

ANGUS COUNCIL

COMMUNITIES COMMITTEE – 14 JANUARY 2020

INTRODUCTION OF THE DEPOSIT RETURN SCHEME FOR SCOTLAND

ABSTRACT

This report provides information for members on the introduction of the national deposit return scheme for drinks containers, and details the implications for Angus Council and the actions to be taken in preparation for the scheme.

1. BACKGROUND

- 1.1 The Scottish Government are introducing a Deposit Return Scheme (DRS) for drinks containers that will be applied throughout Scotland, which will aim to reduce litter and improve recycling rates.
- 1.2 The draft of The DRS for Scotland Regulations 2020 was laid in the Scottish Parliament in September 2019. Once these regulations are passed into law by the Scottish Parliament, which is expected to happen early next year, there will then be an implementation period of at least 12 months before the scheme starts. The start date of the DRS is therefore expected to be Spring 2021.
- 1.3 It is proposed that the DRS will require customers to pay a deposit of 20 pence when they buy a drink in a single-use container, which will be refundable when the empty bottle or can is returned to a retailer.
- 1.4 All drinks (both soft and alcoholic) that come in PET plastic, metal and glass will be included in the scheme. Containers of these material types, sized from 50ml to three litres, inclusive, are part of the scheme. Mixed material pouches, cartons, HDPE (the plastic that most milk bottles are made from) and cups are excluded from the scheme. The exclusion of HDPE means that, in practice, very few dairy items will be included in the scheme.
- 1.5 There will be two ways consumers can return their empty containers – over the counter, or by using a reverse vending machine (RVM). An RVM is a machine that scans containers when they are returned and then refunds the deposit. It is proposed that there will be a range of ways customers can retrieve their deposit, for example cash at a till, a token or discount voucher, or digitally.
- 1.6 It is intended that the DRS will be run by an independent, not-for-profit company, to be known as the Scheme Administrator. The scheme will be paid for through three sources of funding: unredeemed deposits, revenue from the sale of materials and a producer fee. The Scheme Administrator will be responsible for making arrangements for uplift of materials from retailers. It may be that this is delivered by the waste collection sector, or more likely by logistics providers via backhaul arrangements (i.e. making use of goods delivery vehicles return trips).
- 1.7 Businesses that sell drinks to be opened and consumed on-site, such as pubs and restaurants, will not have to charge the deposit to the public (optional whether paid by premises only or applied to customer) and will only be required to return the containers they sell on their own premises.

Further information on the background and proposed design of the scheme is available at <https://depositreturnscheme.zerowastescotland.org.uk/>

2. IMPLICATIONS FOR ANGUS COUNCIL

Recycling rate performance

- 2.1 The scheme aims to capture 90% of the drinks containers targeted for recycling within 3 years. These drinks containers are all currently collected for recycling via our kerbside recycling service. Based on previous waste composition studies it is estimated that our household kerbside recycling service is capturing 76% of drinks cans and 82% of glass and PET plastic bottles, however this does not include drinks containers collected as litter.
- 2.2 The scheme's higher capture rate would mean more materials collected for recycling, however there will be a significant diversion of materials from council kerbside recycling bins to retail collection points. The net effect therefore could be for the recycling rate to fall overall at the local government level but increase at the national level. It may be that materials collected at retailers will be attributed to local authority recycling rates but this has not yet been clarified.

Impact on cost of contracts

- 2.3 It is estimated, based on a modelling exercise carried out, that approximately 3,000 tonnes of material from our kerbside recycling service and approximately 600 tonnes from our household residual waste stream will be diverted to retail outlets for recycling.
- 2.4 While this has the potential of lowering waste disposal contract costs (which are primarily based on a cost per tonne delivered), the materials that will be diverted 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.
- 2.5 The Council's existing contract for processing of mixed recycling will be due for renewal April 2021; if the more valuable items are no longer present in the recycling stream the cost per tonne may then increase. The potential for any costs savings is therefore uncertain and difficult to estimate at this stage.

Existing collection systems

- 2.6 The existing kerbside recycling service in terms of the range of materials collected, size of bins and frequency of collection, was designed to accommodate the collection of drinks containers. It is estimated that drinks containers account for 29% of the material (by weight) we collect in household recycling bins. The introduction of the DRS should therefore increase the spare capacity in household bins and our collection vehicles.
- 2.7 Angus Council have signed up to the Recycling for Charter for Scotland (reference [Report No 27/17](#) to Communities Committee), which requires councils to review their existing waste and recycling services and transition their services so they meet a set criteria, with the aim of delivering more consistent services across the whole of Scotland. The Recycling Charter for Scotland and the associated Code of Practice is to be reviewed to take into account the implications of the DRS.

Littering

- 2.8 It is reasonable to assume that there will be less littering of drink containers given the value now attached to these items. The Council will make marginal savings from a reduction in the volumes of waste collected as litter or from litter bins, but as drinks containers are not the only source of litter, it is unlikely that we will be able to reduce our overall street cleaning resources.

Collection opportunities

- 2.9 The collection of materials from retail collection points will be managed by the Scheme Administrator, most likely using delivery backhaul, and therefore it is unlikely that local authorities will have the opportunity to generate income by being 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 and our collection vehicles).

- 2.10 Some community based organisations and charities already run initiatives to collect cans to raise funds. There is scope for this to happen with containers which carry a deposit. While the scope for involvement by local authority wastes services 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.

Council premises

- 2.11 If any Council or Angus Alive premises sell any drinks containers, there will be a requirement to accept back all items which carry a deposit. As noted in section 1.7, in terms of hospitality, it appears that containers sold for consumption on the premises will not require to carry a deposit, as the premise will retrieve the deposit when their bottles and cans are sent back for recycling.

3. RESPONSE / ACTIONS

- 3.1 As the scheme progresses towards full implementation, we will aim to work alongside national agencies such as Zero Waste Scotland to provide information and advice to Angus residents and businesses on the introduction of the DRS. We will also seek to clarify the specific implications for council and Angus Alive premises that sell drinks containers and ensure they are supported.
- 3.2 As detailed in section 2.6, our existing kerbside recycling service was designed to collect large quantities of drinks containers from households, and these will now be diverted to retail collection points. This will provide the opportunity to review our existing kerbside recycling service and an option appraisal will therefore be carried out during 2020. The objectives will be to identify a kerbside recycling service that is aligned with the DRS, maximises the quantity and quality of recycling we collect, and delivers efficiencies and savings. The outcomes and recommendations of the review will be reported to the Communities Committee.
- 3.3 The option appraisal will need to consider the Recycling Charter for Scotland (as highlighted in section 2.7) and the requirements of the Waste (Scotland) Regulations 2012 in terms of the range of materials local authorities are required to collect for recycling from households.
- 3.4 We will continue to engage with the Scottish Government and Zero Waste Scotland as appropriate to provide feedback and to quantify impacts in relation to the issues highlighted in this report.

4. FINANCIAL IMPLICATIONS

- 4.1 As highlighted in section 2.4, the diversion of drinks containers from household residual and recycling bins to retail collection points could lead to lower disposal costs, however the loss of materials from the recycling stream which tend to be more valuable could have a detrimental effect on contract costs for processing of our mixed recycling material. The financial implications will therefore remain unclear until the legislation is passed (proposals finalised), the scheme implemented and existing recycling contracts retendered.
- 4.2 The DRS will have a positive impact on reducing littering of drinks containers, but as described in section 2.8, it is not anticipated this will lead to any significant reduction in street cleaning resources or financial saving.
- 4.3 The DRS does provide an opportunity to re-align our existing kerbside recycling service with the DRS to deliver efficiencies and savings. As detailed in section 3.2, an option appraisal will be undertaken and the outcomes, including any financial implications, will be reported to the Communities Committee.