

Copies of minutes for the engagements outlined in Annex B:

04/05/2023 10:00 - 10:45 Meeting with Hospitality Trade Bodies

Meeting with Ms Slater (Minister for Green Skills, Circular Economy and Biodiversity) and Hospitality Stakeholder Representatives - Minutes:

Date: 04 May 2023

Invited Attendees

Hospitality Stakeholders

- Stephen Montgomery, Director and Spokesperson Scottish Hospitality Group
- Leon Thompson, Executive Director UK Hospitality Scotland
- [REDACTED], Spokesperson Nighttime Industry Association
- [REDACTED], Senior Advisor and Policy Manager Scottish Beer and Pub Association - did not attend.

Scottish Government

- David McPhee, Deputy Director, Deposit Return Scheme
- [REDACTED]

Circularity Scotland Limited

- Simon Jones, Chief Executive Officer
- [REDACTED]

Update from the Minister regarding Governance

Ms Slater

- Update on the governance structure that will be implemented imminently.
- There will be sector focussed working groups - including a hospitality working group - to identify and resolve issues. Representatives from CSL, SEPA, ZWS and Scottish Government will be present as well as representative from the relevant sector and that these groups will meet regularly. Biffa will initially be represented through CSL contacts.
- The sector specific working groups will be overseen by a Ministerial group and that issues can be escalated to the Ministerial group if needed.
- David McPhee (DM): Scottish Government officials will be in touch today or very shortly to put dates in the diaries for the work groups. Ahead of workgroup meetings, officials will share a log of open actions relating to the relevant sector. This will help promote transparency/efficiency in dealing with issues.
- DM: In addition to the sector working groups, there would likely also be an operational working group to discuss cross-cutting issues.
- Ms Slater: After the scheme goes live, efficiencies will be made to the scheme and it is important that we are proactive on this and have a governance structure in place to allow issues to be identified and resolved.

Discussion:

- Attendees support the governance structure.
- Leon Thompson (LT): This will help address issue and help ensure businesses are ready for the launch of the DRS in March 2024.

Discussion moved on to issues other than the governance structure (captured below).

Update from the Minister regarding the announcement to exempt all hospitality premises that sell the large majority of their drinks products for consumption on the premises from acting as a return point.

Ms Slater

- A decision has been taken to implement a threshold of 90/10, (meaning that an exclusion from acting as a return point will apply to hospitality retailers where fewer than 10% of scheme articles are sold for consumption off the premises) following engagement with the sector.
- Thanked attendees and their stakeholders for their engagement on the issue.
- The threshold is based on the wider collection return-rate for the scheme and in the absence of clear evidence as to why another threshold would be more appropriate.
- This decision was taken at pace to ensure the change would be included in the amendments to DRS regulations and in order to provide business with clarity on the matter at the earliest opportunity.

Discussion:

- LT: The threshold was supported by the majority of his stakeholders (restaurants) so long as third parties' sales (e.g. Deliveroo) are not taken into consideration.
- DM: Current position is that third-party sales will not be considered part of a venue's sale but will confirm in due course.
- Stephen Montgomery (SM): How the threshold would be policed?
- DM: This is a matter for SEPA as the scheme regulator and that they would take a pragmatic approach. It is possible that the likely approach would be that SEPA may request evidence from businesses as opposed to businesses having to proactively submit detailed evidence. We will clarify this in the stakeholder groups
- SM: Hospitality venues should automatically be exempt from being a return point and opt in if they wished - as opposed to implementing a threshold. Some businesses were removing off sales so that they meet the threshold. He also noted that there was uncertainty over the exemptions process - citing that it took his business two months to get an exemption granted - and this was another burden on businesses.
- DM: The process has been streamlined since then and should be easier for business to submit exemption requests and for decisions to be taken. On making the process an opt in, this causes other difficulties including defining businesses the sectoral boundaries for removal from the scheme.

- Ms Slater said that we need to make sure that businesses are aware of the streamlined process and welcomes continued feedback from stakeholders as to whether the new process is working as intended.

Live Issues Discussion

Biffa

- SM: Important to get venues registered in order to get the biffa map complete and ensure logistics match.
- [Redacted]
- Simon Jones: Biffa have set up new division specifically focused on the DRS and that CSL will manage them differently. He also advised that CSL have been clear with biffa that collections will be fine-tuned after go live so that collections are tailored to industry demand.
- SM: This message is not being heard by small businesses.
- DM: The intention is for biffa to attend some of the working groups, although they may be represented by CSL in the first instance, which should help get key messaging to businesses. Also asked attendees to feedback on issues of getting messages to businesses but also how businesses are responding/reacting to the messages.

IMA Exemption Request

- Ms Slater: The First Minister has been in correspondence with the Prime Minister to request that a decision is taken by the UKG as soon as possible and no later than by the end of this month (May).

Small Businesses

- [REDACTED]: The hospitality sector tends to be grouped together whereas the sector is very nuanced – with many small, independent businesses with different issues.
- [REDACTED]: The stakeholders he represents are not as optimistic/well prepared as other hospitality stakeholders.
- [REDACTED]: DRS is altering business practice for his businesses and similar businesses and gave different collection timetable and additional staff costs as examples.
- He also said that the Nighttime Industry Association is very small and does not have resources to meet some of the asks. An example being the request for evidence on the 90/10 threshold.
- Ms Slater acknowledged this and stressed that she is keen to ensure the concerns of SMEs are fully captured and addressed – and that the governance structure will help ensure this happens.

17/05/2023 10:30 - 11:15 3 Monthly Meeting - Friends of Earth Scotland and eNGOs. – Official Sensitive

Meeting between Ms Slater and eNGOs

Date: 17 May 2023

1.1 Attendees

- Lorna Slater, Minister for Green Skills, Circular Economy and Biodiversity

- Sarah Doherty, Association for the Protection of Rural Scotland
- Kat Jones, Association for the Protection of Rural Scotland
- [Redacted], Association for the Protection of Rural Scotland
- Kimberley Pratt, Friends of the Earth Scotland
- [REDACTED], Marine Conservation Society
- [REDACTED], Marine Conservation Society
- Jenni Hume, ReLoop
- [REDACTED], Scottish Government
- [REDACTED], Scottish Government
- [REDACTED], Scottish Government

Note of Meeting

1. Welcome & introductions

- Ms Slater provided a brief update regarding the implementation process for Scotland's Deposit Return Scheme (DRS).
- Ms Slater confirmed that the SG followed the formal procedure required to seek an exemption for DRS from the Internal Market Act (IMA).
- The FM sent a letter to the PM to press against the UK Government for an urgent decision on an exclusion from the Internal Market Act to give businesses the clarity they urgently need, and to allow preparations to continue.
- There are now six extra months after August to use wisely and to make sure that we are doing everything to make that launch a success.
- New governance arrangements will help to bring everybody along in a much more positive and smooth way than before and to remove some of the negative press.

2. DRS Governance and Assurance Update

- [REDACTED], the Head of the DRS Assurance Unit, updated the attendees on the new governance arrangements between partners and stakeholders, and to create and work towards a shared critical path and delivery plan.
- Ms Slater clarified that the new governance arrangements have the purpose of focusing on and monitoring delivery, and it was not about policymaking.
- The eNGOs requested that they be brought in, as applicable, to help with the communications element of the new governance structure.
- **ACTION:** [REDACTED] to liaise with eNGOs to link them with the communications governance working group.
- [REDACTED] pointed out that the changes that Ms Slater announced in Parliament last April will be enacted through amended regulations. Draft amended regulations were laid in Parliament 17 May. A policy note will sit

alongside them that explains the amendments.. It's an affirmative process so Parliament won't have the opportunity to make changes to them.

- Ms Slater confirmed that the decision about IMA has been requested by the end of this month.

3. Questions from eNGOs

1. [REDACTED]

- [REDACTED] noted that APRS is working primarily with wildlife and countryside link in England, and together with these UK-wide organisations, are planning to sign a joint letter to the PM.

2. Jenni Hume:

- Said that they value their meeting with the Minister and asked if there was a way to formalise this moving forward, to ensure we are still part of the conversation going ahead.
- In the comms and engagement section of the governance scheme, there may be a place for environmental groups to get involved.
- JH asked about changes on online takeback and whether anybody's going to have to do it from the start. The Minister replied that this will be answered in the new Regulations.
- JH asked what can be done to support the IMA process. She mentioned the letter James talked about and they also plan to host a joint event at Westminster on Tuesday 6 June, to give more accurate information to MPs, and to push them to change their minds to include glass in the UK scheme, because a poll recently showed that 75% of people in England are in favour to include glass.

3. Kim Pratt:

- Pointed out about the new arrangements show an imbalance towards industry, and less input from environmental groups.
- Asked about the publication of the SEPA register to see who has signed up before going live.
- Ms Slater answered that information remains with SEPA and they will release it according to the regulations.

4. Sarah Doherty and Kat Jones

- They could keep working to put the word out, to put pressure on UK Government regarding IMA exclusion.
- They asked Ms Slater for feedback on how the announcement of the delay had been received.
- She remarked that reception has largely been positive and that we need to capitalise on this.

5. [REDACTED];

- Asked what work was being done to support island communities to ensure that DRS doesn't disadvantage them. The Minister confirmed that there is an existing islands DRS delivery group which they can work with.
- **Action:** SG to link in eNGOs to the islands DRS group via [REDACTED].

22/05/2023 15:00 - 16:15 Ministerial Strategic Assurance Group Meeting

Deposit Return Scheme Ministerial Strategic Assurance Group

Note of Meeting 15:00-16:15, Monday 22 May, 2023

In Attendance

Lorna Slater MSP, Minister for Green Skills, Circular Economy and Biodiversity
(Chair)

Màiri McAllan MSP, Cabinet Secretary for Net Zero & Just Transition

Kevin Quinlan, Director of Environment and Forestry, Scottish Government

David McPhee, Deputy Director, Scottish Government

Elisabeth Campbell, Deputy Director, Scottish Government

David Harris, CEO, Circularity Scotland Limited

Iain Gulland, CEO, Zero Waste Scotland

Nicole Paterson, CEO, SEPA

Joanna Zwitzerlood, SEPA

Dr Pete Cheema, Scottish Grocers' Federation

Jamie Mackie, Scottish Grocers' Federation

Andrew Lawrence, British Beer and Pub Association

Paul Togneri, British Beer and Pub Association

Stephen Montgomery, Scottish Hospitality Group

Freddie Joosten, The Wine and Spirit Trade Association

Jamie Delap, Scottish Independent Brewers' Association

Gavin Partington, British Soft Drinks Association

Roger White, British Soft Drinks Association

Colin Smith, Scottish Wholesale Association

Leon Thompson, UK Hospitality

Nadiya Catel-Arutyunova, Scottish Retail Consortium

[REDACTED], COSLA

[REDACTED], Tesco

Apologies

[REDACTED], Scottish Government

Lorna Hegenbarth, Scotch Whisky Association (Freddie Joosten of Wine and Spirit Trade Association to represent for both)

Luke McGarty, Scottish Grocers' Federation

Secretariat

[REDACTED], Scottish Government

[REDACTED], Scottish Government

[REDACTED], Scottish Government

1. Welcome and introductions

- The Minister welcomed all attendees to the first meeting of the DRS Ministerial Strategic Assurance Group (MSAG).
- The Minister highlighted the recent decision to delay launch until March 2024 and other changes to the scheme, and stressed the need to maintain momentum around the new operational timeline.

2. Ministerial Strategic Assurance Group purpose and responsibilities

- MSAG forms part of a new governance structure to better connect key partners SG, SEPA and CSL with retailers, producers and hospitality groups.
- It will be the highest level forum for escalation of operational and functional issues if solutions cannot be identified at sectoral working group level, where meetings are already underway.
- Work is ongoing to capture interdependencies, identify the critical path, refine the issues log and to share those across all groups.
- MSAG will have sight of unresolved issues.
- The Minister urged stakeholders to raise issues early in the process.
- The issues log and critical path will be shared over the coming weeks.
- Feedback will be sought on the effectiveness of the sectoral meetings going forward.

3. Programme Status Report

IMA Exclusion update

- The Minister provided an update on the continuing IMA exclusion position confirming that all necessary measures required under the framework, and more, had been provided and there is no reason why the exclusion should not be forthcoming.
- The Minister is keenly aware of business concerns that an exclusion is yet to be granted and that some have halted preparations for DRS due to continuing uncertainty.
- It is understood that a meeting of UK ministers is scheduled to take place later this afternoon and the Minister will endeavour to share any readout.
- It is not known whether any UK government response will be straightforward or will include caveats, but the Minister stressed that the learnings from a Scottish scheme will be of great benefit to the UK.
- However, should no exclusion be forthcoming in timely manner then there will be a need to consider the ongoing status of the scheme.
- Should that circumstance arise the Minister agreed to revert to stakeholders as soon as possible with a view to providing clarity and guidance where possible.

Scottish Government update

- Draft revised regulations were laid in the Scottish Parliament on 17 May. The regulations included the following key scheme revisions: -
 - drinks containers which are smaller than 100ml will be removed from the scheme;

- hospitality retailers that sell fewer than 10% of their drinks to take-away will be exempt from operating as return points; and
- low volume products, which sell fewer than 5,000 units a year, will not need to apply a 20p deposit.
- online takeback obligations will be reduced. However, elderly and disabled customers remain eligible for a free takeback service when buying drinks online from the largest grocery retailers.
- retailers have the right to refuse certain types of materials for health and safety reasons
- Full details, including the policy note and the regulations themselves are available at www.legislation.gov.uk
- Kevin Quinlan highlighted that engagement is geared to solutions and stressed the need to bring forward constructive ideas, aspiring to achieve solutions based on criteria of broad consensus and commercial workability, with organisations feeling heard.
- He also urged stakeholders to follow the success of recent engagement in which a context of confidentiality had been maintained.
- The key issues currently are: -
 - IMA exclusion
 - Online takeback
 - Pricing - Shelf-edge labelling
 - Pricing - Price-marked packs
 - Streamlining exemptions highlighted

Open discussion from members

- Stephen Montgomery reported concerns from beer producers over the perceived stumbling block of initial compliance requirements and asked if the group could explore options to enable logistics engagement and planning to proceed. The Minister suggested this be raised at the hospitality sector working group meeting.
- David McPhee noted the value which membership organisations can bring through the strength of their communications links to members.
- Jamie Delap noted that the latest regulations included no change to the registration process for small producers, including fees and the need to provide market data, and asked for the rationale for that. Freddie Joosten also noted the concerns of many small producers around place-on-market data. Kevin Quinlan advised that there needs to be visibility across all producers including the opportunity to identify where sales move to exceed the 5k units threshold. The Minister emphasised the need for sales evidence around the threshold.
- Leon Thomson reported that many members, who may be based in England and less aware of devolution matters, are concerned that the UK government does not share the Scottish Government's commitment to the scheme and have called for a joint statement from both governments providing a clear and positive message.
- The Minister committed to working with stakeholders to explore whether the web registration process could be simplified further.
- [REDACTED] hopes the retailers' sector meeting will discuss the nuance of identifying the 5k units threshold where organisations are also deemed as producers and lack of visibility around sales across different organisations

relative to the 5k units threshold, as well as the availability of impact assessments for online takeback.

- An objective of the threshold is to protect smaller lines and it is assumed that many such lines will not be sold to larger retailers and that market proportion of scheme articles is very low. Going forward this approach can be adjusted post-launch if these assumptions are found to be significantly inaccurate.
- Impact assessments will be shared with sector groups.
- [REDACTED] highlighted the importance of knowing whether a product is registered as below/above the threshold.
- Freddie Joosten re-iterated concerns about the impact of the 5k units threshold. He asked if there could be an opt-in to enable smaller producers to sell to major retailers if so wished. David McPhee confirmed an opt-in is possible.
- The Minister suggested these various points could be picked up at the producers' sector group meeting.
- Stephen Montgomery asked if the Gateway Review report from March would be published. Kevin Quinlan advised that such reports are not routinely published, the review recommendations are being actively worked on and learnings will be shared.
- David McPhee confirmed that membership of all governance groups will be reviewed and extended if deemed necessary.

4. AOB

- The date of the next meeting was confirmed as 20 June 2023, 09:00-10:15.

23/05/2023 11:00 - 11:45 Meeting with Iain Gulland, CEO, Zero Waste Scotland and Helen Wollaston, Interim Board Chair, Zero Waste Scotland.

Meeting Note

Biannual Meeting between Minister for Green Skills, Circular Economy and Biodiversity and Zero Waste Scotland (ZWS) Chair and CEO.

23 May 2023

Attendees:

- **Ms Slater (Minister and Chair)**
- **Helen Wollaston (ZWS Interim Chair)**
- **Iain Gulland (ZWS CEO)**

Supporting Officials:

- [REDACTED], Deputy Private Secretary to Ms Slater
- **Katriona Carmichael, Circular Economy, Deputy Director**
- [REDACTED], **Environment and Forestry, Sponsorship Manager**

Related Briefing – eRDM reference: [REDACTED]

1. WELCOME

The Minister welcomed attendees to the meeting and the opportunity for a broad discussion around ONS classification and transition, Textiles and Local Authority connections.

ZWS added the Circular Economy (CE) Bill and timings to the agenda.

2. GENERAL POINTS OF DISCUSSION

ONS

ZWS happy to have received written confirmation of the ONS decision. High-level governance and transition planning is underway with officials. Particular attention is required around organisational functions and purpose. ZWS have prepared a one-page document on this topic which expands on the initial suggestions shared last year.

ACTION: To provide SG with an updated think piece on organisational functions and purpose to help inform the initial transition phase discussions.

Textiles

The Minister noted that she has attended some very positive textile events in recent weeks and welcomed ZWS to share their thoughts on the events, as well as current thinking and developments in the sector.

IG agreed that events have been positive and that the textiles space has been very busy of late making the following key points:

- ZWS has launched Round 2 of the Circular Textiles Fund (CTF), a very welcome source of funding for stakeholders. [Redacted]
- The scale of both challenge and opportunity in the textiles sector is significant.
- There is a lot of discussion in the sector around a Textiles Strategy, but the case for one is not yet clear. The scope of any such strategy would need to be carefully drawn (i.e. circular textiles) and it would have the potential to span a wide variety of policy areas.
- Stakeholders including small businesses, looking for more of a voice. ZWS can help with this. Possibility for an event / informal discussions at the end of CTF

Round 2 to explore an action plan which builds on some of the achievements of the CTF.

- There is a need to raise the profile of public information on opportunities to recycle and repair textiles building on previous campaigns by ZWS.
- The Clyde Fashion Future Park is an exciting development – a large-scale onshore manufacturing facility which is trying to address the issue of over production in textiles which leads to excessive waste. The initiative has attracted interest from big retailers and has opportunities for a future design hub. This kind of initiative is worthy of a much higher profile.

The Minister noted the scale of opportunity that exists in the sector but also warned of the obvious resource challenges to be able to realise these opportunities. The Minister also noted some broader challenges that exist, for example complexities around aspects of manufacturing, some of which are devolved and in more niche settings, the limited value associated with wool.

KC agreed with the resource challenges and noted that beyond support for CTF in 23-24, SG is limited in what further support it could provide. Recognising that Textiles is a cross-cutting issue across a number of policy areas, KC asked if the enterprise agencies were involved in supporting initiatives like the Clyde Fashion Future Park and whether or not the CE could be presented as a policy area that “adds value” to the wider textiles sector.

KC asked if ZWS could submit a document to the SG that maps out some of the actions and opportunities in the textiles space with a view to informing longer-term thinking.

Attendees discussed education and knowledge in the context of textiles touching on the following key points:

- the public’s lack of awareness of the range of recycling and reuse facilities and services that exist
- a need to instil confidence in the public to use the services and trust that materials are being handled properly
- textiles in the school’s setting – a life skill similar to food and developing children’s knowledge of food waste and nutrition.
- ZWS are active in providing support for education in the context of repair cafes and wider share and repair campaigns but so far, not in schools.

ACTION: ZWS to consider and propose practical networking and profile raising opportunities on the back of CTF round 2 with a particular focus on:

- **Raising public awareness of reuse and repair opportunities**
- **Building public confidence in reuse and repair facilities and services**
- **Providing stakeholders, including businesses, with more of a platform and voice**

ACTION – ZWS to provide SG with a document which maps out the existing actions and opportunities for the CE in the Textile sector.

Local Authority Connections

The Minister asked ZWS for an update on an action from January’s meeting:

“ZWS to review their relationships with local authorities and consider ways to build more strategic relationships which will enable circular initiatives to link with broader issues such as the inequalities agenda.”

ZWS advised that active conversations are ongoing with individual local authorities at CEO level, but there is a lack of dialogue through networks such as, COSLA. ZWS recognise the need for these discussions to be more strategic in nature and would welcome any support in this regard from SG.

The Minister suggested she could write to local authorities on the back of the CE Bill and signpost authorities to ZWS for support and advice on circular economy issues. Officials will consider this nearer the time. **ACTION – For Officials to consider nearer the time.**

CE BILL

ZWS Key Points:

- In the context of the CE Bill and engaging local authorities, ZWS suggested that they could re-visit their Cities CE Toolkit and look to promote that to local authorities. Important that local authorities understand how they can enable the CE and don’t necessarily need to fund it all. **ACTION – For ZWS to progress at an appropriate time.**
- ZWS are considering some ideas for events on the back of the Bill, for example, an event for local authorities and the Bill will mean for them and also an event with the Youth Parliament.
- ZWS also noted an interest expressed by SG Energy colleagues to engage in CE opportunities, for example, opportunities in decommissioning and offshore wind. Energy are keen for Ministers to be involved in any cross-policy discussions.

SG Key Points:

- SG expect the Bill to be introduced in this Parliamentary year (before recess) and will provide further information when they are able to publicly discuss this.
- On engaging with Energy, the Minister asked officials to consider Energy Ministers in the context of a Cabinet Sub-Committee on the climate emergency

session on CE, if one is arranged to align with the Bill. **ACTION – for officials to consider nearer the time.**

3. NEXT STEPS & CLOSING REMARKS

The Minister thanked everyone for attending and closed the meeting.

SUMMARY OF ACTIONS	
ZWS	To provide SG with an updated think piece on organisational functions and purpose to help inform the initial transition phase discussions.
ZWS	To provide SG with a document which maps out the existing actions opportunities for the CE in the Textile sector.
ZWS	To consider and propose practical networking and profile raising opportunities on the back of CTF round 2 with a particular focus on: <ul style="list-style-type: none"> - Raising public awareness of reuse and repair opportunities - Building public confidence in reuse and repair facilities and services - Providing the sector with a platform and voice
SG	Minister to consider writing to all Local Authorities on the back of the CE Bill to raise awareness of Circular Economy issues and signpost the support and advice available from ZWS. Officials will consider this nearer the time.
ZWS	To consider the promotion of its Cities CE Toolkit to Local Authorities
SG	Officials to engage Energy officials and Ministers in any future Cabinet Sub-Committees on CE, most likely to follow the laying of the CE Bill.

24/05/2023 17:30 - 18:30 Meeting with SNP MSPs to Discuss DRS.

[REDACTED],

These are the actions we noted from the MSP SNP briefing last week.

Actions

1. Meet with Changeworks to discuss their concerns with the DRS and any opportunities for them to become more involved in the BIFFA work. **In progress** - [REDACTED] is meeting them on 12 June. Will can confirm with Mr Macpherson when it is complete.
2. Check on timings of publication of Islands Solution. **In progress** – our agreed way forward following the UKG decision on IMA exclusion will impact the timing of this publication, so this action will be further progressed once a decision on overall DRS approach going forward is made.

3. Check why the Return Point Operator Dr Allan mentioned has not received any further information about their operation as a return point operator from CSL. **In progress** – relates to Island solution publication – see above.
4. Organise an MSP session on the flow of 20ps (to clear up the perception that CSL gets the financial benefit from any unredeemed deposits). **In progress** - liaising with Spads and Minister for Parliamentary Business office about this. We feel it is best to wait until the overall way forward for DRS is agreed by the Minister before diarising this session.
5. Minister committed to speak to Zero Waste Scotland to consider whether they have more information they can share with us on the benefit of DRS on litter rates, to use in lines and marketing (as per Mr Macpherson point about having more of a focus on this in media). **Complete** – ZWS do not have any further information on litter to provide us – they've given us all they have and we include the strongest of those in lines/media briefings, etc already.

Thanks,

Elisabeth Campbell
Deputy Director, Deposit Return Scheme

25/05/2023 09:00 - 09:45 Fortnightly Circular Economy / Waste Meeting

Fortnightly Circular Economy/Waste Meeting
 25 May 2023

ATTENDEES

Lorna Slater - Minister for Green Skills, Circular Economy, and Biodiversity
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]

Apologies:
 Katriona Carmichael – DD Circular Economy

25/05/2023 15:15 - 16:00 DRS Stocktake Meeting - FM and Ms Slater

Deposit Return Scheme
 Stocktake Meeting
 25 May 2023, 15.15-1600

Attendees
 First Minister

Cabinet Secretary Net Zero
Minister for Green Skills, Circular Economy and Biodiversity
Special Advisers – Calum McCaig, Gavin Corbett, Leanne Dobson
JP Marks - Permanent Secretary
Roy Brennan – Director General Net Zero
Kevin Quinlan, Director DRS
Alison Coull, DD SGLD
David McPhee, DD DRS
Elisabeth Campbell, DD DRS
[REDACTED], Unit Head DRS

Item 1. Decision awaited on IMA exclusion for the deposit return scheme

Current situation

A formal decision is expected from UKG within the next few days. [Redacted]

It was noted that DEFRA’s consultation recognised the increase environmental benefits across the UK of including glass.

[Redacted]

- **[Redacted]**
- **[Redacted]**

[Redacted]

[Redacted]

[Redacted]

1. [Redacted]
2. [Redacted]
3. [Redacted]
4. [Redacted]

Item 2 – DRS programme governance

This work is being developed rapidly, a programme highlight report was contained in meeting papers.

01/06/2023 08:30 - 09:30 Meeting: Mr Gray & Ms Slater - Circular Economy Bill

Note of meeting between Lorna Slater, Minister for Green Skills, Circular Economy and Biodiversity, and Neil Gray, Cabinet Secretary for Wellbeing Economy, Fair Work and Energy on 1st June 2023.

Present: Lorna Slater, Neil Gray, [REDACTED] and [REDACTED] (Circular Economy Bill Team), [REDACTED]and [REDACTED]

1. The meeting was requested by Mr Gray to discuss how SG is taking people with us in the Bill process, to ensure the business community understand the potential economic opportunity if we get our recycling process done better and at scale, and to consider how we narrate and encourage public support.
2. [REDACTED] presented an outline of the main Bill provisions with implications for business and the thinking behind them.
3. Ms Slater explained that the Bill sat in that narrow space between what could be done with powers SG already had, but weren't being used, and further powers it could take within devolved competence. It was also only part of what was being done and the waste routemap was doing significant work as well.
4. In the discussion, Mr Gray made the following points;
 - Clean, consistent recycle at scale is a massive business opportunity, but training is required to make the best use.
 - Example of waste training business in West Lothian
 - Good aspiration that the economy should be circular, but need to take business with us as it will be disruptive. Ms Slater noted that the challenge is that in taking powers, we are signalling intentions, but the regs will be years away.
 - Ms Slater could attend a meeting of the Regulation Task Force to discuss with business what needs regulation and what can be done voluntarily, working in partnership.
 - Rather than making businesses feel 'we are coming for them', as we see an opportunity, how can we work together. Ms Slater noted that the construction industry appears to want regulation, to ensure a level playing field.
 - The construction industry recognises that it is a first target, and we should talk to Homes for Scotland. Ms Slater suggested engagement over the summer.
 - Worthwhile to hold a round table over the summer, for brainstorm and thoughtful opportunity. Key is training staff to recycle properly. Ms Slater acknowledged that training is part of her Green Skills portfolio and suggested it might be possible to incorporate circular economy elements in the construction site ticket.

Actions:

- [Redacted]

02/06/2023 10:15 - 10:45 Meeting with John Lee, Vice President for Public Affairs UK & Ireland TOMRA

Deposit Return Scheme
Meeting with TOMRA

Meeting	Meeting with TOMRA
Timings & Venue	Friday 2 June 2023 10:15 – 10:45 Microsoft Teams
Attendees	<p>SG Attendees Lorna Slater, Minister for Green Skills, Circular Economy and Biodiversity [REDACTED], Team Leader – DRS Online and Retail Policy Team [REDACTED], Policy Advisor – DRS Online and Retail Policy Team</p> <p>External Attendees John Lee, Vice President for Public Affairs UK & Ireland, TOMRA Ryan Buzzell, Managing Director Tomra UK and Ireland Thomas Morganstern, Head of Public Affairs for Europe and Central Asia</p>

	1. Welcome
Notes	<p>Lorna Slater</p> <ul style="list-style-type: none"> • Thank you for attending at short notice. • This has been the earliest opportunity since UKG wrote to us about IMA exclusion decision. • I am eager to understand the impact of the UKG decision on TOMRA and RVM sales, production and installation in Scotland.

	2. Recap on UK IMA exclusion letter
Notes	<p>Lorna Slater</p> <ul style="list-style-type: none"> • On Friday night at 21:45 we received the official letter from the UK government. This was briefed to the media 12 hours earlier, which calls into question the quality of the relationship between the UK and Scottish governments.

	3. SG Assessment of implications
Notes	<p>Lorna Slater</p> <ul style="list-style-type: none"> • We were surprised by the content of this letter, as recently as January the scope of DRS matter for devolved governments, based on the common frameworks. These have now effectively been torn up, and it is now unclear how our governments work together. • The exclusion of glass has practical implications for Scottish business, you will have seen Tennents' intervention on the particular unfairness of how this affects them. Scottish Whiskey Association however has come out in favour. • The more pernicious bits of the letter are in regards to interoperability, as the UK scheme does not yet exist. In practice the lack of granting exclusion means they can change anything about scheme at any time, including the deposit, labelling, producers fees, sign up process.

	<ul style="list-style-type: none"> • Businesses are calling for certainty, however we do not even have this on 20p deposit. We are asking businesses to invest in a scheme and infrastructure for something that could change. • We have targets to meet, but are now left with pieces of a scheme we cannot put into law.
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	4. TOMRA's views on implications of UK position
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Notes	<p>Ryan Buzzell</p> <ul style="list-style-type: none"> • [Redacted] • For retailers with RVMs it is less of an impasse to have glass removed. Retailers can disable glass takeback until a future date, or retrofit RVMs for PET and cans to accept glass. To add capacity is also a fraction of future investment. • For stores that have not yet made a purchasing decision, they can choose a machine only handling can and PET which comes at less of a cost. • It is still possible to move forward from a TOMRA perspective. <p>John Lee</p> <ul style="list-style-type: none"> • The initial analysis last Friday is that the situation is not ideal, due to the reduced environmental benefits of not including glass. • However from the point of view of TOMRA there is a route forward without glass, can reach March 2024 operation date. • Certainty is needed about the operation date, operationally they can make it work. Willing to work with customers, can make sure PET and can machines are fully available for market by March 2024. <p>Thomas Morganstern</p> <ul style="list-style-type: none"> • The benefit is that this is a slim down, retailers have planned retrofit of glass, taking out glass makes plans easier to implement. • Because the operations date has now been delayed for a third time, producers have had various milestones to be ready, and now it is slimmed down which is therefore easier. <p>Lorna Slater</p> <ul style="list-style-type: none"> • There are many factors to be looked at, such as whether industry will continue to fund Circularity Scotland under new conditions. • If the UK can change aspects of scheme at any point, can we give businesses certainty? • We are currently running the numbers to see if the scheme is viable without glass. <p>Ryan Buzzell</p> <ul style="list-style-type: none"> • Is there anything TOMRA can help with? <p>Lorna Slater</p> <ul style="list-style-type: none"> • The situation is now less about practicalities, more about the political space.
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	<ul style="list-style-type: none"> Intervention in the conversation to say TOMRA are ready to go would be helpful in terms of framing. As businesses are ready and RVMs have been ordered there is no practical reason, this is strictly political if it does not go forward. <p>John Lee</p> <ul style="list-style-type: none"> Do you get the sense that the UK government will amend its conditional offer or be intransigent on last Fridays letter? As Mark Drakeford mentioned regarding the Welsh scheme, England is the outlier. <p>Lorna Slater</p> <ul style="list-style-type: none"> It is hard to comment given the relationship between the two countries, to us this appears to be a deliberate sabotage, there has been a mismatch of communications making it difficult to come to a common position. We all share the goal of getting DRS going, including a UK wide DRS. However the UK Secretary of State is looking at Scottish legislation passed years ago and intervening. We are navigating this in a political way, and we will be ready on our feet for when this lands. TOMRA can continue to help with myth busting around glass. <p>Ryan Buzzell</p> <ul style="list-style-type: none"> It is also important to note the competitive impact to industry and the jobs impact for those involved in scheme. <p>John Lee</p> <ul style="list-style-type: none"> Is there a current timeframe? <p>Lorna Slater</p> <ul style="list-style-type: none"> We will need to be quick, business cannot be left with uncertainty, a resolution is needed in days rather than weeks.
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	5. AOB
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	<p>Compiled List of Actions</p> <p>Issues highlighted are rolling issued from previous meeting that are still to be concluded.</p>
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02/06/2023 12:00 - 12:30 Meeting with Kat Jones, Association for the Protection of Rural Scotland and eNGOs.

Deposit Return Scheme

Meeting with eNGOs

Meeting	Meeting with eNGOs
Timings & Venue	Friday 2 June 2023 12:00 – 12:30 Microsoft Teams
Attendees	<p>SG Attendees Lorna Slater, Minister for Green Skills, Circular Economy and Biodiversity David McPhee, Deputy Director Deposit Return Scheme Gavin Corbett, Special Adviser to the First Minister [REDACTED], Senior Policy Advisor – DRS Online and Retail Policy Team [REDACTED], Policy Advisor – DRS Online and Retail Policy Team</p> <p>External Attendees Kat Jones – Association for the Protection of Rural Scotland (Confirmed) James Mackenzie – Association for the Protection of Rural Scotland (Confirmed) Kimberly Pratt – Friends of the Earth Scotland (unable to attend) [REDACTED] – Marine Conservation Society (Confirmed) [REDACTED] – Marine Conservation Society (Confirmed) Phoebe Cochrane – Scotland Environment Link Jenni Hume – Reloop (unable to attend)</p>

	1. Welcome
Notes	<p>Lorna Slater</p> <ul style="list-style-type: none"> • Thank you for attending at short notice • I am keen to engage on this important issue at pace • This has been the earliest opportunity since UKG wrote to us about IMA exclusion decision

	2. Recap on UK IMA exclusion letter
Notes	<p>Lorna Slater</p> <ul style="list-style-type: none"> • On Friday night at 21:45 we received the official letter from the UK government, this was briefed to media 12 hours earlier, which calls into question the quality of the relationship between the UK and Scottish governments.

	3. SG Assessment of implications
Notes	<p>Lorna Slater</p> <ul style="list-style-type: none"> • We were surprised by the content of this letter, as recently as January the scope of DRS matter for devolved governments, based on the common frameworks. These have now effectively been torn up, and it is now unclear how our governments work together. • The exclusion of glass has practical implications for Scottish business. • The more pernicious bits of the letter are in regards to interoperability, as the UK scheme does not yet exist. In practice the lack of granting

	<p>exclusion means they can change anything about scheme at any time, including the deposit, labelling, producers fees, sign up process.</p> <ul style="list-style-type: none"> • Businesses are calling for certainty, however we do not even have this on 20p deposit. We are asking businesses to invest in a scheme and infrastructure for something that could change. • We have targets to meet, but are now left with pieces of a scheme we cannot put into law.
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	<p>4. eNGO views on implications of UK position</p>
Notes	<p>Kat Jones</p> <ul style="list-style-type: none"> • Having spoken to [REDACTED] from the British Soft Drinks Association, what came across from meeting with business in terms of costs? <p>Lorna Slater</p> <ul style="list-style-type: none"> • The business meeting took places on Tuesday, at that point they were still getting their heads around what these changes meant. <p>David McPhee</p> <ul style="list-style-type: none"> • The position for most businesses is that this has changed the game at the last minute. • BSDA has been supportive of DRS, but this has shifted, and the public position is that it is now safer to align with UK government timelines. Uncertainty is the key concern, businesses have told us they need certainty and cannot invest without this, even those supportive of the March 2024 launch. • No consensus on the position of businesses, some asking for alignment with the UK government, some support glass removal from the scheme, others are concerned with the impact on competitiveness. • There are calls for certainty on wider interoperability of issues. We continue to ask for the UK government to reverse the statement on glass. <p>James Mackenzie</p> <ul style="list-style-type: none"> • We agree that interoperability is the key issue given the UK scheme does not yet exist. It would be easier to call for alignment on a deposit rate of 20p, we would have supported this. • Overall position, glass is most carbon intensive material, we have conducted a big chunk of work on glass carbon recycling and may have stats to share on this. • Collective position is frustration at the exclusion of glass, but still keen for it to go ahead without glass. Even just dealing with plastic litter, and there is a risk of switch of materials to be addressed however this can be dealt with. • In the Dutch scheme it quickly became obvious that excluding a material makes the case for why it should be included.

- Attempts by the UK government to kill this scheme could end up killing their own DRS scheme, as the same disinformation will be rolled out against Westminster.

Lorna Slater

- Uncertainties also include the general election next year.
- A successful Scottish scheme is the best first step for a UK scheme, as Circular Scotland will have a Deposit Management Organisation in place, as well as practical information related to communicating how the scheme works.
- Harmonisation is the pernicious point, how can we align with Regulations that do not exist yet, or convince businesses to sign up to something we do not know about. In terms of a timescale, we are waiting until the UK scheme goes live, but we will continue to try to get certainty from them.

James Mackenzie

- In agreement on the need for clarity. The way the exemption is implemented is to schedule an act that Westminster has to bring, and they have said they will. They will have to bring this forward, will this give clarity?

David McPhee

- Speaking to DEFRA, most things will not specifically be in the amendment to schedule one but are requirements to the amendments needed. The exclusion is only temporary until the other schemes up and running and at that point there will have to be enough alignment to no longer need the exclusion.

Gavin Corbett

- We agree it is critical for glass to be included. We wrote to the UK government after the letter was received on Friday setting out a compelling claim for the inclusion of glass.
- Due to interoperability vagueness, we are not in position to give businesses certainty.
- UK government saying that Oct 2025 is when the UK scheme will come into force gives an incentive for businesses with doubts to wait. The UK government has no incentive to be realistic about the start date, as they do not imagine they will be in government.

[REDACTED]

- Mark Drakeford made the case for the inclusion of glass well, this prompted a thought on collaboration with the Welsh government on this issue, are there any plans on that?
- As a UK charity we support DRS across the UK long term, with a Scottish scheme as first domino. We would rather have an incomplete scheme without glass than no scheme at all, however the case for glass should still be made.
- Data supporting that case will continue to be gathered and used.

- The issue is political and constitutional, as a charity we are apolitical but advocate for principles that help environment, as part of Green Alliance this is on the radar when looking at the IMA review.
- We would rather go ahead in March without glass than not at all. This is a bit of bluff calling as if they come back with another reason not to go ahead, and say it is about the environment this becomes more implausible.

Lorna Slater

- There is an issue of timing, glass has been included since 2020, glass was included in UK governments manifesto.
- As the infrastructure for glass has been bought, the business model will have to recoup costs with fewer materials. This will cause costs for producers to go up and retailer handler fees go down.
- This was not direction of travel until Jan this year.
- You can help us with challenging the UK government on the 2025 date, question whether there anything in place, as it took us 3 years of planning prior to launch.
- There are a mix of business positions on glass across the board, but currently any pain will be borne by industry but without the environmental benefits.

Phoebe Cochrane

- Is the Scottish Government looking into whether IMA is in scope of DRS, can they intervene on it? Is this something worth pursuing?

David McPhee

- Cannot share legal advice on this.

Lorna Slater

- The reason Wales appears in different position is because they have not passed Regulations yet, if so they would find themselves in same position.

Gavin Corbett

- The IMA interacts with Regulations in a number of ways, this is where the complexity comes from.

Kat Jones

- Have you considered looking at legal options, would it be possible to take the UK government to court?

David McPhee

- We are unable to comment on this however we continue to consider our options.

Gavin Corbett

	<ul style="list-style-type: none"> • There is a timescale to legal challenge and associated uncertainty, but this still leaves us in the same position. <p>Lorna Slater</p> <ul style="list-style-type: none"> • The dream for everyone on this call is a successful UK wide DRS, that the UK government has torn up the common framework means we now do not know how to work together on this. • Exclusion from IMA, we now have to look at what is practical for Scottish businesses. We continue our commitment to environmental and waste management targets, producer registration in March was a big show that this was going forward successfully. • TOMRA meeting this morning showed people had ordered RVMs and the scheme was going forward. <p>David McPhee</p> <ul style="list-style-type: none"> • Regarding Gavin’s point, if you were planning on putting more pressure on the UK government, sooner rather than later would be good. Writing to them quickly would be helpful. <p>James Mackenzie</p> <ul style="list-style-type: none"> • We have written to the UK government a fair few times and been ignored, if we did again would it be good to push on the pernicious element of interoperability? <p>Lorna Slater</p> <ul style="list-style-type: none"> • Schemes exist without glass, this is not what we intended but we could go ahead. Interoperability is the pernicious bit and they have no credible timescale.
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	<p>Compiled List of Actions</p> <p>Issues highlighted are rolling issued from previous meeting that are still to be concluded.</p>
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