

Transport and Environment Committee

10.00am, Thursday, 12 September 2019

Deposit Return Scheme (DRS) for Drinks Containers

Executive/routine

Wards

All

Council Commitments

[23, 25](#)

1. Recommendations

1.1 Committee is asked to note the contents of this report.

Paul Lawrence

Executive Director Place

Contact: Andy Williams, Waste and Cleansing Manager

E-mail: andy.williams@edinburgh.gov.uk | Tel: 0131 469 5660

Deposit Return Scheme (DRS) for Drinks Containers

2. Executive Summary

- 2.1 The Scottish Government has announced its intention to proceed with a deposit return scheme to encourage recycling of most drinks containers. The Council has already responded to the consultation held by Zero Waste Scotland in summer 2018 but this report summarises what is now known about how the scheme is proposed to operate.
- 2.2 When the scheme starts, most drinks containers will carry a deposit of 20p, and should be returned to retailers rather than: being disposed of in household recycling or waste collections; disposed of in litter bins; or disposed of as litter. This will have impacts on the Council in terms of the waste and recycling it currently manages, as well as provide opportunities for schools and other organisations to potentially raise funds by acting as collection points.
- 2.3 Even as it reduces the tonnages of waste managed by local authorities, it may increase the cost per tonne, mainly through the removal of higher value materials from the existing recycling streams.
- 2.4 Overall the scheme is likely to benefit the environment, and increase recycling at a national level, but may reduce the amount of recycling being carried out by local authorities as the scheme will be operated by industry. Operating alongside other policy initiatives at the UK level it is likely to change the nature of the materials the Council collects both for recycling, and as residual waste.

3. Background

- 3.1 The report responds to the following motion by Councillor Macinnes to Transport and Environment Committee on 16 May 2019:
 - 3.1.1 Welcomes the recent announcement by the Scottish Government's Cabinet Secretary for Environment, Climate Change and Land Reform that a Deposit Return Scheme will be introduced in Scotland, the first part of the UK to do so.
 - 3.1.2 Understands that the scheme will require a 20p deposit on all single use containers including glass, PET (plastic drinks bottles), aluminium and steel

containers, and that it is designed to help prevent our drinks containers polluting our streets and our seas.

- 3.1.3 Recognises that this is an ambitious scheme but that the climate change emergency provides a significant impetus to how we approach the reduction of single use materials and help safeguard our planet.
- 3.1.4 Recognises that there are significant implications for the City of Edinburgh Council's waste and street cleansing services.
- 3.1.5 Requests that the Head of Place Management provides a report which outlines those implications, in as much as detail, as possible within 2 cycles. This report should include an understanding of the detail of the scheme, implementation timescales and its likely impact on kerbside recycling and on storage and uplift of used containers from retailers in our city.

4. Main report

- 4.1 Following a public consultation in summer 2018, the Scottish Government has now announced its intention to proceed with a deposit return system on many drinks containers, aimed at encouraging consumers to return those to the retailers for recycling. The stated objectives outlined for the scheme are to encourage recycling of these items, to improve the quality of materials collected for recycling and to reduce littering.
- 4.2 This scheme is being developed in Scotland but will operate alongside other policy initiatives at the UK level such as: a similar UK wide DRS system which is under development, but is not at such an advanced stage; changes to the system of producer responsibility for packaging by which it is expected that producers of packaging will pay more towards the costs of managing these materials; potential taxes on plastics which do not contain a specific recycled content.
- 4.3 Appendix 1 summarises what is currently known about the Deposit Return Scheme in Scotland, including the 20p deposit, the materials to be included, and the way in which returns will be organised.
- 4.4 Customers will pay an extra 20p on each container which will be redeemed when it is returned to a retailer. The collection system will be operated by the industry, and collection points may be manual or automated. The DRS scheme will arrange uplift of materials from retailers although the mechanisms for this are unclear. It may be that this is delivered by the commercial waste collection sector, or by logistics providers.
- 4.5 While most drinks containers made from plastic, metal or glass will be covered by the scheme, it specifically excludes HDPE plastic (used for milk and sometimes orange juice), cardboard drinks cartons (also known as "tetrapak type" containers, used for milk and fruit juice) and cardboard cups (e.g. coffee cups).
- 4.6 Appendix 2 sets out the likely or potential impacts on the local authority.

- 4.7 These are consistent with the Council's own response to the DRS consultation in summer 2018. This welcomed the principle of the scheme but expressed concern or reservation about some of the assumptions, particularly in terms of the assumed reductions in cost to local authorities, and the impact on the viability of existing recycling services.
- 4.8 One of our key concerns was that some of the proposals in the consultation envisaged people taking containers to a small number of centralised collection hubs to redeem deposits. We were concerned that this approach would be more likely to divert materials from existing recycling services as well as residual waste collections, rather than add tonnage diverted from litter. The proposed collection system for drinks containers as it now stands appears to be very comprehensive as all retailers will have to take part. This is therefore in line with our own response.
- 4.9 The Council's response recommended a cautious approach initially, in terms of the range of materials collected, so that issues around the impact on existing recycling services would be resolved before moving to collecting a wider range of materials. The scheme will however accept a wide range of materials from the outset, but does not accept drinks cartons or other types of plastic drinks bottles such as milk bottles (on hygiene grounds).
- 4.10 This means that the concerns expressed about the financial impacts of the scheme do remain, as it focusses on higher value materials. This means that local authorities will still be dealing with the lower value materials. The tonnage managed may well decrease, but the cost per tonne increase.
- 4.11 Because drinks containers are not littered on their own any savings for Cleansing services, while harder to predict, are likely to be marginal. We continue to have reservations about the perceived financial benefits of associated with this waste stream.
- 4.12 Further work is required to finalise aspects of the scheme e.g. to support smaller retailers, some of whom have expressed concern regarding the practical implications for collecting back containers in small shops.
- 4.13 Even with a high recycling rate as envisaged, some of these materials will still be collected as household recycling, residual waste and litter. It is not clear at this stage whether the local authority will be able to recover the deposits from these. Ideally some funding would be set aside by the scheme to provide this funding to local authorities.
- 4.14 Moreover, in parallel the UK government has been consulting on a separate proposal (Extended Producer Responsibility for Packaging Waste, or EPR) to make the producers of packaging waste pay more or all of the costs associated with handling packaging wastes. It is not clear how those schemes will work together as the EPR scheme is at an earlier stage.

5. Next Steps

- 5.1 The Scottish Government is expected to introduce legislation to the Scottish Parliament later this year, and if passed, the DRS is expected to begin approximately 12 months later.
- 5.2 Waste and Cleansing Services will continue to engage with CoSLA and Zero Waste Scotland as appropriate, to provide feedback or to quantify impacts, in relation to the issues highlighted.

6. Financial impact

- 6.1 There is no direct financial impact resulting from this report. Positive and negative impacts are both expected but these cannot yet be quantified. These impacts may not become clear until the government's proposals are fully developed and the scheme implemented, or until existing contracts are retendered.

7. Stakeholder/Community Impact

- 7.1 This report is about an initiative of the Scottish Government. This has been subject to public consultation by Zero Waste Scotland. The Council was one consultee among many across Scottish society.
- 7.2 The main objectives of this initiative are to increase recycling, improve the quality of materials collected for recycling and to reduce littering, all of which are positive in terms of climate change and sustainable development.
- 7.3 There are identified risks with the proposal in terms of unintended impacts on existing local authority recycling services, but it is not possible to quantify these at this time.

8. Background reading/external references

- 8.1 None.

9. Appendices

- 9.1 Appendix 1 – Key features of the deposit return scheme
- 9.2 Appendix 2 – Impact and role of local authority

Key features of the deposit return scheme

Materials and containers included in the scheme

- Specific drinks bottles or containers made from the following materials:
- Drinks containers made from glass, PET plastic, steel, aluminium
- Drinks containers from 50 ml (e.g. whisky miniatures), up to 3 litres (beer keg)

All of those materials above, whether they are manufactured or imported into Scotland, will be included in the scheme.

Materials and containers not included in the scheme

- Other items packaged in the same materials (e.g. soup tins, shower gels, jam, household cleaners, mouthwashes)
- HDPE bottles (milk, some orange juice)
- Paper based drinks cartons (also known as tetrapak type cartons, used for fruit juices, milk, etc)
- Multi-layer pouches (sometimes used for soft drinks)

Who is covered?

Physical retailers of those products; online retailers of those products; hospitality businesses.

Where a drink is sold for consumption on the premises, there will be no requirement to charge the deposit, but where it is sold for consumption off premises, the deposit should be included in the cost.

Size of deposit

- 20p per container

Operation and management of the Scheme

The Scottish Government envisage that the scheme will be run by an independent, not for profit, private organisation called the scheme administrator. It will be funded by unredeemed deposits, revenue from the sale of materials, and a fee paid by the producers

Return points for containers

Each container will carry a deposit of 20p which will be included in the price. When consumers buy the container they pay the deposit. When they return it, they reclaim the 20p.

The aim is to have more than 17,000 return points; these will be based around the retailers of those drinks containers.

If you (as a retailer) sell **any** of the items which carry a deposit, you must accept back **all** items which carry a deposit. In terms of hospitality, it appears that containers sold for

consumption on the premises will not require to carry a deposit, but those taken away will. This may have an impact on some Council premises (e.g. gift shops and canteens).

Some concerns have been raised on behalf of small retailers in terms of costs, space, etc. There may therefore be further changes, such as an exemption scheme, prior to the scheme being introduced.

Timeline

The Scottish Government will need to prepare legislation and this will then need to be passed by the Scottish Parliament. It is believed that a further 12 months or more will then be required to implement the scheme.

Possible impact and role of local authority

Most impacts (positive and negative) will fall on the Waste and Cleansing Service. However other parts of the Council, particularly those with a retail element, need to be aware of the potential impacts on them, as in some cases they could possibly require to participate in the return element of the scheme.

The scheme aims to capture 90% of the drinks containers covered for recycling within 3 years. These containers are all currently collected for recycling by local authority recycling services alongside other materials, or through residual waste collections for landfill or energy recovery.

Scottish legislation requires the provision of recycling services for these materials from households. Collection rates vary across the country, and are generally much lower than 90%, but it is notable that in Edinburgh the kerbside recycling service collects as many as 85% of PET drinks bottles, so there will clearly be overlaps and impacts on existing services. Glass recycling levels also tend to be high (50-60%) due to Councils having had collections in place initially via bottle banks, since as long ago as the 1970s.

Littering

A key objective of the DRS is to reduce littering. The models used by the Scottish Government assume there will be financial savings to local authorities from the diversion of these materials from littering.

In reality drinks cans and bottles are rarely discarded in isolation so that it seems unlikely that this will be the case. The Council may potentially make marginal savings from a reduction in the volumes of waste collected as litter or from litter bins, meaning that collection rounds can be slightly longer, but the majority of the costs arise from running a round at all, and this will still be the case.

Recycling rate performance

The published recycling rates in the UK are based around local authority collections.

The Council will no longer be solely responsible for collecting these materials. This means that:

- Where materials are diverted from the household residual waste stream, the Council's recycling rate would increase;
- Where they are diverted from the existing household recycling collections, the reported Council's recycling rate will fall.

These interactions are complex so at this point it is important to be aware of this, and to note the possible impact. Due to glass being heavier than the plastics or cans, and because people are more likely to recycle their glass, the likelihood is that the recycling rate will fall overall at the local government level but increase at the national level.

Those cans which are not diverted for recycling at the kerbside or recycling points, are now captured for recycling at Millerhill, so again this will reduce, and impact on the Council's recycling performance.

While smaller retailers may accept bottles and containers manually, larger retailers will almost certainly put in place their own collection infrastructure. In larger stores this may be in the car park and could potentially replace the existing local authority infrastructure, even though the latter collects a wider range of materials including paper, card and a wider range of metal, glass and plastic containers.

Impact on cost of contracts

The materials which will be collected are those which tend to be more valuable and have clear market demand. For example, plastic drinks bottles are relatively clean and command better market values than plastic pots, tubs and trays.

Although the weight of materials collected in both residual and recycling streams should fall, it is not therefore clear that the cost will do so; if the more valuable items are no longer present in the recycling stream (particularly with the recycling service) the cost per tonne may then increase. The balance between these two potential impacts is unclear.

Collection points- schools, community groups, etc.

The DRS scheme is expected to be operated by the industry. Collection of materials from the collection points will be managed by the scheme administrator, most likely using delivery backhaul, and therefore it is not likely that local Councils will be involved in the collection system itself.

It may also be that the collection systems which are employed to collect containers are not compatible with local authority collection systems (e.g. where the bottles are collected in reverse vending machines, these may not be compatible with the use of wheeled bins).

Larger retailers will almost certainly put in place their own collection infrastructure.

Community based organisations and charities used to collect cans, etc. to raise funds and return these to sorting centres operated by the aluminium industry so there is scope for this to happen again with containers which carry a deposit.

It will be possible for consumers to donate their deposit to a good cause, although the mechanism for this will have to be developed by the scheme administrator.

While the scope for involvement by the Waste and Cleansing Service is likely to be limited there may be scope for other parts of the Council such as schools to either act as collection points or to act as an intermediary to raise funds from the DRS operator in the same way.

The infrastructure to deliver this is not yet clear but this is likely to be a benefit of the system.