

A Deposit Return Scheme for Scotland

Islands Communities Screening Assessment

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Scottish Government
Riaghaltas na h-Alba
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Islands Communities Screening Assessment Deposit Return Scheme Regulations

Introduction

1. The Islands (Scotland) Act 2018 places a duty on the Scottish Ministers and other relevant authorities, including a number of public authorities, to have regard to island communities in exercising their functions, and for the Scottish Ministers this will also include the development of legislation. This duty is often referred to as 'island-proofing'.
2. The Islands (Scotland) Act 2018 lists the following areas that are relevant considerations for islands and island communities:
 - Depopulation
 - Economic development
 - Environmental protection
 - Health and wellbeing
 - Community empowerment
 - Transport
 - Digital connectivity
 - Fuel poverty
 - Land management
 - Biosecurity

Background

3. The Cabinet Secretary for Environment, Climate Change and Land Reform announced the design of Scotland's Deposit Return Scheme in a statement to Parliament on 8 May 2019. The design has been overseen by Scotland's DRS Programme Board which includes representation from Highlands and Islands Enterprise.
4. The scheme will apply to all single use drinks containers sold in Scotland, made from PET plastic, glass, steel and aluminium. A 20p deposit will be applied and all retailers who sell drinks containers will have an obligation to also act as a return point. The scheme will be owned and operated by industry, with a target placed on them to capture 90% of bottles placed on the market within 3 years of operation.
5. "A Deposit Return Scheme for Scotland: Full Business Case Stage 1"¹ was published in conjunction with the Cabinet Secretary's statement. This document investigated the strategic, economic, financial, commercial and management case for the scheme design, following the HM Treasury 5-Case business model.

¹ [A Deposit Return Scheme for Scotland: Full Business Case Stage 1](#)

6. The Full Business Case Stage 1 identified four investment objectives to be delivered by the scheme:
 - (i) Improving recycling quantity.
 - (ii) Improving recycling quality.
 - (iii) Encouraging wider behaviour change around materials.
 - (iv) Delivering maximum economic and societal benefit for Scotland during the transition to a low carbon world.
7. Scottish Ministers are clear that these objectives must be delivered for the whole country, including rural areas and the islands. The scheme has been designed with this in mind.
8. One of the underlying principles of the scheme is that “it should be as easy to return a container as it is to buy one” and this is one of the reasons why all retailers of drinks containers are to be obligated to act as a return point. This will ensure that return points are accessible across the geography of Scotland and not just major population centres.
9. Although it will be possible for retailers to apply for an exemption from the scheme, any exemption should not compromise this fundamental principle and will need to be approved by Scottish Ministers.
10. Producers will be required to arrange for collection of containers from these return points free of charge and compensate retailers for reasonable costs incurred in facilitating this collection. By placing this responsibility with producers it ensures that retailers do not incur costs associated with the transport of materials for recycling.
11. A 90% collection target for the scheme will make it necessary to facilitate collection of containers wherever they occur in significant volumes. This is an important consideration for island communities who will often see seasonal increases in visitors, many of whom will bring a large number of containers to locations where bottles are either not sold or sold at a lower volume. The scheme administrator will be able to establish and operate additional return points in these areas.
12. Flexibility to local circumstances has also been an important consideration. Ministers recognise deposit return as a form of extended producer responsibility and are keen to provide producers with the necessary scope to deliver the most effective and efficient scheme possible. This flexibility also presents opportunities to support individual communities. The charitable donation of deposits is a common feature in other deposit return schemes and it will be possible for the scheme administrator to facilitate the donation of deposits to local good causes should there be an appetite to do so.
13. Deposit return will involve the transport of large volumes of material from island communities to the mainland for processing. When considering this issue, it is helpful to reflect on the current collection and disposal arrangements for waste on our islands. All island local authorities, as well as

those mainland authorities which include islands such as Argyll and Bute, have signed up to the Household Recycling Charter. That Charter commits them to the operation of recycling collections, with material often subsequently shipped to the mainland for further processing.

14. We expect that DRS will result in an increase in the amount of material being transported from islands and it will be important to explore how existing infrastructure can be best utilised to minimise the impact of this change. For example, the use of back haulage arrangements, operated in partnership with retailers and distributors already supplying island communities, is an option. Alternatively, there may be scope to use existing local businesses or community sector logistics services.

Consultation process

15. A full public consultation was undertaken by the Scottish Government between June and September 2018, to inform the scheme design process. The independent analysis of responses was undertaken by Griesbach & Associates and Jennifer Waterton Consultancy and published in February 2019².
16. 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. Responses were received from North Ayrshire Council, Orkney Island Council, Shetland Islands Council and Highlands & Islands Enterprise. Concerns were raised about the impact DRS could have on the viability of existing kerbside collection arrangements, although these were not unique to island local authorities. Issues were also raised around the logistical and cost implications associated with transportation of material to the Scottish mainland.
17. To support the consultation, Zero Waste Scotland also delivered a roadshow of events with at least one event in all thirty-two Local Authorities. This was in addition to the engagement with over 120 stakeholder organisations and thirteen sector workshops. This consultation process highlighted a number of considerations for island communities which informed the final scheme design.
18. Since the scheme design was finalised, meetings have been held with the following local authorities to discuss the impact on their island communities:
 - Argyll and Bute Council
 - Comhairle nan Eilean Siar
 - Highland Council
 - North Ayrshire Council
 - Orkney Islands Council
 - Shetland Islands Council

² [Deposit return scheme consultation: analysis of responses](#)

19. Other relevant engagement has also been undertaken with businesses and community organisations such as CalMac and the Scottish Islands Federation.

Next Steps

20. Scottish Ministers intend to bring forward the secondary legislation required to establish a deposit return scheme in summer 2019. Those Regulations will be subject to the Parliament's super-affirmative procedure, starting with a 90 day pre-laying period where the draft regulations are available for anyone to comment on. The Scottish Government will then review these comments before laying a final set of Regulations for Parliament to vote on.
21. To support this process and ensure that island communities are represented, Zero Waste Scotland will be delivering a targeted island engagement campaign throughout the 90 day pre-laying period. This will include a series of public events across the islands, development of web content and the hosting of a webinar. Zero Waste Scotland will promote the opportunity to input into the process at a local level.
22. To ensure that island voices continue to be represented throughout the implementation process, Zero Waste Scotland will also establish a Deposit Return Scheme Islands Forum. This Forum will support not only input into plans during the pre-laying period but also ensure that key considerations for islands and rural communities are integrated into the implementation planning process, considering the impacts of detailed design decisions. If, as expected, an industry-led scheme administrator is established to discharge obligations on behalf of the majority of producers selling onto the Scottish market, then the forum will be introduced to this body in order to support implementation.

Conclusion

23. Scottish Ministers are aware of the duty to consult island communities before making a material change to any policy, strategy or service which, in the Scottish Ministers' opinion, is likely to have an effect on an island community which is significantly different from its effect on other communities.
24. The design of a Deposit Return Scheme for Scotland has been driven by the need for the identified objectives to be delivered for the whole country and informed by representatives of island communities. This has been through the full public consultation and engagement activities delivered by Zero Waste Scotland.
25. There are a number of potential impacts associated with DRS which are particularly relevant to remote and rural communities and so will be pertinent to Scotland's island communities. For example, it is clear that DRS return point operators will have a strong interest in ensuring the frequent collection of returned materials in order to minimise storage requirements and potential cashflow issues linked to the reimbursement of deposits. Low volumes of

containers generated in the islands combined with high logistics costs could potentially influence the frequency of such collections. The requirement for online delivery services to accept the return of empty scheme packaging from consumers will also be important to those who can't easily access shops due to their remote location.

26. One unique impact on island communities identified to date relates to the availability of transport infrastructure to support the movement of DRS materials for processing. In order to test this assessment further, the Scottish Government and Zero Waste Scotland will undertake further engagement with island communities, providing an opportunity for them to input into the regulations which will establish the scheme and supporting their involvement in the implementation planning process.
27. This will involve Zero Waste Scotland delivering an islands engagement campaign during the pre-laying process, and the establishment of a DRS Islands Forum.
28. To ensure that the impacts on island communities continues to be considered and to identify if the scheme is likely to have an effect on an island community which is significantly different from its effect on other communities, an Islands Impact Assessment will be completed before final Regulations are laid in Parliament.

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