counting and bulking centres, and (iii) the logistics of transporting material from return locations to counting and bulking centres. The consultation paper also discussed the potential job opportunities that these various components might create.

11.2 Respondents were asked about three aspects of DRS infrastructure and logistics:

Question 27: Which sorts of take back do you think the system should include? [Reverse vending machines / Manual take back / Combination of the two]

Question 28: How should the handling fee paid to retailers be calculated?

Question 29: Do you agree with the assessment of the potential job creation of between 12 and 116 jobs? Please explain your reasoning.

Type of take back system used by the DRS (Q27)

11.3 Question 27 was a closed question asking for views about the sort of take-back arrangements the DRS should have. Three options were offered: (i) RVMs, (ii) manual take-back, or (iii) a combination of the two. (This question did not include space for comments.)

11.4 Table 11.1 shows that a large majority of respondents (83%) thought the system should allow for a combination of manual take-back and RVMs. Moreover, there was general agreement among organisations and individuals on this issue, although organisations were even more strongly in favour of a mixed approach than individuals (94% vs 82%). One in seven (15%) of individual respondents favoured RVMs on their own, compared to just 6% of organisations.

Table 11.1: Q27 – Which sorts of take back do you think the system should include?

Respondent type	RVMs		Manual take back		Combination of the two		Total	
	n	%	n	%	n	%	n	%
Public sector organisations	2	9%	–	0%	20	91%	22	100%
Food and drink producers	–	0%	–	0%	21	100%	21	100%
Charities	–	0%	–	0%	12	100%	12	100%
Retailers	1	7%	–	0%	14	93%	15	100%
Recycling / waste mgmt orgs	–	0%	–	0%	14	100%	14	100%
Packaging manufacturers	2	17%	–	0%	10	83%	12	100%
Community bodies	1	17%	–	0%	5	83%	6	100%
Environmental consultancies	–	0%	–	0%	7	100%	7	100%
Hospitality and restaurant trade	1	17%	–	0%	5	83%	6	100%
DRS companies	–	0%	–	0%	4	100%	4	100%
Other organisations	–	0%	–	0%	6	100%	6	100%
Total organisations	7	6%	–	0%	118	94%	125	100%
Total individuals	201	15%	37	3%	1,100	82%	1,338	100%
Total (organisations and individuals)	208	14%	37	3%	1,218	83%	1,463	100%

Percentages may not total 100% due to rounding.

Calculation of handling fee to retailers (Q28)

11.5 Respondents made a wide range of both general and specific suggestions on how the handling fee to retailers should be calculated. The four main suggestions were that:

- Retailers should not be paid any handling fee. This was mainly suggested by individual respondents who thought that (i) it was part and parcel of the retailer's responsibility to deal with the waste which was generated through sales of these products, and (ii) since retailers profited from selling these products they should pay for them to be recycled.
- Retailers should be reimbursed in full for the costs incurred through collecting and recycling containers. Respondents described this variously as the 'actual cost' or the 'true cost' of participation in the DRS. The costs mentioned by respondents (particularly organisations) included: (i) the costs of 'losing' commercial space which would be required for storage of returned containers and / or for RVM machines, (ii) staff costs arising from the time required for processing and handling returns, (iii) costs for purchasing and servicing RVMs, (iv) potential reduction in sales due to the DRS, (v) labelling costs, (vi) transport costs associated with taking the returned containers to a suitable central location, and (vii) the requirement for new security measures. Some respondents suggested that in addition to a requirement for 'cost recovery', retailers should be paid a small incentive to participate in the scheme.
- Retailers should be paid a flat fee for participating in the scheme. It was often suggested that this fee should be set at different levels for retailers who were operating a manual take-back scheme as compared to those who were operating an automated (RVM) type return system. This differentiation would recognise the different costs incurred depending on the method of collection and / or the different quality (in terms of sorting and compacting) of the recyclate. Whilst some respondents argued that small retailers without RVMs should be paid more – because manual handling incurred more costs – other respondents argued that retailers with RVMs should be paid more given the higher quality of the recyclate.
- Retailers should be paid a variable fee. In general, those who suggested this thought the fee should vary according to (i) the number, (ii) the volume (by weight or cubic metres), (iii) the value / quality (i.e. the price leveraged for the recycled materials), and / or (iv) the time taken to process the returned containers. However, a minority of respondents wished to link the variable fee to the proportion of the containers which were returned (i.e. to the 'return rate'.) Some respondents went on to specify the level of the variable fee. Different suggestions were that this could be 'a proportion of the deposit' (5%, 10%, 40%, 50% and 100% of the deposit were all suggested) or 'a proportion of the revenue of the collected materials'.

11.6 In addition, it was common for respondents to say that the handling fee should be made up of a flat fee (as described in the third bullet point above) combined with a variable fee based on the volume of returns (as described in the fourth bullet point above).

11.7 Irrespective of which of the four suggestions they favoured, it was common for respondents to link their preference to a view that this was the way to 'make the scheme successful', 'to increase the amount of recycling' or 'to incentivise the scheme'.

11.8 Other issues which various respondents addressed in their comments were as follows:

- It was important to recognise the particular difficulties for small retailers, and for those based in rural locations. The handling fees for these retailers might have to be higher to ensure fairness. Indeed, occasionally respondents suggested that only these types of retailers should receive handling fees (or that large retailers should not receive handling fees).
- RVMs are very expensive to obtain and needed to be funded upfront by the scheme administrator.
- It was appropriate for retailers to cover their costs, but 'abuse through profiteering' was not acceptable.
- Non-retailers should get a higher handling fee for 'hosting' an RVM than a retailer because for those organisations (schools, leisure centres, etc.) this represented a public service they were providing.
- Handling fees should be different for different product categories.
- The handling fees should be determined by the scheme administrator / the management company and reviewed on a regular basis.
- The calculation of the handling fees should be informed by 'best practice' in relation to other schemes already in operation.
- More investigation was required into the best way to calculate handling fees.

11.9 It should be noted that it was also common for respondents, especially individuals, to say they 'didn't know', were 'unsure', or had 'no idea' how handling fees should be calculated.

Assessment of potential job creation (Q29)

11.10 The consultation paper suggested that an estimated 12 to 116 jobs could be created to support the functions of the counting, sorting and bulking centres. Question 29 asked respondents if they agreed with this assessment of the job creation opportunities provided by a DRS in Scotland.

11.11 Nearly half of respondents who addressed this question answered 'don't know'. Among those who provided further comments, there were five main types of response:

- It is not possible to form a judgement on whether these figures are reasonable.
- The number of jobs created are likely to be higher than the estimates suggest.
- There would also be job losses; the focus should be on the net effects on employment.
- Any job creation would be welcome.
- A DRS is not primarily concerned with job creation.

11.12 Each of these types of responses is described in more detail below.

Not possible to form a judgement on the estimates for potential job creation

11.13 It was common for both organisational and individual respondents to say that it was not possible to form a judgement on whether the estimates for potential job creation (of between 12 and 116 jobs) were reasonable. Respondents highlighted that:

- The number of jobs that would be created would depend on the type of DRS implemented, and in particular on the degree of automation introduced. Given that the type of DRS to be adopted was not yet known, it was not possible to predict the impact on jobs.
- The range offered (12 to 116) lacked precision. Some respondents argued the range was so broad as to be meaningless.
- There was no information set out in the consultation paper to justify or explain how these numbers had been reached.
- It was not reasonable for respondents to be asked to comment on such complex technical assessments.
- The introduction of a DRS was complex, and it would take a long time once the system was established to assess the impacts on job creation; these could not be predicted in advance of implementing the scheme.

Number of jobs created are likely to be higher than the estimates given

11.14 It was also common for respondents, particularly individuals, to say they thought the number of jobs created would be higher than the high end of the range suggested (116). These respondents often went on to elaborate the range of jobs which would be required to implement a DRS including those associated with: manufacturing and servicing RVMs; transportation arrangements; collecting, sorting, and cleaning returned containers; and administration. It was thought that many hundreds of jobs – perhaps even thousands – would be required to operate the scheme successfully across Scotland. Research from the Campaign to Protect Rural Scotland, and also from Denmark and New Zealand was cited in support of these higher estimates.

Job creation estimates should take into account possible job losses

11.15 It was common for organisational respondents, especially food and drink producers, retailers, packaging manufacturers, recycling and waste management organisations and public sector organisations, to discuss the jobs which may be lost when a DRS was introduced, as well as the jobs created. These respondents thought any new jobs created would be the result of 'displacement', and they argued that the focus should be on the net impact on jobs not on job creation *per se*. Respondents talked about 'unintended consequences in other parts of the supply chain', and they highlighted the lack of consideration in the document of (the employment relating to) current recycling processes. A range of respondents cited research from Germany which indicated that the introduction of a DRS had a negative overall impact on jobs in that country. Some individual respondents also discussed job losses as a consequence of introducing a DRS; in general, these respondents focused on the negative impacts on local authority employment if a DRS was introduced.

Any job creation would be welcome

11.16 Less often, respondents (particularly individuals) simply said that a DRS will create some new jobs. These – however many – were vital and would be welcomed. Respondents highlighted research from Norway, Estonia, South Africa and Lithuania which indicated a fairly small number of additional jobs (consistent with the kind of numbers suggested in the questions) had been created.

A DRS is not primarily concerned with job creation

11.17 Very occasionally, respondents emphasised that the rationale for introducing a DRS was based on achieving objectives in relation to recycling and reducing littering. Thus, any impacts on job creation were of secondary importance.

12 Creating additional benefits from the scheme (Q30 and Q31)

12.1 The consultation paper discussed the possibility that additional benefits could be derived from a DRS for Scotland. These could include (i) providing an option for consumers to donate their deposits to charity rather than having them returned, and (ii) making use of variable producer fees or deposit rates to encourage manufacturers to design products which can be recycled more easily. The consultation contained two questions inviting views about whether such additional benefits should be pursued by the scheme.

Question 30: Do you think a deposit return scheme for Scotland should pursue any additional benefits? [Yes / No / Don't know]

Question 31: Are there additional benefits we have not covered that you think should be considered?

Views on whether the DRS should pursue any additional benefits (Q30)

12.2 Table 12.1 shows that there were mixed views about whether a DRS should pursue additional benefits – 57% of respondents said ‘yes’ and the remaining 43% answered either ‘no’ or ‘don’t know’. The table also shows that organisations were more likely than individuals to answer ‘yes’ (63% vs 57% respectively). Public sector organisations, charities, environmental consultancies and DRS companies were unanimously in favour of a DRS in Scotland pursuing additional benefits, while recycling and waste management organisations were also strongly in favour (75% said ‘yes’). By contrast, food and drink producers and packaging manufacturers were much less likely than other organisations to answer ‘yes’ and more likely than other organisations to say ‘no’ or ‘don’t know’.

Table 12.1: Q30 – Do you think a DRS for Scotland should pursue any additional benefits?

Respondent type	Yes		No		Don't know		Total	
	n	%	n	%	n	%	n	%
Public sector organisations	22	100%	–	0%	–	0%	22	100%
Food and drink producers	5	23%	9	41%	8	36%	22	100%
Charities	12	100%	–	0%	–	0%	12	100%
Retailers	6	40%	7	47%	2	13%	15	100%
Recycling / waste mgmt orgs	9	75%	1	8%	2	17%	12	100%
Packaging manufacturers	2	14%	9	64%	3	21%	14	100%
Community bodies	3	60%	2	40%	–	0%	5	100%
Environmental consultancies	6	100%	–	0%	–	0%	6	100%
Hospitality and restaurant trade	2	50%	2	50%	–	0%	4	100%
DRS companies	3	100%	–	0%	–	0%	3	100%
Other organisations	7	100%	–	0%	–	0%	7	100%
Total organisations	77	63%	30	25%	15	12%	122	100%
Total individuals	705	57%	176	14%	363	29%	1,244	100%
Total (organisations and individuals)	782	57%	206	15%	378	28%	1,366	100%

Percentages may not total 100% due to rounding.

12.3 This question was addressed by the postcard campaign which called for the scheme in Scotland to give consumers the choice to donate their deposits to charity, rather than having them returned. Thus, respondents were advised to tick 'yes' at Question 30.

Possible additional benefits which the scheme could pursue (Q31)

12.4 The comments indicated that a relatively large proportion of individual respondents and some organisational respondents may have been uncertain about the meaning of Question 30. Specifically, respondents' comments at Question 31 commonly referred to the types of benefits / outcomes that a DRS **should be expected to produce** (i.e. a reduction in litter, increased awareness of recycling, greater involvement of communities / children in recycling, etc.), rather than any **additional** benefits they thought should be pursued as part of the scheme. **Thus, the figures shown in the 'yes' column in Table 12.1 above are likely to be an overestimate.**

Views in favour of pursuing additional benefits

12.5 Among the respondents who answered 'yes' to Question 30 and who also discussed **additional** benefits which could be derived from the scheme, there was general endorsement of the types of benefits outlined in the consultation paper. (See paragraph 12.1 above.) Specifically, this group supported the suggestion that consumers should be given the choice to donate their deposits to charity or communities (and particularly to charities and / or community activities which involved recycling, litter picking, waste reduction, or conservation), rather than having the deposit returned.

12.6 There was also support for the idea that the scheme could be used to encourage, support and fund innovation in the development of packaging that (i) is able to be more easily recycled and / or (ii) is made from recycled material. However, some respondents pointed out that this should not be seen as an 'additional' benefit, but rather should be one of the central aims of the scheme. Some private sector respondents also suggested that it was unnecessary for the scheme to encourage better product design, since bottles, cans and PET plastic containers are already recyclable, and the industry was already committed to using more recycled (and recyclable) materials wherever possible.

12.7 Occasionally respondents made specific suggestions about how a donation scheme might work alongside the DRS – i.e. through the use of a mobile phone app, or (as discussed in the consultation paper) by having collection and deposit return points located in schools, charities or the premises of other good causes – and the deposits being redeemed by those organisations.

12.8 Less often, respondents offered suggestions about other types of benefits that could be pursued through the scheme. These included:

- **Benefits to local authorities:** This would involve local authorities receiving a form of recycling tonnage 'credit' which would be based on the number of households in their area. This could potentially offset any loss of recycling tonnage from their kerbside collections resulting from the DRS.
- **Benefits to the Scottish economy:** Suggestions included (i) locating any new infrastructure for the scheme in an area of deprivation to provide a new source of employment for local residents; (ii) developing a Scottish reprocessing industry so that

materials would not have to be shipped overseas; (iii) developing local markets for reprocessed materials.

- **Business-related benefits:** These could be obtained by integrating the DRS with retail loyalty schemes.
- **Benefits to the consumer:** Finally, there were suggestions that the scheme could operate in conjunction with a lottery – which would pay out a ‘reward’ to consumers (for example, upon return of every 100,000th PET plastic container, a prize of £100 could be claimed and paid out digitally, etc.). Respondents who suggested this thought this would increase the incentive to consumers to participate in the scheme.

Views opposed to, or unsure about, pursuing additional benefits

12.9 Respondents who answered ‘no’ or ‘don’t know’ to Question 30 generally gave similar reasons for doing so. These respondents repeatedly made several overlapping points:

- The environmental benefits likely to be achieved by a DRS in Scotland were already substantial; it was unnecessary to burden the scheme with pursuing additional benefits.
- Efforts (at least initially) should focus entirely on developing an efficient and financially sustainable scheme and maximising the recycling of materials included in it.
- Attempts to achieve ‘additional benefits’ from the scheme would introduce complexity and cost and may undermine the success of the scheme.
- Public support for and participation in the scheme may decline if the financial incentive (i.e. the return of the deposit) is diluted.

12.10 This group called for the DRS to ‘keep it simple’, ‘keep the money in the system to make it viable’, ‘get people recycling first’ and ‘get it right’ before attempting to do a multitude of other (unrelated) things. Some respondents thought that directing monies generated by the scheme towards a range of ‘additional benefits’ was contrary to the Scottish Government’s own ambition of moving towards a circular economy. There was also a view, expressed less often, that the linking of a DRS to a system of charitable donation was an ‘inappropriate’ use of funding – given that consumers will be ‘forced’ to pay a deposit when purchasing an item, and may feel pressured to give up their deposit when they cannot afford to do so.

13 System ownership (Q32–Q34)

13.1 Three questions in the consultation paper addressed the issue of system ownership, asking about the type of organisation that should ‘own’ or run the deposit return scheme and act as scheme administrator, the basis on which the scheme administrator should operate and the roles that they should carry out.

Question 32: Which option do you think offers the best system ownership model to ensure the primary goals of a deposit return system are met? [Industry-operated not-for-profit / Privately owned and operated commercial operation / Public ownership / Combination of the above]

Question 33: How much emphasis should be placed on the system administrator achieving secondary benefits like ensuring Fair Work practices are followed and that the material collected is reprocessed in Scotland?

Question 34: What do you see as the main roles for a scheme administrator?

System ownership (Q32)

13.2 Question 32 asked for views on the best model for scheme ownership. It offered three discrete options – industry-operated not-for-profit, privately owned commercial operation, public ownership – each of which was briefly outlined in the consultation paper, as well as a fourth option of ‘a combination of the above’. Those who selected ‘a combination of the above’ were asked to provide further details of the combination envisaged.

13.3 Table 13.1 shows that there was no clear consensus on the best model for system ownership. However, public ownership was the most popular option selected by 44% of respondents, while industry-operated not-for-profit was selected by 26% of respondents and privately owned commercial operation by 3%. A quarter of respondents (27%) selected a combination of these options. Organisations were more likely to favour the industry-operated not-for-profit model, with 45% of organisations choosing this option. Food and drink producers (77%), the hospitality / restaurant trade (80%) and retailers (59%) were particularly likely to favour this option. By contrast, individual respondents were more likely to favour public ownership (46% chose this option). A majority of public sector organisations (57%) also preferred this option.

Table 13.1: Q32 – Which option do you think offers the best system ownership model?

Respondent type	Industry-operated not-for-profit		Privately owned commercial operation		Public ownership		A combination of the above		Total	
	n	%	n	%	n	%	n	%	n	%
Public sector organisations	3	14%	–	0%	12	57%	6	29%	21	100%
Food and drink producers	17	77%	1	5%	3	14%	1	5%	22	100%
Charities	1	10%	–	0%	3	30%	6	60%	10	100%
Retailers	10	59%	1	6%	1	6%	5	29%	17	100%
Recycling / waste mgmt orgs	8	53%	3	20%	–	0%	4	27%	15	100%
Packaging manufacturers	7	47%	–	0%	–	0%	8	53%	15	100%
Community bodies	–	0%	–	0%	2	33%	4	67%	6	100%
Environmental consultancies	2	33%	–	0%	–	0%	4	67%	6	100%
Hospitality / restaurant trade	4	80%	–	0%	–	0%	1	20%	5	100%
DRS companies	1	50%	–	0%	–	0%	1	50%	2	100%
Other organisations	3	50%	–	0%	2	33%	1	17%	6	100%
Total organisations	56	45%	5	4%	23	18%	41	33%	125	100%
Total individuals	307	25%	34	3%	575	46%	333	27%	1,249	100%
Total (organisations and individuals)	363	26%	39	3%	598	44%	374	27%	1,374	100%

Percentages may not total 100% due to rounding

13.4 Although the second part of the question was targeted at those who selected ‘a combination of the above’, respondents who selected each of the individual options also provided comments explaining their views. Thus, the sections below cover views in support of each of the options as well as covering the views of those who favoured a combination approach. Across all options individuals tended to make single, brief points in their comments, while organisations provided fuller explanation of their preference and how they envisaged the different models might operate. It was clear that many respondents viewed scheme ownership and governance as closely related if not inseparable issues. Scheme governance (including regulation) is covered in more detail in Chapter 14.

Views of those favouring a public ownership model

13.5 A public ownership model was particularly popular among individuals and some, but not all, public sector bodies. Respondents thought that this model would (i) allow wider environmental and community benefits to be prioritised, (ii) ensure transparency, accountability and good governance, and (iii) encourage scheme support and ‘ownership’. Some respondents explicitly argued that public sector agencies were able to run efficient and effective businesses.

13.6 There was a widespread view among respondents in this group that the focus of the scheme should be on environmental concerns and not on maximising profit, and that the public sector was best placed to deliver this. Conversely there was concern that a private organisation would run the scheme in a way that maximised profit, and would be tempted to manipulate the scheme for their own advantage.

13.7 Some respondents envisaged a public sector model which involved stakeholders from all sectors, and some thought local authorities had an important role to play given their

experience of refuse collection and recycling and their existing infrastructure. (There was also an alternative view that local councils did not have the resources to take on this role.)

Views of those favouring an industry-owned not-for-profit model

13.8 An industry-owned not-for-profit model was popular among organisations – food and drink producers, retailers, and those representing the hospitality trade, in particular. Respondents argued that industry stakeholders had the necessary knowledge and expertise, as well as having access to existing supply chains and logistics infrastructure needed to run a successful scheme. They also thought that this model would encourage buy-in and compliance from industry stakeholders and ensure a cost-effective scheme which would give the best return to communities. Some respondents (including those from the food and drink and packaging manufacturing sectors) thought this model was appropriate given that a deposit return scheme represented a form of EPR.

13.9 It was common for respondents to discuss wider governance and accountability arrangements which they saw as important to the success of this model. They highlighted:

- Scheme framework, objectives, rules and governance set by government
- Public accountability provided via oversight by a board
- The involvement of a wide range of stakeholders – e.g. representatives from all points in the supply chain; producers; retailers; local authorities.

13.10 It was also argued that industry-owned not-for-profit models were common in existing successful schemes – there were specific references to schemes in the Nordic countries.

13.11 Individuals selecting this option tended to emphasise the ‘not-for-profit’ aspect of the model, and did not generally provide detail about how they envisaged it operating.

Views of those favouring a privately owned commercially operated model

13.12 This was the least popular model. On the whole, those who provided comments explaining their preference (mainly organisations) thought that this would ensure the scheme operated on a competitive, commercially viable and sustainable basis, within a framework set by government. They also highlighted perceived weaknesses of public ownership – e.g. red tape, bureaucracy and political interference – which they wished to avoid.

Views of those favouring a ‘combination’ ownership model

13.13 The most common combination model suggested was that of industry-owned not-for-profit and public ownership. However, most respondents who favoured a ‘combination’ model did not specify in any detail the combination envisaged; instead they discussed the advantages that a combination model – generally seen as a public / private partnership approach of some type – would offer. These included:

- The optimum combination of skills, experience and expertise to achieve a successful scheme and the best outcomes.
- The nimbleness and business instincts of the private sector and the integrity, accountability and scrutiny of the public sector.
- Cross-sector commitment and buy-in, and public confidence.

13.14 Organisational respondents in particular discussed a range of possible working models involving various arrangements of public, private and third sector input. Most commonly, however, the public sector was envisaged as adopting an oversight or governance role – setting the framework for the scheme and providing scrutiny and accountability. (Some organisations (mainly packaging manufacturers) provided further comment to this effect at Questions 35 to 39 which looked specifically at governance arrangements.) Thus, the views of respondents stating a preference for a ‘combination’ model were, in most cases, not dissimilar to the views of those who favoured an industry-owned not-for-profit model (see paragraphs 13.8 to 13.11). Less often respondents suggested more direct public sector involvement – e.g. joint public / private sector ownership, or public sector representation on an industry-led body at board level.

13.15 Some respondents (mainly individuals) argued for models based on social enterprise, cooperative or community ownership principles, or wished to see locally based solutions and a role for the voluntary and public sector.

13.16 There was a broad consensus among the individuals who selected this option about the importance of a not-for-profit approach, regardless of the model adopted.

Other comments on scheme ownership

13.17 Some respondents did not express a preference, but instead said the model adopted should be the one best able to deliver a successful scheme or meet the scheme objectives. Others suggested learning from the models adopted in schemes elsewhere.

13.18 Finally, in a few cases, respondents said they did not think there should be a separate scheme operator, or thought that this represented unnecessary bureaucracy.

Achieving secondary benefits (Q33)

13.19 Question 33 (an open question with no initial closed question) asked respondents for their views on the emphasis that should be placed on the system administrator achieving ‘secondary benefits’. The question made reference to ensuring that fair work practices are followed and ensuring that the material collected is reprocessed in Scotland, but there was no further explanation or discussion of ‘secondary benefits’ in the consultation paper.

13.20 Around half of those who responded to this question made only very brief comments, consisting of a few words or a single sentence indicating the extent to which they thought that secondary benefits should be emphasised by the scheme administrator. Most commonly, respondents thought that secondary benefits should be emphasised within the scheme, offering comments such as ‘100%’, ‘a lot’, ‘a great deal’, ‘high emphasis’, ‘these should be a priority’, and ‘this is vitally important’. Some, however, indicated more qualified support saying that there should be ‘quite a lot’ or ‘some’ emphasis, or that any emphasis should be ‘reasonable’. Others indicated reservations about pursuing such an agenda, offering comments such as ‘minor’, ‘low emphasis’ or ‘low importance’, or simply stating ‘none’. These respondents did not explain their views further.

13.21 Other respondents did, however, explain their views, and the remainder of this section explores the issues raised in these comments. These related to: general views on the pursuit of secondary benefits (support for and opposition to); fair work practices; ensuring reprocessing in Scotland; and other secondary benefits. A final section covers other comments on the issue of secondary benefits.

13.22 As noted above, the wording of Question 33 made specific reference to 'fair work practices' and 'ensuring that the material collected is reprocessed in Scotland' as examples of secondary benefits. Those who explained their views in more detail tended to focus on these two issues in their comments.

Support for the pursuit of secondary benefits

13.23 Those wishing to see a strong emphasis on secondary benefits included most individuals, as well as organisations from the public, voluntary and community sectors. These respondents typically wished to see a scheme that was ethical; that supported the circular economy and Scottish businesses; that provided maximum benefit at local, community and individual level for the people of Scotland; and that set high standards and led the way for other sectors and other nations.

13.24 Respondents in this group thought that such values should be fundamental to the scheme (i.e. they should not be seen as 'secondary') and should be incorporated into the scheme from the outset.

13.25 Some also suggested that an emphasis on secondary benefits would help build confidence in the system and encourage consumer buy-in and participation.

13.26 Among those offering qualified support for pursuing such benefits, there were suggestions that such aims were 'important' but should continue be regarded as 'secondary' to the main aim of improved recycling.

Opposition to or reservations about the pursuit of secondary benefits

13.27 A range of mainly organisational respondents questioned the pursuit of secondary benefits. They argued that the aim for the scheme should be increased recycling and efficient and cost-effective processing of materials. They believed that DRS operators should be free to make their own decisions on a commercial basis and were concerned that any obligations to pursue secondary benefits would detract from this aim, and increase the burden on consumers, and / or distort the market. This view was particularly linked to the potential aim of ensuring reprocessing in Scotland, as discussed in paragraphs 13.32 to 13.34 below.

13.28 Other respondents suggested that people were more concerned about consumer costs than achieving secondary benefits, or that including obligations regarding secondary benefits risked making the scheme too complicated.

13.29 Some respondents, including some individuals, suggested that while it might not be appropriate to pursue secondary benefits from the outset, this was something that might be introduced at a later point once the system was up and running.

Fair work practices

13.30 There was general agreement across all respondent types about the importance of fair work practices. Individuals and some organisations (from the voluntary, community and public sectors) saw the development of a Scottish-based industry as an opportunity to enhance fair work practices, and for employers in the sector to set an example regarding good practice. They stressed the importance of the living wage, unionisation, good training, and effective health and safety regimes, and the value that good practice in this area could bring to any business. They argued that adherence to fair work practices should be a

contractual requirement for any organisation working as part of the scheme, and that the scheme administrator should have a role in overseeing and enforcing this.

13.31 However, across all respondent groups there was a common view that this was not an issue that should be (or needed to be) addressed via the proposed DRS, with respondents also questioning whether ensuring fair work practices should be classified as a 'secondary benefit'. It was pointed out that existing legislation covering issues such as employment rights and health and safety at work was already in place and would apply to DRS-related employment in the same way as it applied to any other sector.

Reprocessing in Scotland

13.32 There was a high degree of support among individuals for the principle of reprocessing in Scotland. Respondents often stated that this would be good for jobs and the economy and thought that Scotland had an opportunity to take a leading role in developing the reprocessing industry. Respondents also saw this approach as environmentally and ethically sound, and important in furthering the 'circular economy'. Less commonly individuals said that ensuring efficient, effective and environmentally sound recycling was the priority and that this might be best achieved by exporting material for processing, or that local processing was preferable but should not be pursued 'at any costs'.

13.33 While it was common for organisational respondents of all types to highlight the current lack of capacity in the reprocessing sector in Scotland, there was a range of views from different sectors about the implications of this, as follows:

- Commercial organisations generally did not think it was realistic for Scotland to develop a fully self-sufficient cost-effective reprocessing industry. While some were supportive of increasing and using local reprocessing 'where practical', there was also a view that any obligations regarding in-country reprocessing would impact on the commercial viability of the scheme and the profitability of individual operators. Respondents frequently stressed the benefits of a UK-wide reprocessing industry.
- Other organisations (e.g. public sector, voluntary and community bodies) felt that there was scope for Scotland to further develop its recycling and reprocessing industry – at least in a selective way – with some suggesting that this should be pursued via a cross-sector (possibly cross-border with the rest of the UK) strategic approach. However, they also thought a pragmatic approach to using reprocessing facilities elsewhere was important.

13.34 It was common for respondents to link the issue of fair work practices and ensuring reprocessing in Scotland – those who did so thought that a locally based industry governed by Scottish (or UK) legislation would make it easier to ensure fair work practices.

Other possible secondary benefits

13.35 Occasionally, respondents suggested other goals that might be pursued as secondary benefits. These included minimising energy use, promoting a reduction in packaging, creating markets for reprocessed materials, supporting the involvement of smaller outlets in the scheme, and generating increased funding for cleaning up plastic pollution.

Arrangements for delivering secondary benefits

13.36 There was a range of views put forward about how the pursuit of secondary benefits might be affected by different possible scheme ownership and governance arrangements. For example, it was suggested that:

- Public ownership or the adoption of a social enterprise model would facilitate the delivering secondary benefits
- Commercial operators should not be restricted by 'political' aims
- Any requirements regarding secondary benefits should be included in scheme legislation, and operators would need to adhere to this
- The proposed delivery of secondary benefits could be assessed as part of any tendering process, and built in to contractual arrangements
- Performance regarding secondary benefits would need to be monitored and reported.

13.37 Some respondents thought that the question of secondary benefits could not be addressed until the system ownership and design was agreed.

Suggested role(s) of scheme administrator (Q34)

13.38 Question 34 (an open question) addressed the role of the scheme administrator. The consultation paper described the type of activities that might be undertaken by the organisation managing the DRS (i.e. the administrator), but also said that exact roles and responsibilities would depend on the final scheme design.

13.39 Respondents offered a wider range of general and more detailed points on the potential role and functions of the scheme administrator. Individuals in particular often simply said that the administrator should be responsible for running the scheme, overseeing the scheme, or ensuring its smooth and efficient operation. Those respondents offering more detailed comments identified the following main areas of responsibility for the administrator:

- Overall scheme delivery: Ensuring the overall successful running of a joined up, coordinated and accessible scheme across the whole of Scotland
- Scheme objectives: Ensuring the scheme met its objectives, as set out in legislation and any associated rules and arrangements
- Working principles: Ensuring the scheme operated in accordance with wider ethical and environmental principles, and delivered community benefits
- Maximising scheme success: Maximising the success of the scheme in terms of recycling, waste reduction and littering, and packaging innovation; maximising financial return
- Scheme design and development: Working with stakeholders to establishment the scheme; ensuring ongoing development, and continuous improvement
- Governance: Ensuring compliance with legislation; ensuring transparency and accountability to government and the public; carrying out prevention and enforcement activities regarding fraud and system abuse
- Financial management: Overseeing finances and ensuring financial sustainability; securing best value for recycle; overseeing reinvestment of profit

- Scheme promotion: Including public information and education and community engagement
- Monitoring and evaluation: Establishing performance indicators, conducting research and collecting and analysing data for audit, performance management and service improvement purposes
- Scheme rules and processes: Setting deposit levels (or advising on this), setting / administering producer fees; reconciling deposit transactions; validating products and dealing with barcodes
- Scheme infrastructure and logistics: Dealing with drop-off points, RVMs, transportation, storage, reprocessing etc; engaging with producers / retailers, and putting contractual arrangements in place to deliver these aspects of the scheme.

13.40 It should be noted that the extent to which respondents saw these functions as being carried out by the administrator directly or by a third party varied.

13.41 Overall, there was a great deal of overlap in the roles and function put forward by individuals and organisations. However, there was a broadly held view among organisations that the administrator should be responsible for ensuring the scheme met its objectives as set out in government legislation and adhered to any related rules, but that how that was done should not be prescribed to any great extent. Thus, organisational respondents were more likely to describe a strategic rather than just an operational role for the scheme administrator, involving functions such as setting up, designing and establishing the scheme; ensuring its smooth running (via contractual arrangements); providing appropriate governance; setting key performance indicators (KPIs) and monitoring performance against these. Some organisations (e.g. charities, public sector bodies, 'other' organisations) also said the administrator should ensure the scheme operated in an ethical or sustainable way and delivered benefits for communities in Scotland.

13.42 The consultation paper raised the possibility of the scheme administrator overseeing the reconciliation of deposit transactions, and setting the producer responsibility element of the scheme, tasks which might alternatively be carried out via a central clearing system. These functions were noted by a range of respondents – mainly but not exclusively, organisations – as falling within the potential remit of the scheme administrator.

Other comments on the role of the scheme administrator

13.43 Occasionally, across both organisations and individuals, respondents queried the need for a 'scheme administrator' or expressed concern about the potential implications for costs and bureaucracy. It was also common for individuals in particular to say that they did not know what the role or function of the scheme administrator should be – respondents said that this was beyond their knowledge and expertise, or that it was an issue for 'experts' to consider. Organisational respondents often made the point that the role and function of the administrator would vary depending on the nature of the scheme established, and the arrangements put in place elsewhere in the UK.

13.44 Respondents – organisations and individuals – suggested that it would be useful to look at the roles carried out by administrators in existing schemes elsewhere in the world.

14 Regulation of a DRS in Scotland (Q35–Q39)

14.1 Questions 35 to 39 asked about regulatory arrangements for a deposit return scheme. The consultation set out brief information about the types of activities that might need to be regulated (e.g. labelling, product approval, return points, transportation and handling of containers), and the options for doing so. Each of the five questions focused on different aspects of regulation.

Question 35: Which option for regulating producers do you think is most appropriate? Please explain your reasons. [Regulation by an existing body, most likely Trading Standards or SEPA / The establishment of a new body to oversee regulation / Regulation by the scheme administrator]

Question 36: Which option for regulating return sites, including retailers, is most appropriate? Please explain your reasons. [Regulation by an existing body, most likely Trading Standards or SEPA / The establishment of a new body to oversee regulation / Regulation by the scheme administrator]

Question 37: What level of regulatory power do you think is appropriate for the system administrator?

Question 38: In particular, do you think the administrator should have a role in approving products that go on sale to make sure they are compatible with the scheme? [Yes / No / Don't know]

Question 39: Do you agree that the Scottish Government should be responsible for regulating the system administrator? [Yes / No / Don't know]

Question 39a: If yes, should this be done via SEPA? [Yes / No / Don't know]

Question 39b: If no, what other organisation should undertake this role?

Regulation of producers and return sites (Q35 and Q36)

14.2 Questions 35 and 36 asked about regulatory arrangements for producers (Question 35) and return sites (Question 36).

14.3 For each of these two-part questions, respondents were asked to select one of three options as their preferred form of regulation, and to explain the reasons for their choice. Tables showing the response to the initial tick-box part of each of these questions are shown below. There was a great deal of overlap in the comments made by respondents across these two questions, and they are therefore reported together.

14.4 Table 14.1 shows that overall, two-thirds (67%) of respondents thought that an existing body, such as Trading Standards or SEPA, should have responsibility for regulating producers taking part in the DRS. The remaining one-third of respondents were divided about whether it was preferable to establish a new regulatory body (16%) or allow the scheme administrator to regulate producers (17%). Individuals were more likely than organisations to say that regulation should be undertaken by an existing body (68% and 54% respectively). Those organisations most in favour of regulation by an existing body were public sector organisations (86%), recycling and waste management organisations (91%) and community bodies (75%). Charities (70%), food and drink producers (61%), and organisations in the hospitality and restaurant trade (60%) and were most likely to think the scheme administrator should carry out this role.

Table 14.1: Q35 – Which option for regulating producers do you think is most appropriate?

Respondent type	Regulation by existing body (e.g. Trading Standards or SEPA)		Establish new body		Regulation by the scheme admin		Total	
	n	%	n	%	n	%	n	%
Public sector organisations	18	86%	2	10%	1	5%	21	100%
Food and drink producers	4	22%	3	17%	11	61%	18	100%
Charities	3	30%	–	0%	7	70%	10	100%
Retailers	8	62%	–	0%	5	38%	13	100%
Recycling / waste mgmt orgs	10	91%	1	9%	–	0%	11	100%
Packaging manufacturers	2	22%	4	44%	3	33%	9	100%
Community bodies	3	75%	1	25%	–	0%	4	100%
Environmental consultancies	3	50%	–	0%	3	50%	6	100%
Hospitality and restaurant trade	2	40%	–	0%	3	60%	5	100%
DRS companies	1	50%	–	0%	1	50%	2	100%
Other organisations	3	50%	1	17%	2	33%	6	100%
Total organisations	57	54%	12	11%	36	34%	105	100%
Total individuals	744	68%	186	17%	169	15%	1,099	100%
Total (organisations and individuals)	801	67%	198	16%	205	17%	1,204	100%

Percentages may not total 100% due to rounding

Note: Eight organisations who submitted their responses by email selected two options. These views are not presented in the table but are discussed below.

14.5 Table 14.2 shows that views on regulation of return sites were similar to views on regulation of producers. Overall, nearly two-thirds (65%) of respondents thought that an existing body should have responsibility for regulating return sites. Just over a fifth of respondents (21%) thought the scheme administrator should regulate return sites, while the remaining 15% thought a new body should be established for this role. Individuals were more likely than organisations to say that return site regulation should be undertaken by an existing body (65% and 57% respectively). Those organisations most in favour of return site regulation by an existing body were recycling and waste management organisations (91%), public sector organisations (90%), and community bodies (75%). Charities (78%) and food and drink producers (72%) were most likely to advocate regulation of return sites by the scheme administrator.

Table 14.2: Q36 – Which option for regulating return sites, including retailers, is most appropriate?

Respondent type	Regulation by existing body (e.g. Trading Standards or SEPA)		Establish new body		Regulation by the scheme admin		Total	
	n	%	n	%	n	%	n	%
Public sector organisations	19	90%	2	10%	–	0%	21	100%
Food and drink producers	3	17%	2	11%	13	72%	18	100%
Charities	2	22%	–	0%	7	78%	9	100%
Retailers	9	64%	–	0%	5	36%	14	100%
Recycling / waste mgmt orgs	10	91%	–	0%	1	9%	11	100%
Packaging manufacturers	2	40%	–	0%	3	60%	5	100%
Community bodies	3	75%	1	25%	–	0%	4	100%
Environmental consultancies	4	67%	1	17%	1	17%	6	100%
Hospitality and restaurant trade	2	40%	–	0%	3	60%	5	100%
DRS companies	1	50%	–	0%	1	50%	2	100%
Other organisations	3	50%	1	17%	2	33%	6	100%
Total organisations	58	57%	7	7%	36	36%	101	100%
Total individuals	707	65%	165	15%	210	19%	1,082	100%
Total (organisations and individuals)	765	65%	172	15%	246	21%	1,183	100%

Percentages may not total 100% due to rounding.

Note: Nine organisations who submitted their responses by email selected two options. These views are not presented in the table but are discussed below.

14.6 In the vast majority of cases (more than 90%), respondents who answered Question 35 and Question 36 selected the same option on both occasions.

14.7 It should be noted that at both Question 35 and 36 a small number of organisations selected two of the possible options and others used their comments to indicate a preference for a regulatory approach involving more than one body. Most of these respondents thought that **both** the scheme administrator **and** an existing body should have responsibility for regulating producers.

14.8 The section below covers views on each of the regulatory options offered, as well as presenting other main points raised by respondents.

14.9 Across all respondents – and organisations in particular – there was a widespread endorsement of the importance of regulation and governance. However, there was a mix of views about how this might best be delivered, and about the advantages and disadvantages of each of the options offered, as follows:

- **Regulation via an existing body:** This was the most popular option, particularly among individuals. It was argued that building on the knowledge, skills and regulatory expertise in existing organisations, and taking advantage of already established processes, networks and relationships provided the most sensible and cost-effective solution for DRS regulation. This option was also seen as providing independence, impartiality, and integrity, as well as a coherent and joined up approach. Respondents often noted the perceived ‘good fit’ between the current roles of Trading Standards

and / or SEPA and the regulatory demands resulting from a new deposit return scheme (e.g. waste management, environmental impacts, consumer protection and retail pricing); some favoured SEPA, some favoured Trading Standards while some saw a role for both bodies. Other respondents suggested external regulation might also be provided via other routes such as environmental health and Inland Revenue. In contrast those opposed to this option thought that existing bodies did not have the capacity or the 'clout' to carry out the role.

- **Regulation by the scheme administrator:** Respondents who favoured this option saw it as offering an efficient and effective form of industry-specific regulation – the administrator would have the necessary operational knowledge and expertise in this new and specialised area to be able to respond quickly to issues as they arose. It was also argued that it was in the interests of the administrator to ensure a well-run and well-regulated scheme. However, respondents also often saw this working in conjunction with external regulation and / or highlighted the need for openness and transparency with regard to how the scheme administrator operated, and for appropriate governance and accountability arrangements to be in place. Some said their support for this option was dependent on the scheme administrator being a public body. Those opposed to regulation by the scheme administrator were concerned about the implications for independence and impartiality of such a model, and about potential conflicts of interest.
- **Regulation via a new body:** Those favouring the establishment of a new body with a specific DRS remit thought that this would ensure an appropriate focus and a 'bespoke' approach to regulation, as well as offering independence and impartiality. A new body would offer the opportunity for a fresh start, and a new perspective in this important area of work. Some respondents (mainly packaging manufacturers) thought that a new body might also be given a regulatory role with regard to household waste and recycling. Some of those favouring a new body did so because of perceived shortcomings with existing regulatory bodies. The main arguments against this option were that a new body would involve unnecessary bureaucracy and expense, and would take time to set up and bed in.

14.10 Regardless of the option(s) selected at the closed parts to Question 35 and 36, respondents used their comments to describe approaches involving more than one body – most often this was the scheme administrator plus one or more existing body (or bodies). Those suggesting a combined approach of this type included respondents (packaging manufacturers, DRS companies and food and drink producers) who put forward a distinct model which would see regulation delivered via the scheme administrator (a not-for profit industry body), overseen by an 'oversight board', with external regulation provided via (an) existing body (or bodies). However, a broad range of respondents envisaged regulation being provided via a combination of internal management and external scrutiny, with many emphasising the importance of collaboration or close working relationships in this activity.

14.11 Whichever option was suggested, respondents stressed the need for adequate funding and resources for any body given regulatory responsibilities. Some organisations (e.g. retail bodies) argued that regulatory costs should be met by the government.

14.12 There was also a general view – common among individuals, but also expressed by organisations – that it made sense to have the same body regulating both producers and

return sites. This was seen as a cost-effective and efficient arrangement which avoided organisational complexity and provide clarity for the public and DRS stakeholders.

Regulatory powers of scheme administrator (Q37 and Q38)

14.13 Two questions, Questions 37 and 38, asked for views on the scheme administrator's role in regulation.

14.14 Question 37 asked about the level of regulatory power the administrator should have. This was an open question – respondents were invited to give comments without completing an initial tick-box part question.

14.15 Note that a substantial proportion of individuals who responded (around a third) simply used their comments to say they didn't know what level of regulatory power was appropriate. In addition, the comments provided by individuals and organisations were somewhat different in nature and so are dealt with separately below.

Views of individuals

14.16 For the most part individuals gave brief comments focusing on the **degree** of regulatory power the scheme administrator should have. Respondents fell into two main groups:

- Those who thought the administrator should have a high level of regulatory power. They typically called for the administrator to have 'robust' or 'strong' powers, 'full' powers, or 'wide-ranging' powers. Additionally, they wanted an administrator 'with teeth' who could take action to enforce compliance via fines and other sanctions (e.g. the removal of licences) imposed directly or via prosecution through the courts. Some respondents qualified their comments by saying that the administrator should carry out this role within a legal framework set by the government; should be answerable to a 'board' or to the government or Parliament with regard to performing its regulatory role; or that this role would only be appropriate if the administrator was a public body.
- Those who thought the scheme administrator should have no regulatory powers. These respondents thought the job of the administrator was to run an efficient and effective scheme, and that regulation, including regulation of the administrator, should be carried out by another external body – either an existing body or bodies (SEPA, Trading Standards, HSE etc.) or a new body with a specific DRS remit. There was a concern that giving the administrator regulatory powers amounted to 'self-regulation' which was seen as inappropriate, or would risk the creation of conflicts of interests. Nevertheless, respondents sometimes suggested that the administrator might still have a role in supporting regulatory activity by, for example, advising and 'directing' scheme operators with regard to compliance issues, and reporting non-compliance to the appropriate regulatory body.

14.17 Two further groups of respondents thought the administrator should have (i) 'sufficient' or 'adequate' regulatory powers in order to ensure an effective and successful scheme; or (ii) the 'same' powers or 'equivalent' powers to existing regulatory bodies.

Views of organisations

14.18 In contrast to individuals, organisations were more likely to discuss the role of the administrator within the broader regulatory context, and to provide views on (i) the areas of

regulatory activity where administrators might have a role and (ii) how this role might be carried out.

14.19 Broadly speaking, organisations envisaged a model along the following lines:

- (i) The scheme arrangements and any related regulatory requirements, enforcement powers and punitive sanctions would be set out on a statutory basis.
- (ii) The scheme administrator would operate with a high level of autonomy within the framework set by government. Within that framework the administrator would set scheme rules and carry out operational tasks such as setting deposit levels and producer fees, approving and registering products, agreeing labelling, monitoring administrative and financial returns from different parties, contracting with operators, overseeing finances and accounting, and overseeing performance.
- (iii) The scheme administrator would have a role in investigating apparent non-compliance, and 'directing' or encouraging compliance, possibly through the use of tools such as enforcement notices, although some suggested the right to impose direct sanctions.
- (iv) The scheme administrator would have the power – or the obligation – to refer cases of non-compliance with scheme rules or other breaches of the law to the appropriate regulatory body or agency for further action to be taken.

14.20 Organisational respondents also suggested that:

- The administrator would work closely with any regulatory body (or bodies).
- The administrator would themselves be regulated by an external body (see also Question 39).
- Any regulatory activity should be conducted in line with the Scottish Regulators Code of Practice.

14.21 In a few cases, respondents suggested that conflicts of interest may arise if the scheme administrator role was undertaken by an industry or commercial body who was then overseeing other commercial organisations. There was one suggestion from the public sector that regulation would be more straightforward if SEPA fulfilled the scheme administrator role.

Scheme administrator role in product approval

14.22 Question 38 asked specifically whether the administrator should have a role in approving products to ensure compatibility with the scheme. This was a two-part question with an initial closed question followed by space for respondents to explain their views.

14.23 Table 14.3 shows that the majority of all respondents thought the scheme administrator should have a role in approving products that go on sale to make sure they are compatible with the scheme. However, individuals were somewhat more likely than organisations to offer this view (70% compared to 59%). Among organisations, charities (90%), recycling and waste management organisations (82%) and environmental consultancies (100%) were particularly likely to think that the administrator should be involved in approving products, while retailers were more likely than other organisations to think that the scheme administrator should **not** have this type of role – 59% said 'no'.

Table 14.3: Q38 – Do you think the administrator should have a role in approving products that go on sale to make sure they are compatible with the scheme?

Respondent type	Yes		No		Don't know		Total	
	n	%	n	%	n	%	n	%
Public sector organisations	9	45%	6	30%	5	25%	20	100%
Food and drink producers	12	63%	5	26%	2	11%	19	100%
Charities	9	90%	–	0%	1	10%	10	100%
Retailers	6	35%	10	59%	1	6%	17	100%
Recycling / waste mgmt orgs	9	82%	2	18%	–	0%	11	100%
Packaging manufacturers	9	60%	6	40%	–	0%	15	100%
Community bodies	1	20%	2	40%	2	40%	5	100%
Environmental consultancies	6	100%	–	0%	–	0%	6	100%
Hospitality and restaurant trade	2	40%	2	40%	1	20%	5	100%
DRS companies	2	100%	–	0%	–	0%	2	100%
Other organisations	3	60%	2	40%	–	0%	5	100%
Total organisations	68	59%	35	30%	12	10%	115	100%
Total individuals	773	70%	162	15%	177	16%	1,112	100%
Total (organisations and individuals)	841	69%	197	16%	189	15%	1,227	100%

Percentages may not total 100% due to rounding

14.24 The sections below look in turn at reasons for agreeing and disagreeing with the administrator having a role in product approval.

Views in support of the administrator having a role in product approval

14.25 Respondents who ticked 'yes' at Question 38 generally focused on the principle of product approval in their comments. Most of these respondents thought product approval was essential to ensure a successful, efficient and effective scheme. They said an approval process was key to (i) ensuring compatibility with the scheme (ii) maximising recycling and (iii) encouraging packaging redesign and innovation (with some advocating a general move towards greater standardisation of packaging). Respondents pointed to successful schemes elsewhere which incorporated product approval.

14.26 However, there was a mix of views with regard to the specific role of the **administrator** in this approval process. Some argued that product approval sat well with the broader remit the administrator might have with regard to tasks such as overseeing labelling, and maintaining a database of products, and would be a good fit with the skills and expertise of the administrator. However, others envisaged the scheme administrator working in conjunction with other relevant bodies – typically, it was suggested that the administrator might carry out an advisory or consultative role while a third party – the scheme regulator, Trading Standards, SEPA – would be responsible for compliance and enforcement. Collaboration in setting the approval criteria was also called for.

14.27 Some respondents who favoured an administrator role in product approval nevertheless had some concerns focusing on the importance of providing a simple and effective process which treated all producers fairly, and protected their commercial interests – the former was of particular importance to food and drink producers. These concerns were addressed by (other) respondents who highlighted the need for a straightforward, open,

transparent and low-cost process, based on clear rules and parameters, or requirements set out in legislation.

Views opposed to the administrator having a role in product approval

14.28 Those opposed to the administrator having a role in product approval put forward the following main arguments:

- A product approval process was not required. In most cases, respondents argued that compliance should be addressed via a reformed PRN scheme which would incentivise packaging redesign by producers, and / or via clear legislative and regulatory requirements enforced by third-party bodies (the government, SEPA, Trading Standards officials, Zero Waste Scotland, etc.). Some respondents said that an 'all inclusive' scheme (i.e. one that accepted **all** containers) would avoid the need for a product approval process.
- A product approval process would have an adverse impact on producers and retailers in terms of time, cost and delay in launching products – this was of particular concern to those involved in the production and retail chain.
- Product approval was not the job of the scheme administrator as it (i) presented the potential for market interference and conflicts of interest (depending on the status of the administrator), and (ii) was a technical issue, beyond the expertise of the scheme administrator.

14.29 These points were most often made by organisations. In contrast, Individuals often simply said that this option (i.e. the scheme administrator approving products) would be too costly, too complex, or too bureaucratic, or would give the administrator too much 'control'.

14.30 In some cases, respondents indicated that, while they were opposed to the scheme administrator having a lead, sole or decision-making role in product approval, they nevertheless thought an advisory or consultative role would be appropriate, or were happy for the administrator to be involved in developing approval criteria. Again, these views were similar to those expressed by some who answered 'yes' at the tick-box question (see paragraphs 14.25 to 14.27).

Other comments

14.31 Other comments made on an occasional basis included the following:

- That a UK (or international) approach to setting criteria for product approval should be considered
- That the administrator would need to be adequately resourced to carry a product approval role
- That this role might be added at a future point.

14.32 Additionally, a range of respondents drew a distinction between approval of 'packaging' or 'containers' and approval of 'products' or the 'contents' of containers. Respondents were often happy to endorse the former, but were concerned about the administrator role extending to take in the latter. Some sought clarity on which of these options was being addressed in the question asked.

Role of Scottish Government in regulating the system administrator (Q39)

14.33 Question 39 asked about regulation of the scheme administrator. Two tick-box questions asked respondents if the scheme administrator should be regulated by the Scottish Government and, if so, if this should be done via SEPA. A final part to the question was targeted at those who did not favour government regulation via SEPA and asked for views on who (else) might carry out this role.

14.34 Table 14.4 shows that, overall, there was strong support for giving the Scottish Government responsibility for regulating the scheme administrator – 89% of respondents answered ‘yes’ to this question. The pattern of response between organisations and individuals was similar. Among organisations, there was unanimous agreement among public sector organisations, charities, community bodies and the hospitality and restaurant trade for this idea. The main dissenting view was from retailers; just less than half of this group answered ‘no’ or ‘don’t know’ in response to this question.

Table 14.4: Q39 – Do you agree that the Scottish Government should be responsible for regulating the system administrator?

Respondent type	Yes		No		Don't know		Total	
	n	%	n	%	n	%	n	%
Public sector organisations	21	100%	–	0%	–	0%	21	100%
Food and drink producers	19	90%	–	0%	2	10%	21	100%
Charities	10	100%	–	0%	–	0%	10	100%
Retailers	10	59%	2	12%	5	29%	17	100%
Recycling / waste mgmt orgs	12	92%	–	0%	1	8%	13	100%
Packaging manufacturers	15	94%	1	6%	–	0%	16	100%
Community bodies	5	100%	–	0%	–	0%	5	100%
Environmental consultancies	5	83%	1	17%	–	0%	6	100%
Hospitality and restaurant trade	5	100%	–	0%	–	0%	5	100%
DRS companies	2	100%	–	0%	–	0%	2	100%
Other organisations	6	100%	–	0%	–	0%	6	100%
Total organisations	110	90%	4	3%	8	7%	122	100%
Total individuals	1,020	89%	44	4%	78	7%	1,142	100%
Total (organisations and individuals)	1,130	89%	48	4%	86	7%	1,264	100%

Percentages may not total 100% due to rounding

14.35 There was less consensus on whether the government’s regulatory role should be provided via SEPA, as asked in Question 39a (See Table 14.5). Just over half (55%) said ‘yes’, a third (34%) said ‘don’t know’ and one in ten said ‘no’. Organisations were more likely than individuals to say ‘no’ (24% compared to 9%). Among organisations, those representing the hospitality and restaurant trade (80%), food and drink producers (63%) and retailers (53%) were more likely than other organisations to express uncertainty in relation to this question. Packaging manufacturers (70%) and recycling and waste management organisations (64%) were more likely than other organisations to answer ‘yes’, while charities were more likely to say ‘no’ (60%)..

Table 14.5: Q39a – If yes, should this be done via SEPA?

Respondent type	Yes		No		Don't know		Total	
	n	%	n	%	n	%	n	%
Public sector organisations	6	30%	10	50%	4	20%	20	100%
Food and drink producers	6	32%	1	5%	12	63%	19	100%
Charities	2	20%	6	60%	2	20%	10	100%
Retailers	3	20%	4	27%	8	53%	15	100%
Recycling / waste mgmt orgs	7	64%	1	9%	3	27%	11	100%
Packaging manufacturers	7	70%	–	0%	3	30%	10	100%
Community bodies	3	60%	2	40%	–	0%	5	100%
Environmental consultancies	2	33%	1	17%	3	50%	6	100%
Hospitality and restaurant trade	1	20%	–	0%	4	80%	5	100%
DRS companies	1	50%	1	50%	–	0%	2	100%
Other organisations	6	100%	–	0%	–	0%	6	100%
Total organisations	44	40%	26	24%	39	36%	109	100%
Total individuals	603	56%	102	9%	369	34%	1,074	100%
Total (organisations and individuals)	647	55%	128	11%	408	34%	1,183	100%

Percentages may not total 100% due to rounding

14.36 Comments at Question 39a covered views on Scottish Government regulation, views on regulation via SEPA, and views on alternative regulatory arrangements. Each of these are discussed further below.

Views on Scottish Government regulation of the scheme administrator

14.37 As shown in Table 14.4, there was strong support for Scottish Government regulation of the scheme administrator. Those offering this view thought it was right that the government should take ultimate responsibility for the scheme, and that this arrangement, underpinned by appropriate legislation and regulations, would ensure the required level of public accountability. Some, however, suggested that the government might be supported in this regulatory role by a stakeholder group of some type.

14.38 Those opposed to government regulation of the administrator argued that this role should be carried out by an independent, impartial body (e.g. a board made up of stakeholder representatives), or, alternatively, favoured 'self-regulation' provided by the industry.

Views on regulation via SEPA

14.39 Respondents were more divided in their views on the option of regulation via SEPA.

14.40 Those who supported this proposal thought that using an existing organisation would be cost-effective, and that SEPA had relevant expertise to carry out the role. Some respondents qualified their support by stressing the importance of SEPA being adequately resourced to carry out any new functions, or suggesting that SEPA might work with other bodies – Zero Waste Scotland, Audit Scotland, local authorities, COSLA and third sector organisations were all suggested as possible partners in carrying out regulatory activity.

14.41 In contrast those who argued against regulation via SEPA thought that this organisation lacked the necessary expertise, capacity or resources. Additionally, there was a

concern that, based on performance in relation to its current remit, SEPA did not have sufficient 'clout' to carry out the role effectively.

Views on other regulatory arrangements

14.42 Question 39a specifically asked which other body might take on this regulatory role. The wide range of suggestions put forward included:

- Boards, panels or groups involving relevant stakeholder representatives – one specific suggestion, put forward by a group of respondents including packaging manufacturers, food and drink producers and retailers, but also reflected in the comments of some other respondents (e.g. charities, community groups), was for an 'oversight board' (appointed by the Minister) which would include public / third sector / academic representatives but exclude commercial bodies with a financial interest in the scheme (see also Questions 35 and 36)
- The establishment of a new public body, government agency or government department
- Existing bodies such as local authorities, Trading Standards, Inland Revenue, Zero Waste Scotland and third sector
- Proposals for how various bodies might work in combination in carrying out regulatory functions (e.g. an oversight board and Trading Standards).

14.43 In some cases, respondents (mainly individuals) discussed the characteristics that they saw as important to any regulatory body but did not put forward specific suggestions as to which body might carry out the role. Various, respondents wished to see a body that was independent and directly accountable to the government or Ministers; that was suitably specialist and strategically focused; that was open to partnership working; and that was underpinned by relevant legislation and had sufficient power to carry out the role.

14.44 Some respondents thought it was important that different regulators oversaw different parts of the scheme (the administrator, producers and return and processing sites) in order to avoid conflicts of interest.

14.45 Finally, some organisations – retailers and food and drink producers most notably – expressed a clear preference for a UK-wide scheme with regulation of the scheme administrator carried out at UK-level. This view accounted for a substantial proportion of the 'don't know' responses at Questions 39 and 39a (tick-box part).

Other comments on regulation

14.46 Across Questions 35 to 39, the view that (specific or additional) regulation was not required was offered on a recurring basis. Those who said this thought it would make the scheme too complicated; existing regulatory regimes would apply; and self-regulation would happen naturally as a result of the various parties involved meeting their obligations.

14.47 Additionally, individuals in particular often said they weren't in a position to give a view on this issue – they were not knowledgeable enough to offer an opinion and the consultation paper had not provided sufficient information to allow them to comment.

15 Discussion of example systems (Q40–Q48)

15.1 The consultation paper set out four example deposit return schemes along with the results of a qualitative assessment of each. The four example schemes demonstrated how different scheme components (ownership model, materials accepted, return locations, deposit level etc) might be combined in different ways. Each example was scored against four key weighted measures of: (i) ensuring fairness for all demographic groups; (ii) maximising accessibility for all demographic groups; (iii) creating employment opportunities for socially disadvantaged groups; and (iv) creating opportunities to raise funds for charitable causes. A net present value (NPV) – a measure of the economic impact on the Scottish economy – was also calculated for each example. The evaluation of performance against each of the four measures was combined and considered along with the NPV to give an overall qualitative assessment for each scheme.²³

15.2 A series of eight questions asked respondents to consider the four examples and the results of the assessment exercises carried out, as follows:

Question 40: Which example do you think best matches the ambition of a deposit return system to increase the rate and quality of recycling and reduce littering? [Example 1 / Example 2 / Example 3 / Example 4]

Question 41: Do you agree with the assessment of Example 1? [Yes / No / Don't know]

Question 42: Do you agree with the assessment of Example 2? [Yes / No / Don't know]

Question 43: Do you agree with the assessment of Example 3? [Yes / No / Don't know]

Question 44: Do you agree with the assessment of Example 4? [Yes / No / Don't know]

Question 45: How do you think the NPV model could be further developed? What other factors should be included in the models?

Question 46: What economic risks or opportunities do you see in introducing a deposit return scheme in Scotland?

Question 47: Do you see particular risks with any of the examples?

Question 48: What action do you think we could take to maximise the opportunities and minimise the risks of any of the approaches?

15.3 There was a lot of variation in the way respondents approached the answering of this set of questions, and a great deal of overlap in the comments made across the questions. As such, this chapter does not present a question by question analysis. Instead it draws on comments across Question 40 to 48 in presenting (i) overall views on the scheme examples (Question 40); (ii) views on each of the four schemes (Question 41 to 44); (iii) views on the NPV methodology used in assessing each scheme (Question 45); and (iv) views on opportunities and risks presented by the example schemes (Question 46 to 48).

Overall views on example schemes (Q40)

15.4 Question 40 asked respondents for their views on which of the four example schemes best matched the scheme ambition of increasing the rate and quality of recycling and reducing littering. This was a simple tick-box question, with the responses to the four

²³ Further explanation of the NPV modelling carried out is included in the outline business case published alongside the consultation. See https://consult.gov.scot/environment-forestry/deposit-return-scheme/supporting_documents/DRS%20%20Outline%20Business%20Case.pdf.

subsequent questions providing further information on the views of respondents on each scheme. However, it was notable that only around six out of ten organisations (93 out of 159) responded to the closed question, although others provided written comments.

15.5 Table 15.1 shows that among the respondents who replied to Question 40, there was no clear consensus about which of the four example schemes best matched the ambition for a DRS in Scotland. Overall, 44% thought that Example 4 would be the best type of scheme. However, relatively large proportions also chose Example 2 (28%) and Example 3 (21%). Respondents were least likely to say that Example 1 would be the best type of scheme, with just 7% selecting this option.

15.6 There was a similar pattern of response between organisations and individual respondents in the sense that there was also no clear consensus among either group regarding the four example schemes. However, organisations were less likely than individuals to choose Example 4 (34% vs 44% respectively) or Example 2 (19% vs 29% respectively), but more likely than individuals to select Example 3 (35% vs 20%).

Table 15.1: Q40 – Which example do you think best matches the ambition of a DRS to increase the rate and quality of recycling and reduce littering?

Respondent type	Example 1		Example 2		Example 3		Example 4		Total	
	n	%	n	%	n	%	n	%	n	%
Public sector organisations	1	5%	3	15%	13	65%	3	15%	20	100%
Food and drink producers	–	0%	1	13%	6	75%	1	13%	8	100%
Charities	–	0%	–	0%	1	7%	14	93%	15	100%
Retailers	5	36%	3	21%	5	36%	1	7%	14	100%
Recycling / waste mgmt orgs	1	11%	3	33%	5	56%	–	0%	9	100%
Packaging manufacturers	1	25%	–	0%	1	25%	2	50%	4	100%
Community bodies	–	0%	3	43%	–	0%	4	57%	7	100%
Environmental consultancies	1	17%	2	33%	1	17%	2	33%	6	100%
Hospitality and restaurant trade	1	50%	1	50%	–	0%	–	0%	2	100%
DRS companies	–	0%	–	0%	–	0%	2	100%	2	100%
Other organisations	–	0%	2	33%	1	17%	3	50%	6	100%
Total organisations	10	11%	18	19%	33	35%	32	34%	93	100%
Total individuals	79	6%	359	29%	255	20%	555	44%	1,248	100%
Total (organisations and individuals)	89	7%	377	28%	288	21%	587	44%	1,341	100%

Percentages may not total 100% due to rounding

Example 1: Take back to designated drop-off points

Example 2: Take back to dedicated drop-off points and some shops (with cartons and cups)

Example 3: Take back to any place of purchase

Example 4: Take back to any place of purchase (with cartons and cups)

15.7 Question 40 was addressed by the postcard campaign which advised respondents to select 'Example 4' as the best scheme for Scotland.

Views on individual example schemes (Q41–Q44)

15.8 Questions 41 to 44 asked in turn whether respondents agreed with the assessments set out in the consultation paper regarding Examples 1, 2, 3 and 4. It was common for respondents to repeat the same comments at each question, or to provide comments of a more general nature only.

15.9 Respondents made one or more of the following types of response at these questions:

- They thought none of the example schemes was suitable for a DRS in Scotland and that the examples offered did not represent 'a definitive list of options'. Respondents giving this type of answer often went on to (i) describe what they saw as a more suitable scheme, either by referencing a set of principles which should underpin the design of a DRS, or by providing details of the actual scheme they would wish to see implemented and / or (ii) say they did not think the 'pick and mix' approach of combining the various components to arrive at example schemes was appropriate. In this latter type of response, respondents said they wanted a well-designed DRS to be specified and fully costed.
- They restated comments made earlier in the consultation about their preferred type of scheme. In this type of response, respondents did not comment directly on (any of) the specific examples proposed but rather reiterated their views about the type of DRS (in terms of the materials covered, the drop-off locations, the deposit level, ownership of the scheme, the aims of the scheme etc.) they would wish to see introduced in Scotland.
- They commented on what they saw as the strengths and / or weaknesses of (some aspects of) the example schemes proposed. In general, these comments 'played back' the 'benefits and drawbacks' which had been set out for each example scheme in the consultation paper (for example: Example 1 minimises impacts on retailers; Examples 3 and 4 offer the best accessibility to drop-off points). These respondents occasionally went on to provide other reflections on the impacts (both positive and negative) of the suggested example scheme.
- They said they did not agree with the assessment. In this type of response, respondents went on to (i) query specific elements of the example scheme(s) under consideration and / or (ii) query specific assumptions which had been made in (or omitted from) the NPV calculations and / or (iii) raise broader methodological issues which they thought were relevant to the assessment.
- They said that (i) there was insufficient information available to allow them to reach a view about whether they agreed with the assessments and / or that (ii) more work needed to be carried out in relation to the assessments. In this type of response, respondents sometimes went on to describe in more detail the kind of further information / further work they wished to see.
- They agreed with the assessment of the scheme but were not in favour of the scheme itself. These respondents, like those described in the third bullet point above, sometimes provided more details of why they were not in favour of the example scheme.
- They thought these assessments were technically complex, and difficult for the lay person to understand and / or comment on. This kind of work was 'best done by others' or 'should be left to the experts'. This type of response was generally offered by individuals rather than by organisational respondents.

15.10 In addition, a range of both individual and organisational respondents simply said they agreed with the assessments provided and did not comment further.

15.11 As can be seen from this characterisation of the comments made about the four models, much of the ground covered was also discussed in the context of other consultation questions. This material is not repeated in any detail, and the sections below concentrate on those comments not covered elsewhere. Note, however, that some of the points are elaborated on further at Question 45 which asked directly about how the NPV methodology might be developed.

Availability of information relating to assessment of examples

15.12 A range of respondents – but particularly food and drink producers, environmental consultancies, charities, public sector respondents and packing manufacturers – commented that there was ‘insufficient detail’ in the consultation paper (and the supporting documents) to allow an informed response to the question ‘do you agree with the assessment of Example X?’. These respondents wanted additional information, including the detailed assumptions and rationale underpinning each assessment, so that further discussion about the assessments could take place.

15.13 A range of respondents highlighted additional information (and assumptions) which would need to be available in order for full impact assessments to be undertaken. This included information and assumptions relating to (i) the impacts on behaviour change (ii) the economic impacts on consumers (iii) the impacts on specific demographic subgroups (iv) the impacts on the various businesses / industries in the supply chain (i.e. producers, wholesalers, retailers, waste management organisations etc.) (v) the costs of including cups and cartons in the DRS (it was noted that no schemes for these types of containers currently exist) and (vi) the impacts on local authorities of running a DRS alongside existing kerbside recycling arrangements. These respondents thought that without this additional information, it was not possible to reach any conclusions on the examples presented and / or the preferred DRS.

15.14 A range of organisational respondents highlighted the supplementary evidence submitted as part of Valpak’s response to the consultation. This included a critique of the economic analysis and NPV assessments of the example schemes presented in the consultation paper. Respondents said they agreed with the assumptions and analysis presented in the Valpak paper.

15.15 A range of organisational respondents (including local authorities) stated that they were currently working with Zero Waste Scotland to consider the impacts of a DRS and to undertake further modelling.

Queries raised in relation to example schemes and their assessment

15.16 Both individual and organisational respondents raised a range of queries in relation to the example schemes and their assessments. Respondents highlighted the uncertainty surrounding some of the contributory factors and noted that changing (any of) the scheme parameters could have a large impact on the NPV assessments (and therefore on the relative merits of the examples and on the viability of the scheme overall).

15.17 The queries raised most commonly related to:

- **Return rates:** Respondents often queried the return rates used in the assessment of specific example schemes. Some respondents thought the return rates used in the assessments were too low, especially as they were lower (they said) than rates which

were currently being achieved (either in the UK or elsewhere). Others thought that the proposed return rates were too high; specifically, it was suggested that the return rates used might significantly overstate the residual waste capture.

- **Deposit amounts:** Respondents queried why the deposit amount used for Examples 3 and 4 was lower than the deposit amount proposed for Examples 1 and 2. Respondents thought the same deposit level should be used for all the examples to aid comparability, particularly given the relationship between the deposit amount and the return rate.
- **Producer costs:** Respondents were unclear how producer costs had been calculated, whether these were the same as producer fees, and how these costs were (or were not) reimbursed in the assessment.
- **Retailer costs:** Respondents – especially, but not only, retailers – thought the upfront capital costs for Examples 3 and 4 were very high (due, at least in part, to the need to purchase and install RVMs in a large number of locations). They could not see how these ‘return point’ costs had been factored into the NPV calculations.
- **Reported benefits of Circular Economy Packaging (CEP) compliance:** Respondents asked for more clarity on how the CEP compliance fees had been attributed. They thought these benefits were overstated in the assessments.
- **Societal benefits:** The way societal benefits (including street cleaning) was valued was thought to be very problematic given the lack of available data on which to base an assessment.

15.18 Other queries raised focused on (i) valuing material revenues given market fluctuations (ii) estimating levels of unredeemed deposits (iii) the high scheme administrator costs for Examples 1 and 2 compared to Examples 3 and 4 and (iv) the justification for the element of ‘public ownership’ introduced into Examples 3 and 4.

Queries in relation to the assessment methodology

15.19 There were a range of concerns about the methodology underpinning the assessments including that:

- The individual examples combined a wide range of aspects and each scheme differed from the others along a number of different dimensions. This meant it was not possible to isolate the effect of any particular change (e.g. raising the deposit level from 10p to 20p, or extending drop-off points to all retail outlets).
- There should be 5- and / or 10-year NPV assessments in addition to the 25-year assessment.
- An analysis of return on investment (RoI) was also required.
- The examples did not adequately recognise the potential logistical challenges. Some respondents noted (again) that there is currently a lack of infrastructure for dealing with disposable cups and carton and they pointed out that the costs of including these materials in the scheme could be very high.
- The assessment is too complicated with many ‘moving pieces’.
- Elements that are suggested in the examples don’t operate anywhere else in the world, so it is hard to judge possible success.

15.20 Occasionally, respondents also made the point that the impact of Brexit and the introduction of a reformed EPR – both of which were likely to have a substantial impact on the design of the DRS – had not been factored into the assessments.

Development of the NPV model (Q45)

15.21 Question 45 asked about further development of the NPV model, and additional factors which should be included in the models. The comments made included both highly technical – and very specific – responses as well as those of a more ‘lay’ and general nature. In the main, the technical responses were offered by organisational respondents only. Moreover, the responses from individuals were dominated by comments which (i) described what kind of DRS was required or (ii) indicated that the respondent was not able to answer this question (comments such as ‘don’t know’, ‘unsure’, ‘no idea’ were common).

15.22 The main themes addressed by respondents are covered below under the headings (i) types of economic analysis to be included (ii) additional factors / schemes to be included in NPV modelling (iii) other issues raised about the development of the NPV model.

Types of economic analysis to be included

15.23 There was widespread support among organisations for NPV calculations covering (i) a number of time points and (ii) a shorter period (3, 5, 10 and 5–10 years were all specifically mentioned) to be carried out and considered alongside the 25-year calculation set out in the paper. This shorter period was thought to be appropriate, especially in the context of the (it was stated) 5–7 year ‘shelf life’ for an RVM.

15.24 Calculations based on measures of RoI also attracted widespread support.

15.25 Respondents suggested that sensitivity analysis should be carried out, especially in the context of (i) deposit levels and (ii) material prices (which are known to be volatile). An analysis of the economic impacts of a DRS on consumer spending on drinks and a wider economic analysis on consumer spending levels of unredeemed deposits was also called for by a range of organisational sectors (packaging manufacturers, food and drink producers, recycling and waste management organisations, environmental consultancies).

Additional factors / schemes to be included in NPV modelling

15.26 Respondents made a wide range of suggestions about other factors which they thought should be included in the NPV modelling. The main suggestions covered:

- Consumer convenience / inconvenience (including additional travel time and costs)
- Consumer choice (especially for low-income groups) / impacts on consumer spending
- Commercial impacts (job losses across a range of sectors due to reduced product sales of in-scope beverages, loss of floor space and staffing costs for retailers, downstream impacts for recycling organisations etc.)
- Impacts on local authority recycle income and infrastructure / impacts of unredeemed deposits on the kerbside recycling stream (this requires modelling at a local level)
- Environmental benefits / harms (reduced littering, reduced landfill costs, carbon emissions from additional travel, recovered energy etc.)
- Inclusion / non-inclusion of alcohol products in a DRS and its impact on MUP

- Risk of fraud
- Impact of other policy developments (e.g. Brexit, EPR, plastics tax, etc.).

15.27 Respondents also suggested that the range of modelled examples should be expanded. In particular, respondents wished to see the NPV modelling outcomes for an on the go DRS. They also suggested modelling the ‘Reward4Waste’ solution.²⁴

Other issues raised

15.28 A small number of respondents raised a number of other points as follows:

- They wished to see (i) explicit recognition of the uncertainty in the modelled assessments; (ii) comparisons made with existing schemes in other countries; (iii) assessment of the direct benefits to the Scottish industry of a local supply chain of high-quality raw materials; or (iv) an assessment of the potential secondary benefits / activities (e.g. individuals collecting waste from communal bins).
- They voiced scepticism about the NPV modelling approach which they thought was ‘designed to demonstrate value for money’ in the same way, it was said, that Private Finance Initiatives (PFIs) are. This group argued that the indirect effects of a DRS (e.g. impacts on other recycling activities, impact on retailer footfall, impact on customer loyalty, impacts of a ‘clean culture’ on tourism, etc.) may be significant, but are hard to measure in a robust way.

Economic risks and opportunities (Q46–Q48)

15.29 Questions 46 to 48 asked about the economic risks and opportunities of a DRS in general, the risks of the specific examples outlined in the consultation paper, and actions to maximise the opportunities and minimise the risks. As with Questions 40 to 45, this section, as far as possible, omits comments which are elaborated in detail elsewhere in this report.

Opportunities

15.30 There was widespread agreement across both organisational and individual respondents about the opportunities that a DRS in Scotland could provide, if it was well run. To a large extent the opportunities suggested by respondents reflected those set out in the consultation paper. The main opportunities described by respondents covered:

- **Improving the environment:** Respondents highlighted the benefits of a cleaner, more attractive environment with less litter and less pollution, and a reduced requirement for landfill. This would be a good outcome in itself for local communities, and it would also have the potential to benefit the tourist industry. Some respondents linked this benefit explicitly to introducing an on the go DRS.
- **Changing people’s attitudes:** Respondents thought the introduction of a DRS could have a significant impact on raising awareness and changing people’s attitudes (and the wider culture) in relation to recycling (and to littering). This would lead to an increased demand for ‘cleaner’ materials.
- **Increased employment:** Respondents thought a DRS could provide sustainable employment opportunities as a result of the need to build a substantial processing and

²⁴ ‘Reward4Waste’ is a new approach which is developing blockchain technology to deliver a DRS for England and Wales. <https://www.cryptocyle.co.uk>

recycling infrastructure; to invest in anti-fraud measures; to develop new and innovative materials; and to build new design and manufacturing capability.

- **Building the circular economy:** There was support for a DRS which could support the Scottish Government ambitions related to building a circular economy.
- **Benefits to retailers:** This would result from the increased footfall to retail outlets where return locations were available.
- **Benefits to charities:** There was the potential for charities to benefit from a DRS if it was designed in a way that enabled consumers to donate their deposits.
- **Benefits to individuals who collect litter:** Respondents noted the potential economic benefits for anyone who collected and returned items covered by the DRS.

Risks

15.31 The comments in relation to economic risks were more diverse and more divergent than those relating to opportunities. In particular, a range of both organisational and individual respondents emphasised that (some of) the economic risks of a DRS could not be discussed in a general or abstract way; the risks depended on the specific DRS which was adopted. Respondents often went on to discuss how risks could be mitigated.

15.32 Respondents comments are discussed below under the headings (i) general risks for any / all schemes (ii) risks relating to specific schemes and (iii) actions to maximise opportunities and mitigate risks.

General risks for any / all schemes

15.33 There was a range of general risks identified for any / all schemes as follows:

- **Lack of engagement by the public:** Respondents thought that there was a risk that the public would not engage with the scheme. This would lead to low return rates which would undermine DRS viability.
- **Costs of implementation:** There were substantial costs for all industry sectors of setting up a DRS. Respondents questioned whether a suitable level of support for setting up the scheme would be available.
- **Risks to current local authority kerbside recycling:** Respondents were concerned about the impact of any DRS on current local authority kerbside recycling arrangements if high-quality material was removed from the local authority income stream. Respondents argued that the scheme should focus on capturing 'new' recyclate material, rather than on displacing the collection of material already handled within existing recycling arrangements.
- **Fraud and vandalism:** Respondents identified the risk of fraud, especially in relation to cross-border issues, where there was the potential for illegal trading. Vandalism was thought to be a risk in relation to drop-off sites, especially if they were not adequately maintained or supervised.
- **Health and safety risks:** There was some concern that there could be risks to workers and members of the public in terms of hygiene, and health and safety, if returned items were contaminated (especially with allergens such as dairy) or harmful (e.g. corrosive) substances.

- **Imbalance of supply and demand for recycled materials:** It was suggested by a few respondents that the supply of returned material could outstrip the demand for it. This could lead to difficulties in financing the scheme.
- **Consumer confusion:** Respondents were concerned that consumers might not be fully informed about the DRS and would not know how the scheme worked.
- **Increased littering of non-DRS items:** Respondents were concerned that any products or materials outwith the scheme would be subject to increased littering.
- **Negative impacts on sales / consumer expenditure:** Respondents identified the potential for consumers to reduce their expenditure, overall and on in-scope DRS products. This was seen as a particular issue for low-income households.

15.34 It was argued that all these risks, if not properly managed, could lead to job losses.

15.35 In addition, it was common for respondents to make statements such as ‘the risk is not being ambitious enough’, ‘the biggest risk is to do nothing’, ‘there are no risks’, or ‘the benefits outweigh the risks’. By contrast, a few individuals highlighted the risk that a DRS might encourage (over-)consumption by promoting recycling over reducing consumption.

Specific risks linked to scheme design

15.36 Respondents also identified risks associated with specific aspects of scheme design:

- **Non-UK-wide DRS / Non-alignment with EPR:** Respondents, particularly food and drink producers, packaging manufacturers, and waste and recycling organisations, focused on the risks of running a scheme in Scotland only and / or running a scheme which was not fully aligned with EPR. These respondents thought this would not be financially viable, and would result in duplication of costs and fees, regulatory fragmentation, increased costs for storage, transport and labelling, fraud, confusion for consumers, etc.
- **Schemes involving cartons and cups:** Respondents saw schemes involving cartons and cups as important (because of the littering caused by these containers), but also saw the lack of experience to draw on from other countries, and the lack of a suitable infrastructure to deal with these products as a risk.
- **Schemes involving glass / HDPE / alcohol:** Respondents who were not in favour of glass / HDPE / alcohol being collected set out the perceived financial, hygiene and health and safety risks of doing so, as well as the potential negative impacts on minimum unit pricing. (See paragraph 4.46.)

15.37 Some respondents also highlighted specific risks to **small retailers**. They thought that, depending on what kind of scheme was selected, small retailers might be exposed to financial risks either because they were required to meet the costs of providing take-back facilities, and / or because they were at risk of losing ‘footfall’ if they were not supported to participate in the scheme. These concerns were raised by a wide range of respondents, but particularly by retailers themselves and individuals.

15.38 In addition, respondents made specific comments in relation to the risks associated with the example schemes presented (e.g. the risks of setting the deposit too low as in Examples 3 and 4; the risks of choosing a scheme that was untested as in Example 4; the risk of choosing a scheme with only a limited range of drop-off points as in Examples 1 and

2; the risk of not including a wide range of materials as in Examples 1, 2 and 3). These kinds of comments are covered at paragraphs 15.8–15.18 above.

15.39 A range of other specific risks were identified related to (i) cashflow challenges, especially for small businesses, (ii) the possibility of reduced investment in Scotland from UK and / or global businesses, (iii) impacts on Scotland's carbon footprint if schemes were limited to designated drop-off locations, and (iv) reduced income (because of reduced tonnage) for waste companies.

Actions to maximise opportunities and mitigate risks

15.40 The main actions which were suggested by respondents to maximise opportunities and mitigate risks were to:

- Secure 'buy-in' from the general public through awareness raising, education and communication (including advertising).
- Ensure that the scheme was properly resourced and well run, that sufficient time was made available for the scheme to be introduced, and that the scheme was enforced. In particular, respondents reiterated comments made earlier about the perceived high set-up costs for a DRS. For the scheme to be successful, these costs – including the costs of developing a comprehensive recycling infrastructure and (new) markets for recyclate – would have to be met in full.
- Keep an ongoing dialogue with industry and local communities throughout the development and implementation of the DRS. This would ensure policy coherence, ensure that the incentive structures for the scheme were appropriate, keep industry and local communities 'on-side', and ensure fairness.

15.41 Organisational respondents in particular also returned to a point they had made earlier in relation to risks and opportunities: namely that to maximise opportunities and reduce risks the DRS would have to be (i) aligned with other relevant policies (e.g. EPR, Brexit, soft drinks levy, minimum unit pricing etc.) (ii) UK-wide, to ensure that costs were not duplicated or inflated and (iii) complementary to existing recycling services.

15.42 Whilst some respondents asked for pilots to be run, and for the scheme to 'start small' and to adapt and develop as learning accumulated, others wished the scheme to be ambitious in its coverage, scope and use of innovative technology from the start. These latter respondents thought that in order to maximise the opportunities, the scheme should be forward looking, and not simply designed around the current drinks market.

15.43 The small number of respondents who were against the introduction of a DRS asked that this work be halted and the funds diverted into other schemes (for example into further development of existing local authority recycling arrangements or into anti-litter projects).

16 Cooperation with UK Government (Q49–Q52)

16.1 The consultation paper reported the UK Government’s intention to introduce a deposit return scheme, subject to its own consultation.²⁵ The consultation paper noted the potential benefits of a single UK-wide system, or of separate but coordinated systems, and the importance of balancing these different options with maximising the benefits for Scotland of any scheme. Four questions invited respondents to give their views about the advantages and disadvantages of a UK-wide (or UK-compatible) system:

Question 49: Do you think being part of a UK-wide system would be beneficial for deposit return in Scotland? [Yes / No / Don’t know] Please explain your reasons.

Question 50: Do you think having compatible but separate systems would achieve the same effect as a single system? [Yes / No / Don’t know] Please explain your reasons.

Question 51: Can you identify any risks with being part of a UK system?

Question 52: Can you identify any risks with not being part of a UK system?

16.2 There was a large degree of overlap in the views expressed across these four questions. In particular, the points made in relation to the questions about the risks involved (Question 51 and 52) often restated points made earlier in relation to the (potential) benefits of a UK-wide (or UK-compatible) system (Question 49 and 50).

16.3 Thus, the qualitative comments have been analysed together and are presented below (after the findings from the closed questions) in three sections, namely (i) the benefits of a UK-wide system, (ii) views in favour of compatible but separate systems, and (iii) risks in relation to a UK-wide / UK-compatible systems.

Views on possible UK-wide DRS and UK-compatible DRS

16.4 Question 49 asked respondents if they thought being part of a UK-wide system would be beneficial for deposit return in Scotland. Question 50 asked respondents about whether having compatible but separate systems in different parts of the UK would achieve the same effect as a single system. Both of these were two-part questions comprising a closed question and space for respondents to explain their reasoning.

16.5 Table 16.1 shows that two-thirds of respondents (66%) thought that being part of a UK-wide system would be beneficial for deposit return in Scotland. While the majority of both organisations and individuals agreed with this view, organisations were particularly likely to do so, with 91% answering ‘yes’ to this question, compared to around 63% of individuals.

²⁵ Deposit return scheme in fight against plastic. See <https://www.gov.uk/government/news/deposit-return-scheme-in-fight-against-plastic>, published 28 March 2018 by UK Department of Environment, Food and Rural Affairs.

Table 16.1: Q49 – Do you think being part of a UK-wide system would be beneficial for deposit return in Scotland?

Respondent type	Yes		No		Don't know		Total	
	n	%	n	%	n	%	n	%
Public sector organisations	19	90%	1	5%	1	5%	21	100%
Food and drink producers	19	95%	–	0%	1	5%	20	100%
Charities	18	95%	–	0%	1	5%	19	100%
Retailers	17	100%	–	0%	–	0%	17	100%
Recycling / waste mgmt orgs	15	94%	1	6%	–	0%	16	100%
Packaging manufacturers	12	75%	–	0%	4	25%	16	100%
Community bodies	5	71%	2	29%	–	0%	7	100%
Environmental consultancies	7	100%	–	0%	–	0%	7	100%
Hospitality and restaurant trade	5	100%	–	0%	–	0%	5	100%
DRS companies	3	100%	–	0%	–	0%	3	100%
Other organisations	7	88%	–	0%	1	13%	8	100%
Total organisations	127	91%	4	3%	8	6%	139	100%
Total individuals	820	63%	277	21%	209	16%	1,306	100%
Total (organisations and individuals)	947	66%	281	19%	217	15%	1,445	100%

Percentages may not total 100% due to rounding.

16.6 Table 16.2 shows that there was no clear consensus among respondents about whether having compatible but separate system across the UK would have the same effect as a single system – 41% answered 'yes', 30% answered 'no' and 29% answered 'don't know'. However, compared to individuals, organisations were more likely to answer 'no' (54% compared to 27% respectively). And, among organisations, food and drink producers (85%), packaging manufacturers (75%), recycling and waste management organisations (73%) and retailers (71%) were particularly likely to say 'no'.

Table 16.2: Q50 – Do you think having compatible but separate systems would achieve the same effect as a single system?

Respondent type	Yes		No		Don't know		Total	
	n	%	n	%	n	%	n	%
Public sector organisations	7	33%	5	24%	9	43%	21	100%
Food and drink producers	1	5%	17	85%	2	10%	20	100%
Charities	1	13%	–	0%	7	88%	8	100%
Retailers	1	7%	10	71%	3	21%	14	100%
Recycling / waste mgmt orgs	3	20%	11	73%	1	7%	15	100%
Packaging manufacturers	–	0%	12	75%	4	25%	16	100%
Community bodies	2	40%	1	20%	2	40%	5	100%
Environmental consultancies	3	43%	3	43%	1	14%	7	100%
Hospitality and restaurant trade	2	40%	3	60%	–	0%	5	100%
DRS companies	1	50%		0%	1	50%	2	100%
Other organisations	3	60%	2	40%	–	0%	5	100%
Total organisations	24	20%	64	54%	30	25%	118	100%
Total individuals	495	43%	315	27%	345	30%	1,155	100%
Total (organisations and individuals)	519	41%	379	30%	375	29%	1,273	100%

Percentages may not total 100% due to rounding.

Benefits of a UK-wide DRS system

16.7 In general, both organisations and individuals highlighted three main reasons why the DRS system should be UK-wide – these reasons were broadly similar to the reasons set out in the consultation document and focused on:

- **Cost efficiency:** A UK-wide system would be more financially viable, would create economies of scale, and would reduce the costs to producers (from separate labelling and packaging). Respondents often went on to say that these savings would be passed onto the consumer.
- **Consistency and uniformity:** Responses focused on the benefits for both the public and industry of adopting a unified scheme. It was suggested that consistency and uniformity across the UK would (i) make it easier for consumers to understand and use the scheme and (ii) be beneficial in terms of the efficiency and effectiveness of the administration of the scheme as manufacturers and producers would adhere to a single set of DRS criteria. These benefits were particularly emphasised by food and drink producers and by packaging manufacturers.
- **Reduction of fraud:** Having a UK-wide system would prevent cross-border fraud.

16.8 Less often, respondents identified the following benefits of a unified, UK-wide system:

- **Environmental:** A single system would be better from an environmental perspective, as it would reduce waste in supply chains and help maximise recycling rates.
- **Policy and regulatory coherence:** A single system would improve the potential for policy and regulatory coherence across a range of relevant environmental policies and regulation (for example PRN, EPR, taxes on plastics, etc.).
- **Knowledge sharing:** A unified system would encourage knowledge sharing in respect of best practice, mitigating risks and undertaking impact assessments.

16.9 Respondents often identified the risks of **not** being in a UK-wide DRS system in terms of the failure to achieve these benefits.

Views in favour of compatible but separate systems

16.10 Individuals were more likely than organisations to favour separate but compatible systems and they gave three main reasons for this view.

- **Leading by example:** Given that Scotland is closer to implementing a DRS than other parts of the UK, there was an opportunity for Scotland to lead by example. These respondents thought that the Scottish Government had presented a more comprehensive DRS package than their UK counterparts (broader scope, ambition and targets, etc.) and, in their view, had generally stronger environmental credentials. Thus, a scheme implemented in Scotland first had the potential to benefit the whole of the UK.
- **Compatible schemes would not incur additional costs:** Compatible systems would mean that producers did not incur additional costs in terms of packaging, labelling, etc.

- **Management and control of the DRS:** The profits, benefits, management, and administration of a Scottish system would be controlled by Scotland. This would mean decisions about how to develop and administer the scheme would not need to be agreed with other jurisdictions.

16.11 The relatively small number of organisations who supported this option usually qualified their support. These organisations emphasised that for this arrangement to work, systems must be ‘fully’ or ‘truly’ compatible. This would require a significant degree of coordination across a wide range of areas – returns, packaging, administration, tax arrangements, etc. Some thought that this may be difficult to achieve given the current political context.

Risks of a UK-wide / UK-compatible system

16.12 In general, organisational respondents did not think there were any risks to being part of a UK-wide system. Individuals, however, were more likely to identify risks of being part of a UK-wide system as follows:

- **Delay:** There was concern that waiting for the UK to implement a DRS would delay introduction in Scotland. Respondents highlighted that Scotland is further on in its consultation process than the UK Government. In addition, some individual respondents thought that the current political climate surrounding Brexit, and the divisions between the different parliaments, meant that delays would be inevitable.
- **Watering down of the system:** Some individual respondents were concerned that a UK-wide approach would result in a watering down of the system proposed by the Scottish Government. Concerns raised by these respondents focused on potentially different environmental legislation and the different ambitions of the various UK governments.
- **Loss of control:** Loss of control over the administration of the scheme, the setting of deposit levels and tariffs, financial benefits, processing facilities, potential job losses, and local considerations such as rural impact, were noted by respondents as undesirable features of a UK-wide system.

16.13 Finally, respondents occasionally said that a UK-wide system should be limited to Great Britain, with a separate arrangement needed for Northern Ireland, given their proximity and day-to-day interactions with the Republic of Ireland.

17 Equality impact assessment (Q53 and Q54)

17.1 As part of the process of designing a DRS for Scotland, the Scottish Government had considered whether any aspects of the scheme could discriminate against or disadvantage certain groups (especially those with protected characteristics under the Equalities Act 2010), and what actions could be taken to mitigate those impacts. A partial Equality Impact Assessment (EQIA) was made available together with the consultation document and respondents were invited to give their views in order that these could be incorporated into a final EQIA. Two questions were included in the consultation paper:

Question 53: Have we correctly assessed potential impacts? [Yes / No / Don't know]

Question 54: Do you think the proposed mitigation is comprehensive? [Yes / No / Don't know]

Equalities impacts (Q53)

17.2 Question 53 asked whether the potential impacts of a DRS in Scotland had been correctly assessed. This was a closed question with space for comments.

17.3 There was a relatively low response to this question, with only around half of respondents (both organisations and individuals) replying to the initial closed question. Of those who replied, around three-fifths of organisations and individuals said that they 'didn't know' if the equalities impacts had been correctly assessed. Individual respondents, in particular, frequently stated that they could not find the EQIA or did not have the knowledge or expertise to comment.

17.4 A relatively small number of respondents (less than 150) offered further comments at Question 53. In general, those who answered 'yes' to Question 53 had little further substantive comment to make; for the most part, this group simply reiterated their view that the potential impacts had been correctly assessed 'as far as they could tell'. Just one organisation expressed approval that the partial EQIA had not merely addressed the impacts on people with protected characteristics, but that it had also considered wider socio-economic implications – taking into account the needs of people in low-income households, and those living in remote rural areas and island communities.

Concerns or specific suggestions for the EQIA

17.5 The main point made by those (mainly organisations) expressing concerns or offering suggestions in relation to the EQIA was that a DRS would disproportionately affect older people, disabled people (including those with mobility issues), those with learning disabilities, those on low incomes, people living in rural areas, people living in flats, and people without access to private transport. The effects on these groups were seen to be related to accessing return points and managing cashflow if they could not redeem their deposits quickly and easily. Respondents who raised these concerns believed that the EQIA had either not adequately assessed the impacts on these groups or had underestimated them.

17.6 Similar concerns prompted some respondents to suggest that the design of the DRS (i) should recognise the engagement of these groups with the current kerbside scheme, and (ii) should not unduly burden those who are 'already doing the right thing' in terms of recycling.

Comments about other impacts of a DRS

17.7 Many of the comments made at Question 53 did not in fact relate to equalities impacts, but rather to impacts on businesses. Organisational respondents, including public sector organisations, expressed concerns that the potential impacts on businesses (and workplaces) had not been adequately recognised. Specifically:

- Public sector organisations thought that, given the large volume of drinks sold on NHS premises, the lack of attention to the impact of the scheme on the public estate (and NHS sites in particular) was ‘a significant omission’.
- Some identified potential health and safety impacts from operating a ‘take-back’ return system for staff working in the retail sector. Concerns related to handling broken glass; storage of return containers and the potential for this to attract vermin; and abuse of shop staff by members of the public if, for example, they cannot accept large quantities of returns because of lack of storage space.
- A range of businesses called for greater consideration of the impacts on: (i) all supply chain links, (ii) costs for small producers, (iii) consumer choice or spending habits, and (iv) other consumer behaviour (e.g. more car journeys to larger retail outlets to reclaim deposits, rather than using smaller local outlets reached by foot).
- There were concerns voiced about the potential impacts on farming and the dairy industry.
- Some organisations thought that there had been no recognition of the impact of a DRS on other policies. Those mentioned were minimum unit pricing for alcohol, EPR reform, DEFRA’s forthcoming Resources and Waste Strategy, the UK Treasury consultation on taxing single use plastics, and the (draft) EU Single Use Plastics Directive.

17.8 There were calls for a more detailed business regulatory impact assessment (BRIA) and further economic modelling of the DRS options being considered.

17.9 Finally, a range of respondents called for regular review of the equalities impacts of the scheme to be undertaken.

Proposed mitigation (Q54)

17.10 Question 54 asked for views about whether the proposed mitigation of the identified equalities impacts was comprehensive. Like Question 53, this was a closed question with space for comments.

17.11 Again, there was a low response to this question, with only around half of organisations and individuals replying. Among those who replied, more than half of respondents overall said they did not know if the proposed mitigation was comprehensive. Organisations as a group were more likely than individuals to answer ‘don’t know’ to this question. However, charities and organisations in the hospitality and restaurant trade were most likely to answer ‘no’.

17.12 Respondents who thought the proposed mitigation in the EQIA was comprehensive did not provide any further substantive comments. All comments provided in response to this question came from respondents who believed the proposed mitigation was **not** comprehensive or was otherwise unsatisfactory in some respect.

17.13 The main views expressed by this group in relation to the EQIA were that:

- It correctly identifies potential impacts but does not give details about how the design of a DRS in Scotland would address those issues. A more comprehensive EQIA should be produced once a final decision has been made about the specifics of the system.
- The mitigation does not consider the impact of the DRS on people with protected characteristics in comparison to taking no action and maintaining the status quo.
- The proposed mitigation is not comprehensive because it does not take account of the impact on NHS sites.

17.14 Again, respondents made comments at Question 54 that were not directly related to the question. These focused on the need for monitoring systems to be put into place to measure the impact of the DRS in relation to a range of outcomes (e.g. an annual litter survey was suggested). Those (mainly charities) who highlighted this issue thought there was an opportunity to develop evidence that may be used internationally as well as being used to measure the effectiveness of the Scottish system.

Annex 1: Organisational respondents

The consultation received a total of 159 responses from organisations. We would welcome comments on this provisional categorisation of the respondents.

Public sector organisations (25)

- Aberdeen City Council
- Angus Council
- City of Edinburgh Council, Waste and Cleansing Department
- COSLA
- Dumfries and Galloway Council
- East Ayrshire Council
- East Lothian Council
- Falkirk Council
- Fife Council
- Forth Valley NHS Board
- Glasgow City Council
- Highlands and Islands Enterprise
- Local Authority Recycling Advisory Committee (LARAC)
- Midlothian Council
- Moray Council
- NHS Ayrshire & Arran
- NHSScotland Sustainability Steering Group (NSSG)
- North Ayrshire Council
- Orkney Islands Council
- Perth & Kinross Council and the Waste Managers Network
- Scottish Borders Council
- Scottish Water
- Shetland Islands Council
- South Ayrshire Council
- Stirling Council

Food and drink producers (24)

- A.G. Barr plc
- Aston Manor Cider
- Bellfield Brewery
- Belvoir Fruit Farms Ltd
- British Soft Drinks Association (BSDA)
- Britvic Soft Drinks
- Coca Cola European Partners
- Dairy UK
- Dunns Food and Drinks Ltd
- Food and Drink Federation Scotland
- The Good Spirits Co. Ltd.
- Heineken
- Highland Spring Limited
- Innocent
- Lucozade Ribena Suntory
- Molson Coors Brewing Company (UK)

- Muller UK & Ireland
- NACM Cider Makers Ltd
- National Farmers Union Scotland
- Nestle UK & Ireland
- PepsiCo UK
- Princes Limited
- Scotch Whisky Association
- Tennent Caledonian Breweries (C and C Group plc)

Environmental, conservation, food and health charities (22)

- Boomerang Alliance
- Campaign to Protect Rural England (CPRE)
- Environmental Action Germany (DUH)
- Environmental Investigation Agency
- The Entrust Foundation
- Fauna & Flora International
- Fidra
- Friends of the Earth Scotland
- Greenpeace
- Have You Got The Bottle?
- Historic Environment Scotland
- Keep Britain Tidy
- Keep Scotland Beautiful
- Marine Conservation Society
- National Trust for Scotland
- Nourish Scotland
- Salmon & Trout Conservation
- Scottish Environment LINK
- Scottish Wildlife Trust
- Soroptimist International
- Triathlon Scotland
- Woodland Trust Scotland

Retail, vending and retail representative bodies (20)

- AGS Airports Limited
- Asda Stores Ltd
- Association of Convenience Stores
- The Automatic Vending Association
- Boots UK
- The Co-operative Group
- Diebold Nixdorf
- Dufry (World Duty Free UK Ltd)
- Edinburgh Airport
- Excel Vending Ltd
- Greggs plc
- Margiotta Ltd
- National Federation of Retail Newsagents
- Scottish Grocers' Federation
- Scottish Licensed Trade Association

- Scottish Retail Consortium
- The Scottish Wholesale Association
- UK Travel Retail Forum
- WHSmith
- The Wine and Spirit Trade Association

Recycling and waste management organisations (16)

- Alupro
- Biffa Waste Services Limited
- Binn Group Ltd
- Chartered Institute of Wastes Management (CIWM)
- Co2 Compliance Ltd
- Cryptocycle Limited, T/A Reward4Waste
- Ecosurety Ltd
- Envipco (UK) Limited
- OPRL Ltd (On-Pack Recycling Label Ltd)
- RECYcling of Used Plastics Ltd (RECOUP)
- Resource Association
- Scottish Environmental Services Association
- SUEZ Recycling and Recovery UK Limited
- Veolia
- Viridor Waste Management Ltd
- WRC Recycling Ltd

Packaging manufacturers (16)

- ACE UK
- Ball Aerocan
- Ball Beverage Packaging Europe
- British Glass
- British Plastics Federation
- Foodservice Packaging Association
- The Independent Packaging Environment and Safety Forum
- Industry Council for Packaging and the Environment (INCPEN)
- Metal Packaging Manufacturers Association
- Novelis UK Ltd
- The Packaging Federation
- Properpak Ltd & Properpak (Scotland) Ltd
- SAICA Pack UK (org name submitted as 'Paper Recycler and Manufacturer')
- SIG Combibloc Ltd
- Tata Steel Europe
- Tetra Pak Limited

Community bodies (9)

- Argyll and Bute Trust Ltd, Group for Recycling
- Community Resources Network Scotland
- Erskine Community Garden
- Leithers Don't Litter
- Nairn Eco
- Scone and District Community Council

- Soroptimist International of Crieff
- Sunnyside School of Conservation
- Tenement Veg

Environmental consultancies (7)

- Changeworks Recycling
- Ecocentric
- Ramboll Environment and Health UK Limited
- ReLoop Platform
- Society for a Sustainable Recycling Management (GNWK)
- TWEFDA, Ltd.
- Valpak Limited

Hospitality and restaurant trade (6)

- Admiral Taverns
- Burmiston
- Merlin Entertainments PLC
- Scottish Beer and Pub Association (SBPA)
- Society of Independent Brewers (SIBA)
- UK Hospitality

DRS companies (4)

- Eesti Pandipakend OÜ
- Infinitum Norway
- RVM Systems Limited – Reverse Vending Systems
- TOMRA Collection UK & Ireland Ltd.

Other organisations (10)

- Federation of Small Businesses
- Landmark Associates Ltd.
- Law Society of Scotland
- Learning for Sustainability Scotland
- National Green Standard
- Natural Hydration Council
- Social Enterprise Academy
- Solway Firth Partnership
- UNISON Scotland
- University of Edinburgh, Department for Social Responsibility and Sustainability

Annex 2: Have You Got The Bottle campaign resources

The Have You Got The Bottle (HYGTB) campaign group was supported by a range of environmental and other organisations and had campaigned for the introduction of a deposit return scheme. The group encouraged their supporters to respond to the Scottish Government consultation on the proposed scheme for Scotland, and assisted by (i) providing guidance on how to respond to the consultation via the online consultation questionnaire, and (ii) producing pre-printed postcards for submission by post.

The **guidance for submitting an online response** advised supporters on how to answer a subset of the consultation questions and was available on the HYGTB website. Two versions of the guidance were provided:

- A '15-minute version' covering 14 questions (Qs 1, 2, 2a, 4, 7, 8, 11, 14, 16, 20, 25, 26, 40, 49)
- A '5-minute version' covering 5 questions. These questions were a subset of the questions covered in the 15-minute version (Qs 1, 7, 11, 14 and 25).

The guidance suggested how respondents might answer the tick-box questions in the consultation and provided a brief explanation for the suggested answer which respondents could draw on in providing any comments they wished to include at the 'open' questions.

The **postcard campaign** invited supporters to sign their name to a statement addressing key aspects of the scheme, and to indicate (i.e. to write in) the level of deposit (in pence) they thought should be on every drink container.

The text for each of these campaign resources is reproduced below.

HYGTB guidance for submitting an online response

If you have a little more time to give your views on the best deposit return system for Scotland, please follow this guide below.

We think the following fourteen questions on the Scottish Government's consultation site are the key ones which will determine how successful the final system will be. You can answer as many or as few as you like so long as you fill in the personal details section before submitting your response on their site. The whole [consultation background paper](#) is here (be warned – it is 75 pages long!).

First Step: Open the consultation. [\[link\]](#)

Page: What materials will be collected

Question 1: What materials should be included?

Tick their last two options.

This would include cans, glass, cartons and cups as well as plastic. Including all materials would do most to reduce litter and improve recycling.

Question 2: Should deposits be expanded in future to other materials?

Tick 'Yes'.

A deposit system needs to keep up with new materials and to look for opportunities to reduce other litter. Legislation should be put in place so that new products are automatically included.

Question 2a: What should we start with?

Tick 'All'.

The options listed would be a sensible start for an ambitious deposit system: plastic, cans, glass, cartons and disposable cups. Refillable bottles could be added later, although this isn't an option the Scottish Government discuss. We think it's possible that coffee cups could be recovered through a separate similar system, or added at a second stage.

Question 4: Should other materials be included?

Tick 'Yes'.

We think it's very important that any system be universal, and not provide incentives for manufacturers to switch to materials without deposits to avoid taking part. Instead, the system should give producers an incentive for using materials that are easy to recycle and have a high content of recycled materials. Containers of all materials that drinks are sold in, (including bioplastics and compostable materials) should be given a 'price' for producers, according to how recyclable they are.

Scroll to the bottom of the page and click the blue 'Continue' button.

Page: What types of products will have a deposit on them

Question 7: What determines whether a drink is included?

Tick 'Product it contains'.

If a deposit system is limited to the most recyclable materials, some manufacturers might switch to a different material to avoid being part of the system. If a drink has a deposit on it whatever it's sold in, the incentive will be to use a material that's easy to get back and recycle.

Question 8: Are there any sorts of product that shouldn't have deposits on them?

Tick none of the boxes.

Everything on the Scottish Government's list can be included in a deposit system. We see some of the hygiene concerns about including milk, but a best practice deposit system can reduce or eliminate those. If milk itself is excluded, there must be clear regulations that include all other dairy-based drinks.

Question 11: Should deposits be limited to 'on the go' items?

Tick 'No'.

It's not possible to tell where someone will open a drink, and all sorts of drinks are currently littered and cause environmental and safety problems. Also, deposit systems separate materials, which is more efficient for recycling, and it makes no sense to let some high-quality materials end up in mixed recycling. There's also a risk that producers will change the size of bottles and cans that they sell if only certain sizes are included in the system.

Scroll to the bottom of the page and click the blue 'Continue' button.

Page: Where you will be able to get the deposit back

Question 14: Where should containers be returned to?

Tick 'Take back to a place that sells drinks'.

All shops above a certain size should take back any materials which they sell. The more places that accept empties, the easier it will be for people to take part, especially for people with disabilities or without access to a car. It should be as easy as possible for other places such as schools, churches and sports or music venues to accept returns if they want to.

Question 16: Should online retailers take containers back?

Tick 'Yes'.

Returning empties via online delivery vans is the most efficient and convenient solution here. It's especially important that people with mobility issues are able to return their drinks containers to the person who delivers their shopping. Countries such as Norway and Germany have hygienic systems that work this way already. An app could also be made available to the public through which they could get their deposits back. Consideration should be given to those living in remote rural locations, as they may rely on less formal delivery arrangements.

Scroll to the bottom of the page and click the blue 'Continue' button.

Page: How the scheme will be paid for

Question 20: Should unredeemed deposits or other funding be ringfenced within the system to maintain and improve it, or should it be diverted for other purposes?

Tick 'Funding should be ringfenced'.

The financial stability of modern systems relies on the system operator controlling any unredeemed deposits, alongside the sale of recovered materials and a small producer fee.

Scroll to the bottom of the page and click the blue 'Continue' button.

Page: How much the deposit should be

Question 25: Do you have a preference for the deposit level?

Tick 'Yes' and give a level in the comment box.

We think between 15p and 20p would be enough to see a very good recycling rate, but it's important that this amount can be changed in the future if necessary.

Question 26: Do you think different types of drinks containers should have a different deposit level?

Tick 'No'.

It would be confusing to have a different amount for different drinks, and might have unexpected negative effects (such as giving the impression it's less important to return smaller items, or push other changes to consumer behaviour in a less sustainable direction).

Scroll to the bottom of the page and click the blue 'Continue' button.

Page: Examples of deposit return schemes

Question 40: Which of the four examples do you think is the most ambitious?

Tick 'Example 4'.

Of the four examples set out, the first two are the 1970s model of return to out-of-town depots, as used in parts of America. They are inefficient and see lower return rates. The third example is essentially the Scandinavian or Baltic model (which are much better systems), albeit with a lower deposit. Return rates would therefore be below what could be achieved. The fourth option adds in more materials, so is the best of the four, but should take into account the proposed improvements we have suggested in earlier answers.

Scroll to the bottom of the page and click the blue 'Continue' button.

Page: Co-operation with the other UK administrations

Question 49: Do you think being part of a UK-wide system would be beneficial for Scotland?

Tick 'Yes'.

It would be easier for consumers if any drinks container we buy in Scotland can be returned UK-wide and have the same deposit value. It would also mean producers would not incur unnecessary costs producing different labels for the same drinks, just because they're sold in different parts of the UK.

Scroll to the bottom of the page and click the blue 'Continue' button.

Page: About you

Put your personal information in and select your privacy preferences.

Scroll to the bottom of the page and click the blue 'Continue' button.

Last Step: Submit your consultation

Scroll to the bottom of the consultation page then click the blue 'Finish' button.

Postcard text

If you want the best possible deposit return scheme for Scotland and you haven't got time to answer all the questions in the public consultation at <https://is.gd/depositform>, please sign this pledge now and let the Scottish Government know how much you care about getting it right. And while you're at it, please fill in the amount you think the deposit should be in the blank space provided.

I support a deposit return system in Scotland that:

- **includes drinks containers made from all materials** (tick 4th and 5th boxes for Q1 and leave Q3 & Q8 blank)
- **includes all drinks** (tick 'product it contains' for Q7, tick no for Q11, and Example 4 for Q40)
- **asks online retailers and most shops to accept returns** (tick box 1 for Q14 and yes for Q16)
- **has a deposit of ____ p on every drink container** (tick yes for Q25, with the indicated level as a comment)
- **keeps unclaimed deposits in the system for stability, and lets the public choose to donate their deposit** (tick 'ringfenced' for Q20, yes to Q30 and comment)*

Name: Over 16? Y/N

Signature:

Postcode (optional):

LOGOs of The Association for the Protection of Rural Scotland (APRS) and Have You Got The Bottle (HYGB)

*These questions correspond to those asked in the Scottish Government's Public Consultation entitled "A Deposit Return Scheme for Scotland".

Annex 3: Question response rates

Question		Organisations		Individuals	
		Number of responses	% of total responses (base=159)	Number of responses	% of total responses (base=2,008)
What materials will be collected?					
Q1	Which of the options do you prefer? Please choose one or more options from below <ul style="list-style-type: none"> • PET plastic containers • PET plastic containers and metal cans • PET plastic containers + glass containers + metal cans • PET plastic containers + glass containers + metal cans + HDPE plastic containers • PET plastic containers + glass containers + metal cans + cartons + disposable cups. 	159	100%	2,008	100%
Q1a	Please explain your reasoning.	138	87%	951	47%
Q2	Do you think the scheme should start with a core set of materials and then be expanded as appropriate? Please pick one. [Yes / No / Don't know]	145	91%	1,759	88%
Q2a	If yes, which materials should it start with?				
	• PET plastic	81	51%	1,126	56%
	• Metal (aluminium and steel)	63	40%	734	37%
	• Glass	36	23%	768	38%
	• HDPE plastic	31	19%	690	34%
	• Cartons	25	16%	435	22%
	• Disposable cups	23	14%	526	26%
Q2b	If yes, which materials do you think should be added later?				
	• PET plastic	3	2%	143	7%
	• Metal (aluminium and steel)	11	7%	436	22%
	• Glass	21	13%	390	19%
	• HDPE plastic	18	11%	496	25%
	• Cartons	32	20%	648	32%
	• Disposable cups	31	19%	547	27%

Question		Organisations		Individuals	
		Number of responses	% of total responses (base=159)	Number of responses	% of total responses (base=2,008)
Q3	Are there any materials that you think should not be included?				
	• PET plastic	–	0%	20	1%
	• Metal (aluminium and steel)	11	7%	48	2%
	• Glass	43	27%	53	3%
	• HDPE plastic	47	30%	43	2%
	• Cartons	34	21%	100	5%
	• Disposable cups	48	30%	180	9%
	Please explain your reasons.	115	72%	610	30%
Q4	Are there any other materials not already listed that should be included?	64	40%	533	27%
Q5	Are you aware of any materials currently in development that should be included? For instance, there is currently a great deal of interest in making 'bioplastics' either from starch derived from plants or food by product streams. Whilst these can look and behave like plastic, it is often important to ensure they are kept separate from plastic in the waste stream as they are recycled differently.	111	70%	601	30%
Q6	What are your views on the cost implications for local authorities?	128	81%	1,156	58%
What type of products will have a deposit on them?					
Q7	Do you think the material the container is made from or the product it contains should be the key consideration for deciding the scope of the scheme? • Material the container is made from • Product it contains • Don't know	133	84%	1,935	96%
Q7a	If no, please explain your reasons.	119	75%	1,005	50%

Question		Organisations		Individuals	
		Number of responses	% of total responses (base=159)	Number of responses	% of total responses (base=2,008)
Q8	Are there any product categories that should be excluded from the scheme?				
	• Ready to drink (soft)	3	2%	29	1%
	• Soft mixer products	13	8%	30	1%
	• Bottled water	3	2%	33	2%
	• Fruit and vegetable juice	15	9%	46	2%
	• Dairy	54	34%	90	4%
	• All distilled spirits with an alcohol by volume (ABV) of higher than 30%	24	15%	61	3%
	• All fermented alcohol products including beer, cider and wine. Also includes non-alcoholic versions of the above	25	16%	48	2%
	• All other alcohol not covered in the “distilled spirits” and “fermented alcohol” categories with a ABV less than 30%	24	15%	48	2%
	• All other drinks, not listed above, that can be purchased to drink on the go	10	6%	72	4%
	Please explain your reasons.	122	77%	860	43%
Q9	Are there any product categories that you broadly agree with but think that certain products within them should be excluded? [Yes / No / Don't know]	86	54%	1,349	67%
	Please give us specific reasons for exempting anything.	48	30%	169	8%
Q10	Are there any other products that broadly fall into the category of ‘drinks’ that we have not included that you think should be?	84	53%	513	26%
Q11	Do you think that the deposit return scheme should be limited to “on the go” only? [Yes / No / Don't know]	149	94%	1,911	95%
	Please explain why.	139	87%	995	50%
Q11a	Do you agree with how we have defined on the go?	114	72%	645	32%

Question		Organisations		Individuals	
		Number of responses	% of total responses (base=159)	Number of responses	% of total responses (base=2,008)
Questions related to dairy issues					
Q12	Specifically on dairy products, do you think including dairy carries hygiene or related risks above those posed by other products? [Yes / No / Don't know]	123	77%	1,499	75%
	Please provide evidence.	95	60%	557	28%
Q13	Should any dairy products be excluded from the system?				
	• All ready-to-drink milk and other dairy (fresh and long life)	42	26%	86	4%
	• All dairy alternatives.	27	17%	51	3%
	• Milkshakes	26	16%	45	2%
	• Flavoured milks	27	17%	46	2%
	• Milk based smoothies	26	16%	44	2%
	• Ready to drink coffee and tea drinks	26	16%	41	2%
	• Ready to drink yogurt and probiotic yogurt drinks	26	16%	57	3%
	Please explain your reasons.	103	65%	651	32%
Where you will be able to get the deposit back					
Q14	Which option for return location do you prefer?	140	88%	1,931	96%
	• Take back to a place that sells drinks • Take back to a designated drop-off point • Mixture of take back to a place that sells drinks and designated drop-off points				
	Please explain your reasons.	137	86%	1,172	58%
Q15	In any model involving return to retail, are there any types of retailer that should be excluded? [Yes / No / Don't know]	126	79%	1,505	75%
	Please explain your reasons.	106	67%	617	31%
Q16	Do you agree that online retailers should be included in the scheme? [Yes / No / Don't know]	134	84%	1,650	82%

Question		Organisations		Individuals	
		Number of responses	% of total responses (base=159)	Number of responses	% of total responses (base=2,008)
Q16a	What provisions do you think should be made to ensure online shopping is included successfully?	93	58%	855	43%
How the scheme will be paid for					
Q17	Do you agree that deposit return should be seen as a form of producer responsibility? [Yes / No / Don't know]	137	86%	1,530	76%
Q17a	If yes, do you think deposit return would impact on other producer responsibility obligations? Please explain your reasoning.	120	75%	590	29%
Q18	Do you think it is appropriate for the scheme administrator to maintain ownership and income from sales of the material? [Yes / No / Don't know]	123	77%	1,403	70%
	Please explain your reasons.	111	70%	535	27%
Q19	If the scheme administrator maintains ownership of the material, should it prioritise maximising profit from sales or should it seek to achieve additional benefits? <ul style="list-style-type: none"> • Maximise profit from sales • Pursue other benefits • Don't know 	107	67%	1,111	55%
Q19a	If you selected pursue additional benefits, which benefit should the administrator pursue?	104	65%	683	34%
Q20	Should any excess funding or unredeemed deposits be ringfenced for the continued maintenance or improvement of the system, or do you think it would be appropriate to divert funding to other purposes? <ul style="list-style-type: none"> • Funding should be ringfenced • Use for other purposes 	134	84%	1,471	73%
Q21	How would you define a producer?	119	75%	801	40%
Consumer communication and labelling					
Q22	Do you agree that producers should be required to put deposit return scheme-related information on each container? [Yes / No / Don't know]	132	83%	1,512	75%

Question		Organisations		Individuals	
		Number of responses	% of total responses (base=159)	Number of responses	% of total responses (base=2,008)
Q22a	If yes, should those putting small amounts of material onto the market in Scotland be exempt from this labelling requirement? [Yes / No / Don't know]	122	77%	1,432	71%
Q22b	If so what do you think the limit for this should be?	60	38%	228	11%
Q22c	Rather than be exempt, should small importers be required to put a label with deposit return-related information onto the existing packaging? [Yes / No / Don't know]	119	75%	1,433	71%
Q22d	If no, what are your reasons?	46	29%	141	7%
Fraud and security issues					
Q23	Which option for labelling do you believe offers the best balance between reducing potential for fraud and managing costs to producers and retailers? <ul style="list-style-type: none"> • No changes to current system • Specific barcode • High security label 	114	72%	1,216	61%
	Please elaborate.	106	67%	502	25%
Q24	Are there other security measures we should be considering, for instance heightened security measures at key return locations? [Yes / No / Don't know]	116	73%	1,273	63%
	Comments	88	55%	358	18%
Q25	Do you have a preference for what level the deposit should be set at? [Yes / No / Don't know]	139	87%	1,853	92%
	Please explain your reasoning for choosing this level.	140	88%	1,455	72%
Q26	Do you think that certain types of drinks containers should carry a different deposit level? [Yes / No / Don't know]	133	84%	1,595	79%
	Please explain which ones and why you think the deposit should be varied.	106	67%	762	38%

Question		Organisations		Individuals	
		Number of responses	% of total responses (base=159)	Number of responses	% of total responses (base=2,008)
What infrastructure to put in place, and the logistics involved					
Q27	Which sorts of take back do you think the system should include? <ul style="list-style-type: none"> Reverse Vending Machines Manual take back Combination of the two 	125	79%	1,338	67%
Q28	How should the handling fee paid to retailers be calculated?	114	72%	737	37%
Q29	Do you agree with the assessment of the potential job creation of between 12 and 116 jobs? [Yes / No / Don't know]	98	62%	1,279	64%
	Please explain your reasoning.	94	59%	385	19%
How to create additional benefits from the scheme					
Q30	Do you think a deposit return scheme for Scotland should pursue any additional benefits? [Yes / No / Don't know]	122	77%	1,244	62%
Q31	Are there additional benefits we have not covered that you think should be considered?	106	67%	601	30%
Who owns the system					
Q32	Which option do you think offers the best system ownership model to ensure the primary goals of a deposit return system are met? <ul style="list-style-type: none"> Industry-operated not-for-profit Privately owned and operated commercial operation Public ownership A combination of the above 	125	79%	1,249	62%
	Please provide more details of the combination in the box below.	83	52%	341	17%
Q33	How much emphasis should be placed on the system administrator achieving secondary benefits like ensuring Fair Work practices are followed and that the material collected is reprocessed in Scotland?	111	70%	833	41%
Q34	What do you see as the main roles for a scheme administrator?	113	71%	682	34%

Question		Organisations		Individuals	
		Number of responses	% of total responses (base=159)	Number of responses	% of total responses (base=2,008)
How the system is regulated					
Q35	Which option for regulating producers do you think is most appropriate? <ul style="list-style-type: none"> Regulation by an existing body, most likely Trading Standards or SEPA The establishment of a new body to oversee regulation Regulation by the scheme administrator 	113	71%	1,099	55%
	Please explain your reasons.	102	64%	558	28%
Q36	Which option for regulating return sites, including retailers, is most appropriate? <ul style="list-style-type: none"> Regulation by an existing body, most likely Trading Standards or SEPA The establishment of a new body to oversee regulation Regulation by the scheme administrator 	110	69%	1,082	54%
	Please explain your reasons.	95	60%	439	22%
Q37	What level of regulatory power do you think is appropriate for the system administrator?	89	56%	547	27%
Q38	In particular, do you think the administrator should have a role in approving products that go on sale to make sure they are compatible with the scheme? [Yes / No / Don't know]	115	72%	1,112	55%
	Comments	85	53%	327	16%
Q39	Do you agree that the Scottish Government should be responsible for regulating the system administrator? [Yes / No / Don't know]	122	77%	1,142	57%
Q39a	If yes, should this be done via SEPA? [Yes / No / Don't know]	109	69%	1,074	53%
Q39b	If no, what other organisation should undertake this role?	71	45%	258	13%

Question		Organisations		Individuals	
		Number of responses	% of total responses (base=159)	Number of responses	% of total responses (base=2,008)
Questions on example systems					
Q40	Which example do you think best matches the ambition of a deposit return system to increase the rate and quality of recycling and reduce littering? <ul style="list-style-type: none"> • Example 1 Take back to designated drop-off points • Example 2 Take back to dedicated drop-off points and some shops (with cartons and cups) • Example 3 Take back to any place of purchase • Example 4 Take back to any place of purchase (with cartons and cups) 	95	60%	1,248	62%
Q41	Do you agree with the assessment of Example 1? [Yes / No / Don't know]	100	63%	933	46%
	Comments	72	45%	116	6%
Q42	Do you agree with the assessment of Example 2? [Yes / No / Don't know]	98	62%	948	47%
	Comments	69	43%	108	5%
Q43	Do you agree with the assessment of Example 3? [Yes / No / Don't know]	99	62%	938	47%
	Comments	73	46%	112	6%
Q44	Do you agree with the assessment of Example 4? [Yes / No / Don't know]	100	63%	965	48%
	Comments	74	47%	137	7%
Q45	How do you think the NPV model could be further developed? What other factors should be included in the models?	75	47%	324	16%
Q46	What economic risks or opportunities do you see in introducing a deposit return scheme in Scotland?	106	67%	494	25%
Q47	Do you see particular risks with any of the examples?	91	57%	394	20%
Q48	What action do you think we could take to maximise the opportunities and minimise the risks of any of the approaches?	93	58%	408	20%
Co-operation with the UK Government					
Q49	Do you think being part of a UK-wide system would be beneficial for deposit return in Scotland? [Yes / No / Don't know]	139	87%	1,306	65%
	Please explain your reasons.	129	81%	724	36%

Question		Organisations		Individuals	
		Number of responses	% of total responses (base=159)	Number of responses	% of total responses (base=2,008)
Q50	Do you think having compatible but separate systems would achieve the same effect as a single system? [Yes / No / Don't know]	118	74%	1,155	58%
	Please explain your reasons.	94	59%	423	21%
Q51	Can you identify any risks with being part of a UK system?	96	60%	707	35%
Q52	Can you identify any risks with not being part of a UK system?	104	65%	659	33%
Equality impact questions cross referred to the EQIA					
Q53	Have we correctly assessed potential impacts? [Yes / No / Don't know]	93	58%	962	48%
	Comments	37	23%	105	5%
Q54	Do you think the proposed mitigation is comprehensive? [Yes / No / Don't know]	92	58%	946	47%
	Comments	27	17%	79	4%

Annex 4: Detail of organisational responses (Q1 and Q8)

Question 1: Breakdown of responses by organisation type

Table A4.1: Q1 – Which of the options do you prefer? Organisations only, by organisation type

Organisation type	ALL materials listed*	ALL materials listed EXCEPT HDPE containers	ALL materials listed EXCEPT cartons and disposable cups	PET plastic containers, metal cans and glass containers	PET plastic containers and metal cans	PET plastic containers only	Total
	n	n	n	n	n	n	n
Public sector organisations	1	9	3	1	6	2	22
Food and drink producers	1	3	–	3	9	3	19
Charities	11	5	–	1	–	–	17
Retailers	–	–	1	2	11	4	18
Recycling / waste mgmt. orgs	–	1	1	1	7	5	15
Packaging manufacturers	–	4	–	1	2	4	11
Community bodies	3	3	–	1	–	2	9
Environmental consultancies	2	1	2	–	1	–	6
Hospitality and restaurant trade	1	1	–	1	–	3	6
DRS companies	3	–	1	–	–	–	4
Other organisations	6	1	–	1	1	–	9
Total organisations (n)	28	28	8	12	37	23	136
% organisations	21%	21%	6%	9%	27%	17%	100%

* PET plastic containers, metal cans, glass containers, HDPE plastic containers, cartons, disposable cups.

Question 8: Breakdown of responses by organisation type

Table A4.2: Q8 – Are there any product categories that should be excluded from the scheme?

Product category	Ready to drink (soft)	Soft mixer products	Bottled water	Fruit / veg juice	Dairy	All distilled spirits, ABV > 30%	All fermented alcohol products	All other alcohol, ABV < 30%	All other drinks
Respondent type	n	n	n	n	n	n	n	n	n
Public sector organisations	1	9	1	2	10	10	10	10	2
Food and drink producers	1		1	5	10	4	5	4	4
Charities									
Retailers				6	12	3	2	3	
Recycling / waste mgmt orgs		2			8	3	3	3	1
Packaging manufacturers	1	1	1	2	7	1	1	1	1
Community bodies		1			1				2
Environmental consultancies					1				
Hospitality and restaurant trade					2	2	3	2	
DRS companies					1	1	1	1	
Other organisations					2				
Total organisations	3	13	3	15	54	24	25	24	10
Total individuals	29	30	33	46	90	61	48	48	72
Total (organisations and individuals)	32	43	36	61	144	85	73	72	82



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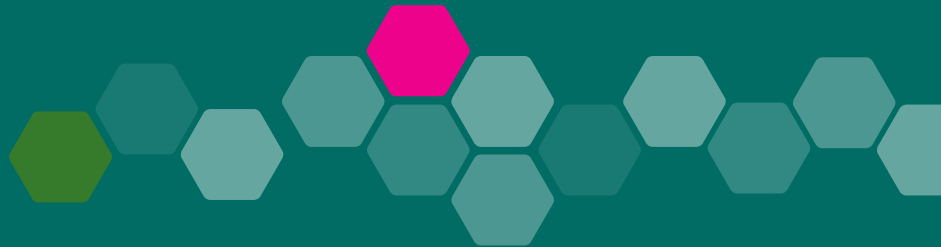
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