

A Scheme Administrator for Scotland's Deposit Return Scheme:

Application Form and
Operational Plan Template

The Deposit and Return Scheme for Scotland Regulations 2020 (“the Regulations”) require any organisation wanting to operate as a Scheme Administrator for Scotland’s Deposit Return Scheme to apply in writing to Scottish Ministers.

A Scheme Administrator is defined in the Regulations as a person that has been approved to submit applications for registration on behalf of producers and to discharge the obligations on behalf of those producers under the Regulations in relation to managing the collection and financial payments associated with returned containers.

Applicants completing and submitting this form to Scottish Ministers are, where approved, committing to fulfilling the legal obligations required of a Scheme Administrator under regulation 13 of the Regulations. This includes:

- Accepting the return of scheme packaging from wholesalers and retailers on behalf of producers for whom they have registered and paying them a deposit for each item accepted
- Collecting scheme packaging from return point operators, hospitality retailers and distance retailers in accordance with agreed timescales, on behalf of producers for whom they have registered
- Making payments of deposits and handling fees to return point operators, hospitality retailers and distance retailers in accordance with pre-arranged timetables, on behalf of producers for whom they have registered
- Meeting collection targets for scheme packaging in relation to scheme packaging of producers for whom they have registered
- Collecting and keeping information about scheme articles sold by producers for whom they have registered and scheme packaging handled by the scheme administrator
- Providing that information and any other information requested by Scottish Ministers or SEPA for the purposes of monitoring compliance.
- Providing information to Scottish Ministers or SEPA within 28 days of any material change in circumstances either for the Scheme Administrator or information provided
- Notifying Scottish Ministers if a decision is taken to stop acting as a Scheme Administrator

Upon submitting this form, Scottish Ministers have 28 days from receipt to approve or reject the application

and will provide notification of the decision within 7 days of this decision.

If the application is rejected, then the reasons will be included in any correspondence and there is a further 28-day period during which the applicant can request a review of the decision. The review process is detailed in Part 6 of the Regulations. The review may be carried out in writing or through a hearing if requested by the applicant or the Scottish Ministers.

Where the application is approved, it will take effect from the date of decision until any withdrawal of approval by Scottish Ministers in accordance with the grounds in regulation 17. The business name provided in this application will then be added to the public list of approved Scheme Administrators, maintained by Scottish Ministers, and the Annual Operational Plan published online.

1.0: Contact Information

Scheme Administrator Registration Details	
Organisation name (including any business names)	
Registered or principal office address, postcode and telephone number	
Address for correspondence (if different from above)	
Company/Charity registration number if relevant	
VAT Registration number if relevant and available	
Contact name	
Job Title	
Telephone number	
Notifications preference (email or post)	

Signed: _____

Date: _____

Print name: _____

Job title: _____

(applicant)

2.0: Founding Documents

A copy of the founding documents of the Scheme Administrator should be submitted with this application. Where they exist, this should include a copy of articles of association and memorandum of association used to form the constitution of the company. As a minimum this should define the purpose of the Scheme Administrator, any subscribers to the formation of the company or body, any director roles and responsibilities and administrative arrangements.

Where these are not available at the time of application, then they should be submitted once drafted and submitted to Scottish Ministers as a material change in information since the submission of the original application.

3.0: Producer membership agreement

Scheme Administrators are taking on potential significant liabilities for the Producers that they are acting on behalf of. Specifically, this is in relation to the payment of redeemed deposits and the operation of the necessary infrastructure to meet obligated collection targets.

You must therefore supply with this application a copy of the agreement, covering the rules and procedures that producers on whose behalf the applicant intends to register will be required to adhere to. We suggest that as a minimum this demonstrates:

- A copy of the contract between the parties, which outlines the obligations to be undertaken by both parties.
- How financial risk is to be allocated between the parties.
- How the Scheme Administrator intends to identify that producers have sufficient funds to cover their financial obligations under the scheme.
- How producer fee(s) are to be calculated and charged, including the process and frequency at which such fees will be reviewed.
- Data submission requirements and verification processes including frequency of reporting of containers placed onto market .
- Any requirements to allow the identification of scheme containers and updating or changing packaging specifications.
- Processes for termination of membership and how containers placed onto the market while a member will be handled if membership is terminated.

4.0: Producer Registration

All producers must be registered with SEPA in order for their products (contained in scheme packaging) to be sold by anyone in Scotland. A Scheme Administrator that has been approved following submission of this application may register on behalf of producers.

Completing the tables below will provide the necessary information required under the Regulations to allow SEPA to progress registration. A table should be completed for each producer on whose behalf the Scheme Administrator is acting.

In relation to producers operating as producers before [1 April 2020], a first application for producer registration should be submitted by [1 May 2020]. It will be possible to submit applications from [1 January 2020].

Once registered, a producer will continue to be registered unless their registration is cancelled by SEPA in accordance with regulation 9. However, a further application for registration in relation to a registered producer should be submitted to SEPA annually, before 1 March.

If the timescales above do not apply to a producer because they become a producer after [1 May 2020], an application for registration is refused, or their registration has been cancelled, an application for registration should be submitted to SEPA within 28 days of:

- that producer becoming a producer,
- that producer receiving notification that a previous application has been refused, or
- that producer receiving notification that a previous registration has been cancelled.

Where this application is approved, producer details included will be passed onto SEPA for registration i.e. there is no need to submit these separately again. SEPA will contact the named individual for the Scheme Administrator to discuss payment of the regulation fee for each producer.

When registering producer details in future years, the forms below can be submitted direct to SEPA. There is no need to notify Scottish Ministers of the registering of producers, or where a Scheme Administrator stops acting on behalf of a producer, unless it has a substantial impact on the Operational Plan e.g. a major producer is added or removed requiring changes to key infrastructure or financial arrangements.

In year 1, the number of articles placed onto the Scottish market in the previous calendar year should be estimated including providing a range where required. It is recognised that until the scheme is operational that imperfect data exists to use for reporting this detail.

A Scheme Administrator must collect and keep information for producers they have registered for a minimum of four years from the date on which the information is collected. This information must include:

- Number of articles [each producer] place[s] onto the market.
- The primary material from which the packaging used for those articles is made.
- The number of items of scheme packaging returned directly to the producer or Scheme Administrator from wholesalers or retailers.
- The number of items of scheme packaging collected by the producer from return points, hospitality retailers and distance retailers.

SEPA are required, under the regulations, to publish and maintain a list of registered producers. The purpose of this list is to allow retailers to ensure that they are only purchasing containers for sale that fulfil the requirements of these regulations. The additional details being captured will provide the necessary granularity to be certain down to the individual SKU that it is registered as a scheme article and can be sold in Scotland.

Applicant type

Are you registering as (please select all that apply):

Brand owner based in the UK

Importer based in the UK

Are you registering as:

Individual / Sole Trader

Individual / Sole Trader Trading As

Partnership Names of all partners:

Partnership Trading As

Company / PLC
Company Registration number
(as kept by Companies House):

Other Please specify:

Are you registering as a:

Micro producer (Turnover < £85,000)

Other producer (Turnover > £85,000)

Business Details

Organisation name (including any business names)	
Address of registered or principal office	
Telephone number of registered or principal office	
Address and telephone for correspondence (if different from above)	
UK Standard Industrial Classification (SIC) Code for your business activity:	

Contact Details

Forename	
Surname	
Job title	
Email address	
Telephone number	
Notifications preference (Email or Post)	

Print name:

Job title:

Signed:

Date:

(applicant)

**BREAKDOWN OF SCHEME ARTICLES PLACED ON THE MARKET
(FOR THE PREVIOUS CALENDAR YEAR)**

Brand	Stock Keeping Unit (SKU) Description	Primary packaging material	Barcode/EAN	Other unique ID and data capture markers	No of packs placed on the market	No of scheme articles placed on the market
Total number of Scheme Articles, where the primary material is PET						
Total number of Scheme Articles, where the primary material is Glass						
Total number of Scheme Articles, where the primary material is Aluminium						
Total number of Scheme Articles, where the primary material is Steel						

**BREAKDOWN OF SCHEME ARTICLES ANTICIPATED TO BE PLACED ON THE MARKET
(FOR THE CALENDAR YEAR THAT THIS APPLICATION IS BEING MADE)**

Brand	Stock Keeping Unit (SKU) Description	Primary packaging material	Barcode/EAN	Other unique ID and data capture markers	No of packs anticipated placed on market	No of scheme articles anticipated placed on market
Total number of Scheme Articles, where the primary material is PET						
Total number of Scheme Articles, where the primary material is Glass						
Total number of Scheme Articles, where the primary material is Aluminium						
Total number of Scheme Articles, where the primary material is Steel						

5.0: Annual Operational Plan

A Scheme Administrator must fulfil a number of obligations on behalf of all the Producers that it is acting on behalf of. Specifically, these include:

- Accepting the return of scheme packaging from wholesalers and retailers – this obligation only extends to scheme packaging sold in Scotland by a producer registered through the Scheme Administrator to the wholesaler or retailer returning it
- Paying a deposit to the retailer or wholesaler for each item of packaging returned as above
- Collecting scheme packaging from return point operators, hospitality retailers and distance retailers in accordance
- Setting out the timescales within which these collections will be made and operating within them
- Making payments of deposits and handling fees to return point operators, hospitality retailers and distance retailers
- Setting out the timescales within which these payments will be made and operating within them.
- Meeting collection targets for collection of scheme packaging.

Collection targets for producers are detailed in schedule 3 of the Regulations and relate to a percentage of the total number of scheme articles made available by that producer for retail sale in Scotland in any one year.

Where the targets apply to the Scheme Administrator, they relate to a percentage of the collective number of scheme articles placed on the market by all producers registered through that Scheme Administrator during the same year. The targets are:

- 1 January 2022 - 31 December 2022: 70% of total number of containers
- 1 January 2023 – 31 December 2023: 80% of total number of containers
- 1 January 2024 – 31 December 2024 (and each subsequent calendar year): 90% of total number of containers (with each packaging material type achieving a minimum 85% collection rate).

In relation to the obligations above, a “reasonable handling fee” for return point operators and distance retailers should take account of the following

- Costs of purchase, lease, maintenance or upkeep of any return vending machines and any vehicles, used for collection and storage of scheme articles
- Costs of materials used for collection and storage of scheme articles
- Rental value of floor space used exclusively for collection and storage of scheme articles.
- Staff time dedicated to the collection and storage of scheme articles
- For hospitality premises that do not operate a return point, a reasonable handling fee should take account of the cost of materials used for collection and storage of scheme articles.

This Operational Plan should set out how, as a Scheme Administrator, you will fulfil these obligations on behalf of producers you have registered. Therefore, the detail contained should take account of the size and number of producers that are covered by this plan and, by extension, the scale of the responsibility being adopted.

An Operational Plan must provide sufficient detail to demonstrate to Scottish Ministers that the proposals for discharging the obligations are realistic and will allow the Scheme Administrator to subsist for a period of at least five years. The application should also demonstrate that, if approved, the entity applying has sufficient resources, knowledge and detailed proposals that it is likely to be able to subsist for a period of at least five years.

A Scheme Administrator must inform the Scottish Ministers and SEPA in writing of any material change in the information provided in the application. This includes any significant changes to the operational plan. In that event we will request an updated operational plan. A Scheme Administrator may include an updated operational plan when notifying the Scottish Ministers of a material change if it

considers it helpful.

As a guide, you should notify the Scottish Ministers where:

- The number of producers that you are acting on behalf of changes, to the extent that it increases or decreases the number of containers by 10% or more of a specific material
- Where producer estimates of scheme articles placed on the market change significantly from those provided at the time of registration
- There are changes to the data verification, infrastructure or delivery approach to achieving targets

Once approved, a Scheme Administrator must comply with its obligations under the Regulations. The Scottish Environment Protection Agency (SEPA) will monitor compliance with this throughout the year. If you fail to comply with the obligations placed on the Scheme Administrator then Scottish Ministers may withdraw your approval meaning you can no longer operate as a Scheme Administrator.

Scottish Ministers will be assessing the ability of applicants to fulfil obligations under the regulations and not assessing the “quality” of the proposed

approach.

The Full Business Case for Scotland’s Deposit Return Scheme identified a number of additional environmental, economic and social benefits that could be realised through the implementation of a Deposit Return Scheme.

Any Scheme Administrator could play a significant role in delivering some of these benefits. A section is included in this template offering applicants the opportunity to identify what, if any, of these benefits their proposed operational plan will support, either directly or working with others. This section will NOT be part of the approval process, as there are no obligations to deliver these under the Regulations.

Organisation name	
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OPERATIONAL PLAN

Scheme Articles placed on the market by represented Producers (for the previous calendar year)

Total number of Scheme Articles, where the primary material is PET	
Total number of Scheme Articles, where the primary material is Glass	
Total number of Scheme Articles, where the primary material is Aluminium	
Total number of Scheme Articles, where the primary material is Steel	

Scheme Articles anticipated to be placed on the market by represented Producers (for the calendar year that the application is being made)

Total number of Scheme Articles, where the primary material is PET	
Total number of Scheme Articles, where the primary material is Glass	
Total number of Scheme Articles, where the primary material is Aluminium	
Total number of Scheme Articles, where the primary material is Steel	

SECTION 1: DATA VERIFICATION

A successful application must demonstrate how the scheme administrator intends to comply with regulations 10 and 11 on behalf of any producer registered or to be registered by them; and information demonstrating that they are likely to subsist for a period of at least five years.

In order to properly comply with obligations under regulation 10(d) and 11(b) to (i) on behalf of producers, and regulation 16, we expect that the Scheme Administrator will need to be able to verify the accuracy of information provided to them by producers; and the information available on containers collected from return points.

Please demonstrate how you will verify the accuracy of information both from producers on containers placed onto the market and also for containers collected from return points.

Applications should include all relevant information. The following information will help us assess whether your operational plan is viable:

- How will information from return points be analysed, to identify fraud and misreporting of data
 - How will information on scheme packaging returned will be reconciled with material collected, to confirm collection of this packaging and evidence performance against regulated targets
 - Systems and processes in place to prevent data being corrupted or changed when in possession of the organisation
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- The format of information requested from Producers that you will be acting on behalf of
 - Information demonstrating how information from producers you are acting on behalf of will be checked for accuracy (for example in the form of a monitoring plan). This should include methodology to be adopted, frequency and method of checks to be carried out and frequency of monitoring
 - Information demonstrating what will be done if errors are suspected in the submitted information.
 - The systems and processes in place to complete checks and submit a robust data set to SEPA ahead of the deadline for the relevant year
 - How changes to producer data will be captured and reported to SEPA in a timely manner
 - How you intend that retailers will know how to identify scheme articles from producers that you are acting on behalf of or how you will mitigate their difficulty in doing so
 - How you will verify that containers collected by return points are scheme packaging
 - How you would manage both non-scheme packaging or scheme packaging belonging to another Scheme Administrator or producer that was returned

SECTION 2: INFRASTRUCTURE AND LOGISTICS

You must demonstrate how the infrastructure and logistics is either in place or will be secured to deliver the proposed approach to servicing return points and verifying delivery against required targets.

In order for your application to be considered you must provide the following information:

- How frequently will you collect packaging from return point operators, retailers offering takeback service and hospitality retailers, and how has this frequency been established?
- How frequently will you pay to the retailers and return points listed above a sum equal to a deposit for each item of scheme packaging collected?
- How frequently will you pay to the retailers and return points listed above a reasonable handling fee, if charged, for each item of scheme packaging collected?

Applications should include all relevant information but the following information will help us assess whether your operational plan is viable:

- How are retailers, hospitality premises and voluntary return points being advised to collect and present scheme packaging for collection?

- What are arrangements for customer service and complaint management from retailers, hospitality premises and voluntary return points?
- How are you identifying return points and ensuring that they have access to the required infrastructure and information ahead of collections commencing?
- How are you going to service the number of return points where producer packaging is likely to be returned to?
- How are you going to service ad hoc collection arrangements or where additional resources are required to complete collections?
- Reimbursing the deposit in full for scheme packaging returned by retailers or wholesalers.
- What infrastructure will be used to identify and verify that containers returned belong to producers that you are acting on behalf of?
- How are you ensuring this infrastructure is appropriately sized and can provide either redundancy or if additional capacity is required?
- How are you ensuring legal compliance with all required regulations and standards for delivery of necessary infrastructure and logistics?
- How will packaging collected be recycled, including the length of contract and security of this end destination?

SECTION 3: DELIVERING COLLECTION TARGETS

You must demonstrate how you intend to achieve the specified collection targets for the calendar year that this operating plan is being submitted for.

Applications should include all relevant information but the following information will help us assess whether your operational plan is viable:

- A communications plan to detail how the scheme will be promoted and the channels to be used
- How will this communications plan be delivered and resources and expertise to be deployed
- Key messages to be used to engage key audiences in how to participate and the benefits of participating
- How will awareness of corporate branding be increased, and positive associations constructed, to build awareness of activities
- Materials and collateral to be developed for producers and retailers to use in communicating

- their involvement
- What information will be provided to the public to ensure that they understand the scheme and allow them to engage with your organisation
- How will partnership activity be leveraged in communication and engagement activities to maximise impact
- How will you identify geographical areas or demographic groups that are not performing and target these to enhance performance?
- Intention to operate, or work with others, to establish voluntary return points where there are significantly more containers returned than sold
- How will target performance be monitored and remediation plans developed if there is slippage against the target in year.

SECTION 4: FINANCING

You must demonstrate how the financing is in place or will be secured to deliver the proposed approach for those producers that you are acting on behalf of and to deliver against required targets.

Applications should include all relevant information but the following information will help us assess whether your operational plan is viable:

- A breakdown of costs and revenue streams in the format of a P&L account and Summary Balance Sheet for a 5-year period.
 - How will increased costs or reduced revenues will be compensated for to ensure sufficient financing is available?
 - How do you propose to agree a 'reasonable' handling fee' with retailers?
 - Specify the proposed time limit for payment of refunded deposits and handling fee to retailers.
 - Demonstrate that there are no liquidity issues caused by payment terms and conditions for income and expenditure e.g. any observatory period required for financial auditors to define deposits as unredeemed.
- Engagement of a financial auditor to verify that financial statements are stated in line with international accounting standards.
 - Evidence of insurance and sufficient indemnity cover.
 - Description of corporate governance approach and the systems and processes that will be established to prevent and mitigate fraud and theft.
 - A statement that demonstrates sufficient funds are or will be made available to cover these costs. Where appropriate your statement should demonstrate that there is access to sufficient borrowing resources.
 - Supporting evidence of this needs to be provided and included with the submission of this application. Examples include:
 - A letter from your bank regarding any overdraft facilities.
 - Documentation which shows that a holding company, sister company or another company is able to and will supply financial support if required.

SECTION 5: ADDITIONAL BENEFITS

The Scottish Government identified a number of environmental, economic and social benefits that could be realised by the introduction of a Deposit Return Scheme. Many of these benefits are out with the scope of the Regulations but are of significant interest to the public and the Scottish Parliament.

Any organisation acting as a Scheme Administrator could support the realisation of these benefits. This section provides an opportunity to identify what additional benefits, going beyond fulfilling regulatory obligations, would be supported by your organisation and the proposed approach to acting as a Scheme Administrator.

Examples identified by Scottish Government are included under each area however this is not intended to be an exhaustive list and if other benefits have been identified by your organisation then these should be included too.

This section is NOT part of the approval process for the application to act as a Scheme Administrator.

Environmental Benefits

Examples could include:

- How quality of materials collected will be maximised and % to high value or closed loop recycling.
- How producer fees are being used to affect onto market container design to improve recyclability and maximise recycle value.
- How communication channels and materials are being used to support messaging beyond in-scope DRS materials e.g. utilising advertising space at return points to promote litter prevention, reuse or recycling.
- Contribution to sector sustainability strategies and generating USP for producers to support growth in their categories.
- Operational decisions and efficiencies that reduce or minimise the environmental impact of operations e.g. backhauling material as part of logistics operations, BREEAM certification for buildings and low carbon energy choices.

- Circular economy exemplar practices e.g. leasing of RVMs or other equipment, integrating circular procurement principles into purchasing activity, identifying reuse and remanufacturing opportunities to provide a second life for equipment where it is no longer suitable for DRS operations.

Economic

Examples could include:

- Payment of the Living Wage and signing up to the Scottish Business Pledge.
- Utilising materials in Scotland to support economic activity through either existing reprocessing capacity or attracting new infrastructure.
- Providing additional security to existing collection infrastructure by using these facilities.
- Supporting economies of scale in collections to allow otherwise unviable recycling e.g. collection of colour separated glass from distilleries.
- How contracts and terms and conditions utilised maximise the opportunities and minimise challenges for small to medium-sized businesses.
- Creation of employment opportunities for groups including apprenticeships and those furthest from the labour market.

Social

Examples could include:

- Supporting financial contributions to community organisations e.g. facilitating donations to good causes via Reverse Vending Machines.
- The use of community clauses in major contracts issued and the creation of opportunities for the third sector to be involved in delivery.
- Providing access to data to support projects with societal benefits e.g. targeting health projects in areas with high consumption of sugar drinks.
- Supporting community and formal education through establishment of an education resources and learning hub.
- Creation of additional return points to maximise accessibility in economically deprived areas e.g. in areas where ownership of a private vehicle is especially low.