



The Scottish Parliament
Pàrlamaid na h-Alba

By email only

**Lorna Slater MSP, Minister for
Green Skills, Circular Economy
and Biodiversity**

**Net Zero, Energy and Transport
Committee**

c/o Clerk to the Committee
Room T3.40
The Scottish Parliament
Edinburgh
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8 February 2022

Dear Minister,

Deposit return scheme

Thank you for appearing before the Committee on 25 January to give evidence on the [Deposit and Return Scheme for Scotland Amendment Regulations 2022](#). As you will recall, following a debate, the Committee agreed to the Regulations, by 4 votes to 1, with 2 abstentions.

On Thursday 3 February, I received an email from the Scottish Grocers Federation. The substantive part of the email is attached as the annexe to this letter, and I share it with the SGF's agreement. I would be very grateful for your response to what the SGF call their "serious and significant concerns" about the [Business and Regulatory Impact Assessment](#) for the new scheme. In particular, I would welcome your response to what the SGF says are material errors in relation to the estimated costs of the new scheme falling on business, as set out in Annexe F, table 7 of the BRIA.

Whilst the NZET Committee's formal role in relation to scrutiny of these Regulations has now passed, the final motion to approve them has still to be taken in the Chamber. If possible, it would be helpful if your reply were to reach me before then, to help inform the Parliament's final decision on this issue.

Yours sincerely

Dean Lockhart MSP
Convener
Net Zero, Energy and Transport Committee

Annexe: correspondence from Scottish Grocers Federation to Convener Dean Lockhart MSP, 3 February 2022

I am writing to you primarily in relation to your role as Convenor of the Net Zero Committee. As you will be aware the Committee has been looking at the amended deposit and return regulations which were laid in Parliament in December 2021. Scottish Grocers Federation represents Scotland's 5,000 independent convenience stores. Our members have a crucial interest in deposit return and indeed are vital to the overall success of the Scheme.

All of our members want to see a successful and effective scheme. However, we have serious and significant concerns about the Business Regulatory Impact Assessment ... which was published a week after the regulations were laid.

Circularity Scotland, the company which will act as the DRS administrator, estimates that there will be 37,000 return points and 2.7 billion containers in scope. The original BRIA was based on figures of 17,000 return points (and 2.2 billion containers): essentially the scheme has doubled in size. However, the amended BRIA continues to rely primarily on the old figures to justify the benefits of the DRS. This is clearly a problem.

The new figures are considered in an annexe to the BRIA (Annex F). It is these figures that we have significant and serious concerns about. Below is a copy of the relevant table from Annexe F. [NB: this is appended as the first table over the page below.] As I hope you can see, **the figure for the Net Benefit to business is simply wrong**: it should in fact be a cost of £371m not a net benefit of £333m. Clearly this then has knock-on effect on the overall benefits of the scheme. Additionally, it is simply not tenable to state that the costs to the systems operator remain the same (£577m) now that the number of return points has more than doubled. For purposes of clarity, I should mention that we are contrasting these figures with another table from the BRIA which I have attached as a word document. [NB: this is appended as the second table over the page below.] This table is based on the old figures. **This table misleads by stating an expected benefit of £583 Million pounds which is hugely wrong and misleading, to give context this paper published by government is wrong to the extent of over Half a Billion pounds.**

A BRIA is a very important document, and we have strong concerns that Parliament is not being presented with an accurate assessment of costs and benefits for DRS. We have highlighted below in RED all the areas of the table that are incorrect and factually wrong.

I hope we can find a way to ensure that the Committee looks at this before it makes its final report. We are materially concerned that it is not just this table that is incorrect, but the figures behind it are factually incorrect, lack robustness and do not accurately reflect the true costs of the scheme which will be to the detriment of the public and environment.

UPDATED BRIA ASSESSMENT FOR 2.7 BILLION VESSELS AND 37,000 RETURN POINTS (Annex F p.152)

Actor Name	Costs(£m)	Benefits(£m)	Net Benefit(£m)
Local Authorities	- 45	219	173
Business	- 1,291	920	333
Regulator	- 17	0	- 17
System Operator	- 577	577	-
Society	- 930	1,205	94
Total	- 2,860	3,421	583

Table 3. NPV Costs and Benefits of a DRS for Scotland

Actor Name	Costs (£m)	Benefits (£m)	Net Benefit (£m)
Local Authorities	- 46	219	173
Business	- 1,237	920	-317
Regulator	-17	-	-17
System Operator	-577	1,077	500
Society	- 930	1,205	275
Total	- 2,807	3,421	615

Note. The DRS for Scotland is designed to optimise delivery against the four strategic outcomes and to be complementary to any future packaging EPR scheme.

Figures may not sum due to rounding