

Lorna Slater MSP  
Minister for Green Skills, Circular Economy and Biodiversity  
The Scottish Government

By email

5 June 2023

Dear Minister,

### **Deposit Return Scheme (DRS) – Next Steps**

I write further to last week's urgent meeting where you set out that, because of the UK Government's recent decision in relation to the Internal Market Act, you believe there are two remaining options for DRS, assuming the UK Government position remains unchanged:

1. Launch a Scotland-only DRS in March 2024, without glass.
2. Cancel the launch and align with the rest of the UK's DRS scheme, which will be 2025 at the earliest.

You asked for the industry's perspective, so we issued a survey to ask businesses what they think is the right choice, and why. 111 businesses responded with 84% concluding that we should now align fully with the UK. This includes many who only use glass and would therefore benefit from a scheme without glass. I have included a more detailed breakdown of the responses at the end of this letter.

Having also discussed with other trade bodies, including those representing retailers and wholesalers, who we also represent, the clear will of Scotland's business community is alignment. We agree that this is now the only sensible option although not an easy one given how much time, effort and cost has gone into Scotland's scheme. We recognise there will be unravelling to do, and difficult decisions to be made by the organisations involved. However, as outlined by so many businesses in their responses, concerns have not fundamentally changed, despite the positive changes that have alleviated these to some degree.

We have consistently stated the scheme needs to be fair and workable. "Fair" means it does not disproportionately impact some businesses at the expense of others, especially those least able to adapt to and pay for the requirements and who risk business closure or job losses. "Workable" means all the requirements of the scheme are operationally viable, right along the supply chain including to the end of the long tail of businesses where we find some of the most creative, innovative, and well-loved drink producers. Sadly, despite the collective and determined efforts across government, industry, and other organisations,

including Circularity Scotland, we have not been able to arrive at what can be considered a truly fair or workable scheme.

We are not seeking to apportion blame and want to particularly commend the government team leading on DRS, who have been approachable and constructive in their engagement with us. Our position simply reflects the undeniably complex reality of operating a scheme that requires accurate article traceability within a discreet section of an otherwise unified single market. Despite our genuine willingness to find solutions, the implications arising (complexity, fraud, duplication, supply chain barriers, market withdrawal etc.) are at the core of many uncertainties, which removing glass does not solve. In fact, it increases uncertainty about fees, process, and fairness.

Scotland Food & Drink aims to be a trusted partner of the food and drink industry and of government. We exist to deliver the industry strategy that is interwoven with efforts to achieve our economic, social, and environmental objectives. We cannot achieve any one of these without working constructively and collaboratively together to achieve all. Building a strong economy with vibrant businesses providing quality jobs will ensure resilient, prosperous communities across Scotland and to achieve long term economic success we must embed sustainability and address some deep-rooted social challenges.

I hope you agree that we have been transparent and constructive with our communication, and it is in good faith and in full consideration of the relevant factors that we are now stating conclusively that we need to align schemes across the UK to maximise environmental benefit and minimise burden.

We are keen to move on and explore how we can work together across a range of areas that will benefit Scotland. A central pillar of the food and drink industry's imminent new strategy is sustainability, and we do not shy away from the challenges that represents. Alongside our future work together as part of the First Minister's New Deal for Business, we will continue to constructively support efforts across government, including to become more sustainable, to build food security and strong supply chains, and to secure national and international trade opportunities to deliver prosperity for our communities and to grow responsibly.

Yours sincerely,



**Joe Hind**

Policy Manager

CC Humza Yousaf, First Minister of Scotland

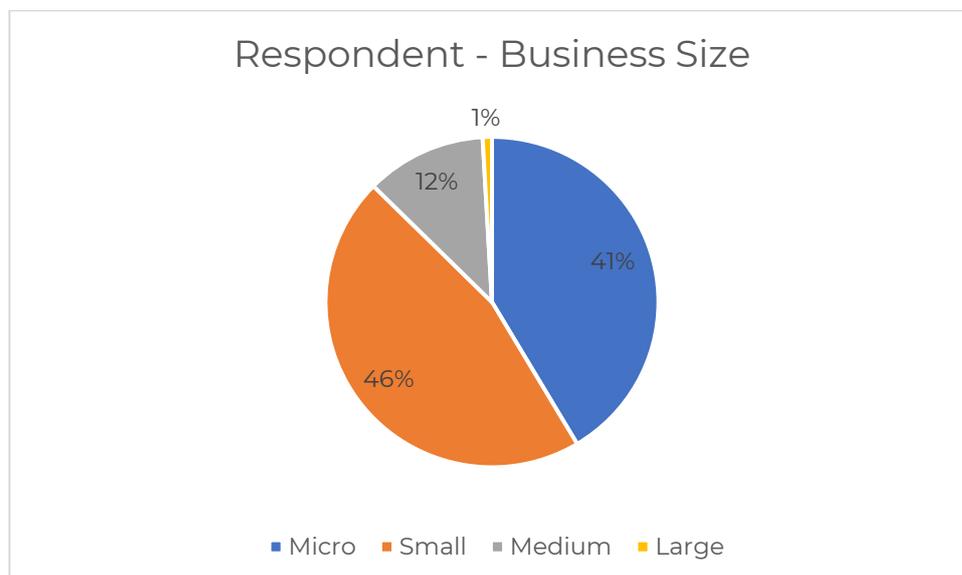
## Scotland Food & Drink – “DRS Next Steps” Business Survey Final Results – 2 June 23

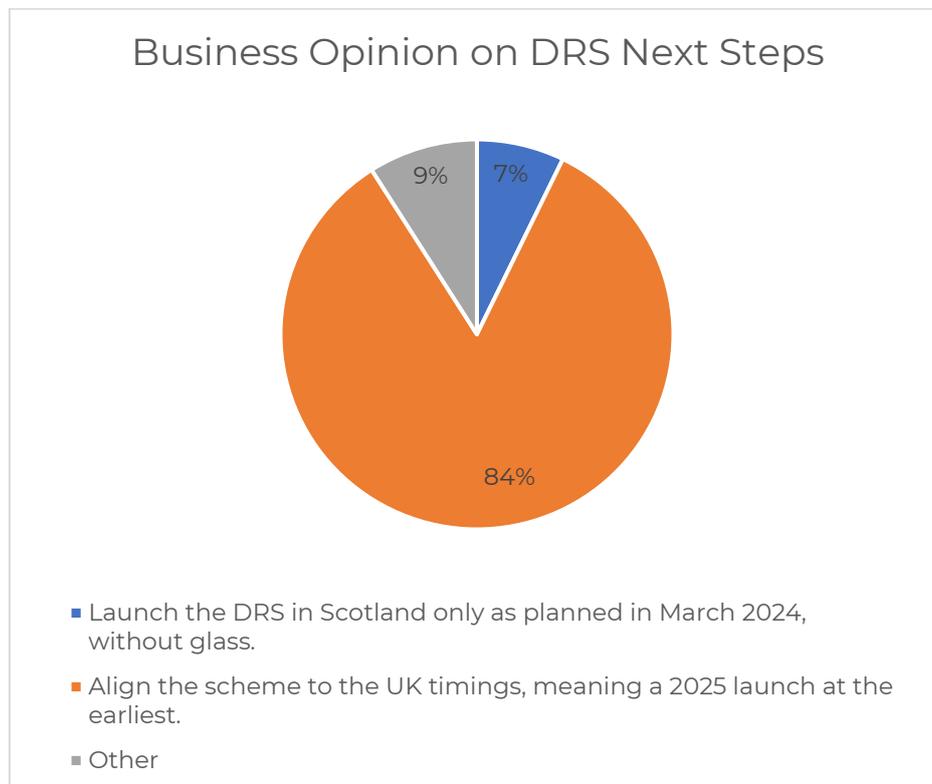
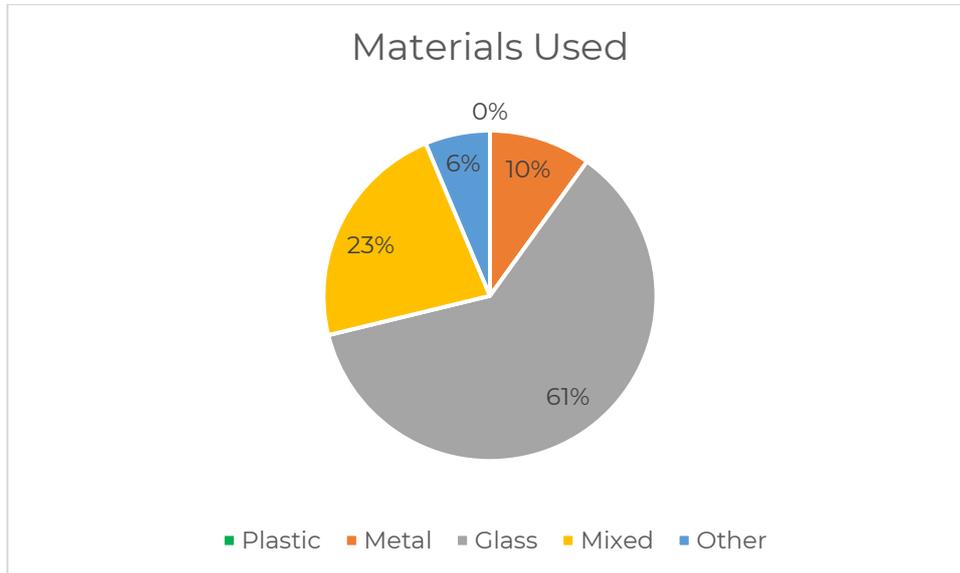
### Introduction

This survey was carried out following a meeting convened by the Scottish Government Minister for Green Skills, Circular Economy and Biodiversity on 30 May 2023 where the Minister set out two remaining options for DRS in Scotland:

1. Launch a Scotland-only DRS in March 2024, without glass.
2. Cancel the launch and align with the rest of the UK’s DRS scheme, which will be 2025 at the earliest.

We issued a business survey to our members and wider contacts in Scotland’s drink industry. One hundred and eleven businesses responded, and the results are set out below.





Please note that for those choosing “other”, most respondents did so because they feel a DRS is the wrong approach to recycling and litter.

**Reasons given for this choice (in full and unredacted):**

Anything else than aligning with the UK schemes will cause needless complexity to the distribution network, particularly for niche producers and importers. It also opens up massive potential for fraud which has already been 'budgeted' by the government.

I agree glass shouldn't be included in the scheme and there should be more support to business' who are able to provide a refillable program as this is the best way to reuse glass, unlike the proposed solution to crush the glass

A UK wide scheme would be far simpler in terms of labelling and bar coding for a producers perspective and far less confusing for consumers. One DRS launching across the UK, with one set of rules, all at the same time with a single set of communication stand a much greater chance of success than the confusing ( complex and l'll-conceived) alternative.

Think we need to crack on with something

The Scottish scheme feels unfit for purpose and doesn't address many issues raised by all parties. A longer preparation time and support nationwide makes this feel like a more realistic option. I also feel that glass is not the issue. Glass recycling is widely available but in the main it's cans one sees lying on grass verges. And debris from fast food outlets. I feel strongly that coffee cups and paper fizzy juice cups should also be included.

Revisit the scheme - engage with local government to streamline collections and deposits

Launching the DRS in Scotland without glass ahead of the UK will not resolve the issue of cross-border fraud, adding to the overall cost of the scheme. It also does not remove the significant logistical challenges with companies outwith Scotland having to sign up to the Scottish scheme and for them to report to Scottish suppliers on products sold back into Scotland. A UK wide scheme would be much simpler from an administrative POV as well as saving money.

The scheme development and planned launch has been a farce up to this point. There's simply no confidence that launching a scheme in 2024 which then has to align with another scheme coming in 2025 is feasible. Align to one scheme which is practical, straightforward, clear and fair and launch in 2025.

most of our customers are based in England,, therefore having a joined up system would be far more beneficial.

This will minimise barriers between Scotland and the rest of the uk, reduce the number of producers that withdraw from Scotland and provide less opportunities from fraud.

It seems crazy to launch any other way. It is an island, we sell throughout UK. To categorize products for one country only is not cost effective

I believe launching a UK wide scheme all together is going to benefit all and not impact Scottish business before the rest of the UK.

1. The Scottish DRS has been exposed as not fit for purpose, why follow 20 year old schemes with RVM's there is much simpler solutions available, it's overly complicated and without question makes it harder for small business to remain competitive when introduced ahead of rUK. 2. It makes no sense at all to introduce ahead of a UK Wide scheme and should never have got to this stage.

This has always been my preference:

1. Remove glass
2. Align timings to rest of U.K.
3. Focus on the largest producers.

It's really frustrating to think this was put to CSL and ScotGov several months ago and continually ignored.

The current scheme is not fit for purpose, too complicated and has the potential to reduce recycling with the removal of kerb side collections on glass, plastics and cans. Also at a time where businesses are struggling with inflationary costs such as utilities, ingredients, wage increases, tax increases and turn down on consumer spending it is absolutely the wrong time to put a barrier of trade in place with our biggest trading partner.

As a small business, the glass inclusion with cost us too much and will force us to close. This is an attack on the drinks industry by the Greens.

We have business in North of England - we buy centrally, this could weaken our buying power and increase our costs at a time when our margins are challenging until the market/consumer catches up with inflation

By launching DRS in Scotland first then the bugs can be identified and ironed-out before the UK launch. At a later stage glass can also be introduced.

While the idea of a DRS is very welcome, it'd needs to be simplified, make full use of the latest return technologies (for sorting and incentive) and be aligned throughout our home market.

Bring in a national scheme with the same rules and regulations at the same time. Less confusion for suppliers, retailers and customers. Define what all the rules are 12 months before launch so that all interested parties understand the rules and can apply them at the same time.

The set up of the current scheme is still flawed and removing glass will not fix the issues that are still impacting small businesses, shops and retailers

While omitting glass is preferable for us as a small supplier, it doesn't fix the embedded issues and inefficiencies of the Scottish DRS scheme as it stands. Our preference is for the whole scheme to be reassessed in its entirety, unifying it with a compatible UK scheme that removes issues of cross-border trading.

There's is greater benefits to the consumer and businesses when aligned with UK. if scotland is solo on this it is confusing to many visitors and businesses trading with Scotland. Our business has not recovered from the pandemic and this is financially would close our business. It is wide open to be targeted by fraud. The environmental impact of 'waste' collections in the

far north and islands seems to have been completely ignored. Businesses in Scotland and trading with Scotland have not been listened to.

A UK wide scheme will bring the most benefit, either with glass or without

As a small business we have no space to store returns. It will also be very difficult to establish who we return bottles to as we procure some items from several suppliers. As we sell premium spirits online I am unclear as to how returns will work for items that we ship to other parts of the UK. The current glass recycling seems to work very well as evidenced each time I go to a bottle bank as it is usually overflowing. This is an ill thought out scheme by individuals who do not understand the market or consumer behaviour.

This should be a UK wide scheme and should not be just aimed at the drink's industry (alcoholic & non alcoholic) but should include other sectors of food & drink industry that use these containers (plastic bottles/ aluminium cans & glass)

If this principle is not applied then the fear must be that the current levels of recycling will go down not up, which in turn means more not less will go to landfill!!

Having seen the DRS in Europe I have not seen glass collected and Glass can be collected via existing schemes.

One simple cross-nation scheme cuts barriers to sales across the UK, gives a clear system to the consumer and reduces the administrative burden on businesses.

The scheme is in no way fit for purpose under the current suggested model. Glass should be removed regardless but besides from that, the whole scheme needs to be rethought, as in its current form, it will mean the end for hundreds of small Scottish producers.

Recycling is already a nightmare across the UK with different rules in different places. A straightforward system for everyone would be best to reduce barriers across the different nations. Plus if we all have different systems imagine how much time we will have to spend in administration of each one.

A combined UK wide scheme would give greater efficiency and economy of scale, and reduce the possibility of cross border sale of goods which are not covered by the scheme which would undermine it completely. With the current high inflation levels in food and drink prices for consumers it would be very wise to delay any scheme which pushes up retail prices for consumers, and costs for businesses until these costs are coming down.

Gain full green benefit by reusing glass (supply and return in crates not sold in one-way card packaging) as per Germany. Must span UK to stop fraud and sales issues and added investment (in crate stock etc) government funded. Just returnable as planned still needs recycling on each return. If not an option, Align with UK timings.

so much requires fixing and one of the problems is reciprocal agreement between nations

At the moment, we in Moray have kerbside collections for the following: paper & cardboard; cans & plastic; glass. Until recently, I was under the

impression that all councils supplied this service. It seems to me that this is the way that recycling should be done across the country. It provides a simple, convenient, cost-effective and environmentally-friendly way as collections here coincide with the collection of general refuse on the same day. Manufacturers do have a responsibility but, ultimately, surely the individual at the end of the chain i.e. the person with the empty container/packaging, has the ultimate responsibility for making sure that they dispose of their container/packaging in a responsible and environmentally-friendly manner. Twenty pence is, quite frankly, laughable as a potential incentive. Gone are those days. Many individuals I know who work in retail, report that young people, if they pay with cash, never wait for their change, telling the cashier to put it into a charity box. I'm not saying that young people are the ones who aren't recycling responsibly, merely highlighting the fact that 20p is not an incentive. At any rate, in an ideal world, no incentive would be required. I often see discarded drinks cans and plastic bottles and I can honestly say that, in my area at any rate, I have yet to see discarded glass bottles, and certainly have never seen discarded premium spirit glass. What is needed is, kerbside recycling by councils for "home" recycling and more bins for different kinds of recycling out-and-about for recycling "on-the-go".

Having a UK-wide DRS, launching in 2025, is the obvious and best solution. It provides both a consistent internal market across the UK and gives industry, retailers and governments more time to iron-out the many remaining wrinkles.

Does not make sense for individual countries to go it alone, the schema should be aligned with all

One scheme covering whole of UK is best for consumer and businesses. Everyone will know what is in the scheme and how it operates

Removes complications, particularly around VAT, sales are UK wide. Want a drs system that works for all.

This would give the opportunity for all stakeholders to collaborate and formulate a system that works for everyone and for the good of the environment

Launch as planned without glass but get councils and glass manufacturers/users to trial an EPR glass curbside collections scene hi at the same time. This reduces the glass impact on hospitality, mean jars etc are still collected curbside with bottles and should result in high glass recycling rates back into bottle rather than ending up as road filling (current scheme will crush glass to too small pieces for recycling to new bottles). This means we are at least moving forward and the scheme can be tested providing useful information for other uk schemes and maybe showing Scotland as the lead in this that we would like to be. If an EPR trial is not possible we wait for the rest of the UK scheme to come in.

Makes more sense to have one scheme launch to avoid confusion and trade barriers

We are wine importers based in England but supply to Scotland. It is extremely challenging for an importer to track arrivals in England through to final sale. It's almost impossible if our direct supplies are to wholesalers based outside Scotland. We are wholly reliant on our customers & their own customers to collect and share sales data with us so that we can identify whether any stock ends up in Scotland. These intermediate traders are mostly uninformed about Scottish DRS and we don't have confidence that we will be able to collect the necessary data for compliance. We don't think any DRS scheme can work unless it's simple and uniform for the whole UK.

It was always a ludicrous plan to undertake any form of DRS with a pan UK solution. Take the pill and do the right thing rather than putting lots of people and businesses under undue pressure and stress.

The Scottish DRS is unworkable for more reasons than the inclusion of glass and the additional fees passed onto producers and retailers

UK wide scheme is the only sensible and cost effective way to go without disadvantage to Scottish business and consumers

Who or where these 'bottles' etc are collected makes no odds to solving the issues we face, and no-one is going to care about the 20p enough to make a big enough difference to the grand scheme of green issues that will haunt us.

The producers and the government need to make the big changes. we all see the recycling pick up doesn't work, and it seems like the recycling centers aren't advanced enough to cope with what's needed. Some of that is because of how or of what these bottles etc are made from. So tackle the start and end of the process and not continue to hurt the middle leg of an issue.

I don't pretend to understand this topic in great detail but with the powers that be making it so convoluted and disorganized it is impossible to want to even try and get your head around it.

Look at Scandinavia, take a leaf, and make it our own, stop pushing the problem down the road.

It doesn't make sense to have two separate systems

The cost of goods excluding glass will increase producers costs which ultimately will be passed onto wholesalers, retailers and the consumer. Plus glass is currently recycled at 100% in our hospitality business.

We are facing a cost of doing business crisis. Scotland is already battling against full rates against the reduced rates south of border , the early Drs will increase costs again. Squeezing hospitality beyond survival.

A UK aligned scheme will ensure a smooth transition that is adopted by the entire industry at the same rate, across all of UK.

As One

Better to have a national scheme, that works UK eife

The trade barrier will be the hardest part of the DRS to work around.

Have a cross nation approach is critical to the success of DRS

As all Scottish businesses operate in a UK market, it makes sense to be all-inclusive. But it still needs to be simplified in every way to make it easy to

implement and work for all, including keeping and improving existing recycling at kerbside and local level.

Glass is already widely recycled with good rates and for myself, I already run a bottle return scheme collecting the majority of my glass back for re use and I don't understand why I should have to pay/do a whole pile of unnecessary admin for my glass to be recycled and sold off by a company much much bigger than me. For lack of a better word - stupid. A huge recycling monoculture is not sustainable in the slightest, the DRS scheme is a carbon producing nightmare and I don't understand why producers who have been ahead of the curve for years have to suffer and potentially go out on business for this ridiculous scheme.

This would ensure that the whole of the UK was doing the same thing and this would save on costs.

I have customers across the whole UK; one country-wide scheme is the only one that makes any sense to me.

Ease of doing business with rest of the UK. Avoid need for separate barcodes. Removal of glass essential as UK already operates succesful kerb recycling. More time to prepare for a UK wide scheme.

We already recycle all of our waste and are incentivised to put as little as possible to landfill. Ie it cost my business a lot to put waste to land fill and little to recycle. So everything is separated and recycled to reduce cost to my business. It works I literally pick through my bins and train my staff to separate waste to reduce my business costs. The last thing I need is a system that adds massive complexity and cost to do what we do already! It's as simple as that!

A majority of our UK business is via a UK-wide distributor (based in London), and stores that supply customers UK-wide through their own web sites. This would be the main reason for us to favour a UK wide DRS program.

Removing glass, although the correct way forward will increase already inflated costs involved with a Scottish DRS and lead to the scheme failing. The only sensible option is to align with a UK DRS removing the majority of complexities and possible trade barriers.

To have multiple schemes requiring different labelling, paperwork, etc would simply not be worth it. Result would be higher prices, less recycling, and vastly reduced product lines per country. We all want better recycling and a single system makes far more sense.

A Scotland-only DRS will create a trade barrier between Scotland & rest of UK, which is utterly crazy. For any scheme to work, it must be borderless, and seamless across all regions of the UK.

This is the easiest and most practical option for business.

The current proposal is unworkable and will cripple small businesses

The only way to avoid huge amounts of fraud and negative implications to small businesses is to have a UK wide scheme. Scotland only scheme would be harmful for consumers due to considerably smaller selection of drinks available and higher prices, for rUK drinks producers and wholesalers the Scottish market would be unattainable due to costs and complications

involved (stocking and storing 2 versions of each product). Scottish drink producers would probably no longer be stocked by wholesalers down south, Scottish drinks would not be able to compete with prices of products in rUK. For fraud I would expect the smallest independent businesses to be used for fraud attempts more than large chains and supermarkets as fraud is easier with manual returns than by using RVMs. Scottish producers would probably need to stop online sales either in Scotland or rUK as online selling platforms do not recognise different parts of the UK as separate distribution areas so managing deposits and stock types would be impossible. The only way a DRS can work is if all parts of the UK have the same scheme.

We are simply not ready for this

A Scotland-only scheme is impractical and damaging to my business and other Scottish businesses.

Alignment with the UK is the only option which makes sense and doesn't cause trading imbalance in some way, whether increased costs in Scotland as part of the scheme requirements or in England where additional costs will influence decisions to trade in Scotland. We also, quite strongly, feel that the onus of the scheme should not to make the manufacturer the bearer of costs, and we're somewhat surprised that more has not been made of this fundamental point North of the border. Government policy, however well meant, forced on manufacturers, many quite small and ill equipped to cope with the hike in cost.

The time delay to 2025 also allow useful cross communication and enable a proper, well constructed and mutually supported scheme to be developed and delivered.

With kind regards

Impossible for a UK wide online retailer, with 30 new products per month from new suppliers, to work with a non-UK wide solution.

Happy to launch in 2024 with glass exclusion. However, also believe that could launch with glass included with a greater threshold for inclusion of circa 20k units in-line with Tasmanian model.

Scotland does NOT have a workable DRS solution for numerous (hundreds of!) reasons and the SNP/Green Administration have shown no appetite to listen to industry, SME businesses, learn, accept their errors, and make changes so that the scheme works for all.

We are not ready for DRS and it will cost small businesses likes our too much money.

I think having a Scotland specific scheme is ridiculous. It's inefficient from a business point of view, and therefore a consumer cost point of view. There is no justification for it apart from party political point scoring of Scotland "we did it first". I'm also not convinced that the Scottish govt had ever worked out the economics or practicalities of serving rural communities for collections - do they realise you can't get commercial waste collection in

many remote areas? We are wholly reliant on the councils (and speaking of which, has anyone assessed the impact on their revenue when thinking about DRS NPV?). A well thought through U.K. wide scheme must be the right answer in the long term for business, consumer and environment.

The burdens of the scheme are still too high for us to consider selling to customers in Scotland if it goes ahead. It presents a huge internal market barrier.

Only an aligned UK scheme can preserve trade without barriers

Ditch DRS completely, recycling exists now and merely needs better facilities and a more proactive approach to encouraging people to participate.

The state is taking control and trying to micro manage everything and it simply doesn't work.

Recycling is a simple thing and the DRS makes it incredibly cumbersome and difficult to manage or want to take part or be involved.

A coordinated approach is a must for this scheme to succeed.

The DRS in its current format is totally unworkable and will see us stop trading in Scotland. Removing glass from the scheme would be beneficial to us, but the other requirements are still unworkable. We still haven't had vital questions answered from CSL so even if glass was removed they still have a lot of other issues to solve before launching. The best approach would be to align a UK wide launch which means we are all playing by the same rules and changes we have to make only occur once.

We sell and indeed buy from all over the UK. It only makes sense for us to have a UK wide scheme. The work involved for a Scotland only scheme is crippling.

Less confusion for the public (who are currently VERY confused)

Even without glass a DRS in advance of rUK will restrict consumer choice for non glass items and increase costs. The proposed DRS with the deposits passing through the system is cumbersome and expensive anyway.

End goal is to reduce waste, however we have kerbside collections already in place, in Scotland if the same amount is spent improving that, then we would drastically increase recycling

It makes no sense to have different schemes in Scotland, England and Wales launching at different times when the goods involved are freely traded across all three regions. We need to work together to launch a workable scheme for the whole UK not create friction and a political argument.

Existing scheme is too complex and expensive. Redesign a new simpler scheme utilising existing kerbside recycling. Levy a 1-2p tax on every food and drink container and use the income to provide councils with funding to increase existing system and put a recycling bin on every street corner and add glass to home kerbside recycling

Too many reasons to mention - but to trial a subsystem in Scotland is just causing chaos for far too many businesses. We need an industry led scheme that works and can be supported.

Glass too. Added costs of admin will lead to higher RRP plus 20p deposit even higher RRP. We will sell less and will make less money. Pay less tax and employ less people.

The only workable solution is to have a UK wide scheme that make much easier administration and therefore much lower costs passed on to the consumer.

Align to a singular UK-wide scheme for simplicity and to maximise overall benefit, minimise cost and enhance the overall marketplace without adding trade barriers.

Glass should be included, as not including it leads to a competitive disadvantage for those who package drinks in cans - do bear in mind that a can of beer has a lower carbon footprint than a bottle of beer in the first place, by some considerable margin. So if including glass is not for the recycling, implement a deposit as an environmental levy to carbon off-set all that extra diesel it takes to move these heavy glass bottles around.

An independent inquiry should be pushed for to shed light (and to learn from) the sheer ineptitude, unprofessionalism, money wasting and political nonsense that has come to epitomise this scheme and the Scottish Government.

A UK wide scheme to keep things simple and manage admin costs better, to protect shopper choice and minimise inflationary effects

The complexity and restriction of having a Scottish only system prohibits our ability to trade in England and therefore hampers our growth and reach and will ultimately put jobs at risk. A DRS needs to be simple to use and UK wide for it to be successful.

This would allow a more seamless transition. The current scheme is massively flawed and many questions remain unanswered which makes it impossible for businesses to prepare.

This scheme if it is to be introduced should be done on a UK wide basis and only if each of the 4 nations uses the same rules, Although I would counter this by saying that glass should not be included as from my experience you do not see much glass bottles being discarded as litter.

It is fairer to ALL Scottish businesses and means that Scottish consumers do not lose out of the choice of products available due to the 20p deposit only applying in Scotland until 2025.

A UK aligned scheme would simplify the process, lower costs, prevent market distortions between Scotland and rUK and maximise the benefits. Ideally that scheme would still exclude glass as the benefits appear to be questionable.

The complexity of having dual SKU's for Scotland vs rest of U.K. would make trading in Scotland prohibitive and may result in a decision to withdraw from Scotland - WE WANT A U.K. WIDE DRS.. just not this flawed version which is overly complex and penalises companies and consumers while damaging the environment as glass is already recycled very efficiently.

Use the pause to do something that will actually work. DRS is going to be too expensive for RUK too so will never happen. Let's lead the solution.

If glass is excluded from DRS in Scotland and is launched next March then we will be out of the scheme. However there are still too many complicated issues affecting in particular smaller producers using other materials especially bar code issue.

DRS at current seems to have been rushed and poorly researched, especially when it comes to input from small producers.

Seamless alignment in a single scheme across the whole of the UK, rather than implementing compliance with multiple systems, being subject to multiple regulations, yet operating as a business across one territory

1. One united scheme for the country makes way more sense.
2. Proven successful schemes in other countries exclude glass.

I would prefer to align with the rest of the UK as we are a very small company and the additional work involved in joining a Scottish DRS is March 24 is detrimental to our business due to the lack of manpower. We would prefer glass was excluded from any DRS.

Frictionless trade within the UK internal market

We sell across the UK and having separate schemes with different labelling and barcode requirements is stupid and will cause us to either not sell in one market or be less attractive across the border.

No sense in having different schemes in the same country