

Summary

SGF have concerns over the way SME's have been treated and the devastating consequences DRS, in its current structure and proposal, will have on our communities. With some high-profile professionals within the retail industry describing the scheme as "reckless".

You may be aware that despite SGF and our colleagues spending hundreds of days over the past few years working on DRS, alongside many colleagues within our industry, we have offered many pragmatic solutions which have been ignored. More recently raising several concerns regarding the delivery and implementation of Scotland's Deposit Return Scheme in our communities across Scotland.

On 27th February, SGF attended our regular meeting with the Minister for Green Skills, Circular Economy, and Biodiversity. At that meeting, SGF provided the Minister with 41 outstanding issues regarding the scheme and requested that she respond within 14 days.

We were disappointed to see that a significant majority of those issues were not acknowledged by the Minister while providing evidence to the committee last week, and to date we have not received an official response to our concerns.

Below, we have highlighted five key concerns that you may be interested in raising with Circularity Scotland and you will also find the full breakdown of the 41 issues raised with the Minister in the annexe of this submission (for reference, SGF have provided sources and evidence for the Top 5 Critical Issues, below).

We do hope you find this information useful and please feel free to share with committee colleagues as required.

If members would find it helpful, SGF would be happy to provide evidence at a future meeting of the committee.

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Introduction

SGF represents over 5,000 convenience retailers, employing over 49,000 people across all of Scotland's communities. Working in many of the most deprived areas in Scotland, including some the hardest hit by the scheme's implementation.

We hope you find this information useful and will take it into consideration during proceedings.

Five key issues (summary):

- Retail Handling fee** – The wording has significantly changed, from 'cost neutral' to 'based on items returned, NOT the actual costs incurred by the retailers. (This places most Convenience retailers in a forced loss-making position)
- Reimbursement/cashflow** – The repayment period has significantly changed from '7 days from collection' to 'Monthly'. (This extends cashflow from what going to be an additional £4,135 for a small retailer to £18,134)

This may be in addition to 28 days of dispute, plus a further 14 days to payment and the expense for arbitration, if still disputing.

One of the key reasons for retailers purchasing an RVM is to ensure that products are accepted, after confirming in-scheme article status, and therefore removing the risk of fraud.

In addition, the data is live & verified, so there is no reason to delay reimbursement.
- Collections** – It is still not clear, despite receiving reassurances verbally, that RVM's will have daily pick-ups.

One of the key reasons for purchasing an RVM is daily pick up and more if needed (Retailers cannot afford to buy machines and have them out of service due to no collection).

CSL are actively encouraging smaller retailers etc to not register and use retailers to redeem deposits. Retailers need to know scheduling so they can plan storage space, choose the right RVM and plan to modify stores and venues.
- RVM Planning regulations** – The rules, which were designed by the Scottish Government following discussions with retailers, did not state this was for supermarkets only and, in addition, had not put anything in place for local community parades and high streets etcetera. (Convenience retailers are now disadvantaged and forced into taking away selling space whilst supermarkets have been supported through Scotgov to give them a market advantage over community stores).
- Be Fair, open, and honest** - The Terms & Conditions are unusable in its current format as it offers no financial protection to an SME and no recourse when CSL decide to suddenly change the terms.

The DRS implementation plan working group have been raising concerns since Oct 22.

CSL ought to have been ready six months ago and then industry could bolt onto the existing infrastructure. Instead, many in business are waiting to find out what the infrastructure looks like and then prepare for the scheme:

Best estimate at present is if CSL go live on 16th August, we could be another 6 months to a year before Convenience stores are ready, a project of this size typically takes a year or two to roll out and in line with Capex affordability.

- EPOS systems will take at least 6 months to integrate then testing starts to work out what systems and reports are needed
- Resources for fitting in RVM's and planning pre works takes about six months. Once we clarify if Planning permission is successful or not- The Scottish Government did not make any PDR planning regulation amendments for convenience, parades or local return points this was confirmed in a meeting between SGF, ZWS and Gov planning department who are only now starting to look at these issues.
- Training store and venue teams – Industry cannot answer some of the basic questions to raise awareness and prepare store teams.

Retail Handling Fee Data

In 2019 we carried out a detailed survey of 40 Convenience stores called “The Impact of Deposit Return Scheme on Small Grocers” back in 2019. (PROJECT NO: RESAS/006/18)

The Report was prepared by the Edinburgh Numberworks on behalf of the Scottish Government.

In Summary the cost to small retailers to deliver a cost neutral solution was 13.7 pence per container just for the store to break even – CSL have set it at 3.7p.





Table 1 This table shows the variance between what CSL think is reasonable and cost neutral (based on information CSL released in Nov)

Costs broken down to weekly figures for direct comparison to RHF	Per week cost 2023	CSL Guidance	The challenge we have with CSL and ScotGov
5000 units income from Retail Handling Fee	£185	£185	<p>Despite being “Industry Led”, nobody in the industry, including qualified accountants can work out what the cost neutral position is, or the formula used for breakeven -</p> <p>Once we apply CSL own formula it looks like only staff costs are aligned with practical operational costs.</p> <p>CSL Started removing “Cost Neutral” from their website on 07/03/2023. After being on there for over a year.</p>
RVM + Interest + Maintenance + wrap	£96	£58	
Installation cost	£100	0	
Epos costs	£40	£0	
Staff costs	£80	£83	
General Repairs	£10	0	
Electricity	£20	0	
Cleaning bins and area	£10		
Consumables	£14	£13	
Bays internal lost space	£200	£3	
Storage space needed	£500	£28	
Total per week	£1,070	£185	
Loss per week	-£885	£0	
Total cost per Year	£55,640	£9,620	
Loss per year	-£46020	£0	

Table 2 Shows the impact on cashflow for a small store selling approx. 5000 units a week. The average convenience stores sell 6000-8000 units a week.

Cashflow	Costs	Sub total	CSL Guidance	
5000 units @20p per unit Buying in 1 week	-£1000		£0	<p>Costs at 7-day reimbursement were £4185.</p> <p>There is no reason, no explanation, no discussion, no clarity on who making the decision of moving 7-day reimbursement to monthly.</p> <p>This unannounced increases cash flow from £4,185 to a staggering £18,134.</p> <p>An average convenience store takes roughly 8,000 units a week, so costs jump from £29,015 cashflow impact per store.</p>
Ave Convenience stores holds approx. 3 weeks’ worth of stock (used to stock shelves)	-£3000		£0	
Deposits paid out from redeemed units	-£1000		£0	
Monthly pay back	-£17,333		£0	
Handling fee monthly pay back	-£801	-£18,134	£0	
28-day investigations	-£4000		£0	
14-day payment if successful	-£2000		£0	
Arbitration approx. 45 days	?		£0	

Table 3 Shows the size of a Tote that holds approx. 50 units and the size of a Wheelie bin that holds approx. 177 Glass bottles.

<p>Collections A store with 5000 units Typical split is. 25% Glass 50% Can and 25% PET</p>	<p>Glass space required</p>	<p>Sacks require</p>
<p>Manual handling This is David Harris with 4 stacked totes and Biffa with Pet/Can sacks.</p> <p>A small store will need 25 Totes and 24 Sacks -small stores do not have the space to store this inside</p>	<p>25 Totes</p>  <p>Source: https://www.betterwholesalein.com/</p>	<p>24 Bags</p> <p>[Image not sourced]</p> 
<p>RVM 5000 units</p> <p>This store may be considered a small store and only 1 uplift per week.</p> <p>We were made to believe that RVM's would be more frequent uplifts daily and twice daily if needed.</p> <p>We still can not plan for space as we do not know collection schedules.</p>	<p>7 x Wheelie Bins</p>  <p>There was a plan in place for daily uplifts if more than 250 glass bottles a day, but this has been changed to "We don't know until we go live".</p> <p>This would limit stores to 2 bins which is more manageable.</p>	<p>5 Bags</p>  <p>Most Convenience Stores do not have the Internal space for 2 cages and 7 wheelie bins inside</p>
<p>RVM 8000</p> <p>As you can see the impact on space increases with higher volume</p> <p>We have stores that will need 20+ wheelie bins. This is more space than most back stores.</p>	<p>12 x Wheelie Bins</p> <p>We can only use what Biffa give us so if they give us 2 and turn up weekly, we will not be able to provide the service 5 days a week</p>	<p>8 Bags</p> <p>Most convenience retailers DO NOT have external secure storage space to keep this waste.</p> <p>Through the summer we will see high pest/smell issues in food shops if left longer than 2 days</p>
<p>Hospitality Glass waste</p> <p>We still do not have a clear understanding of schedules, and</p>	<p>40 totes or 13 wheelie bins a night</p>	<p>Night clubs or small but busy venues where volumes can be as high as 2000 units a night</p>

collection methodology for hospitality that use compactors.

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Table 4 Shows Zero Waste guidance on their website and Convenience stores fit nearly all if on a separate parade, but challenged if flats above or close to houses - by using the supermarkets own data we can mitigate noise pollution to less than a normal daily delivery service which is a reasonable comparison.

Planning permission for Reverse Vending Machines: what you need to know:

If you're looking to install a Reverse Vending Machine in preparation for Scotland's Deposit Return Scheme, there's a good chance you won't have to apply for planning permission.

Zero waste website guidance	Convenience stores
If the machine is more than 3.5 metres tall or its footprint exceeds 80 metres squared	All convenience RVM's are less than 2m Tall and less than 3m squared
The rules state that planning permission is required if the RVM will be located within 15 metres of "the curtilage" of a residential building.	We still can't get an answer for those under 15m. We have designed Machines with Noise insulation carried out studies and used the same data as supermarkets, they get permission, but we don't!
If you're looking to install an RVM in the wall of a shop, you'll need to apply for planning permission if it will protrude 2 metres beyond the outer surface of that wall. That includes any canopy or structure to house the RVM.	All machines Convenience use are 1m deep so this is not an issue
Will your RVM be in a protected area?	There have been no applications that we are aware of that this affects

This slide presented at a Feb Roadshow is against all the RPO principles. ie.

Retailers can refuse to take back if.

- More than an average shop is being returned.
- Taking more volume back breaches H&S

CSL removed this slide when we pointed out this goes against CSL own guidance.

It appears this guidance has now been removed from their website. But is still on SEPA's.

Retailer can refuse if - A consumer attempts to return more empty scheme containers than the number of drinks normally sold in a single transaction.

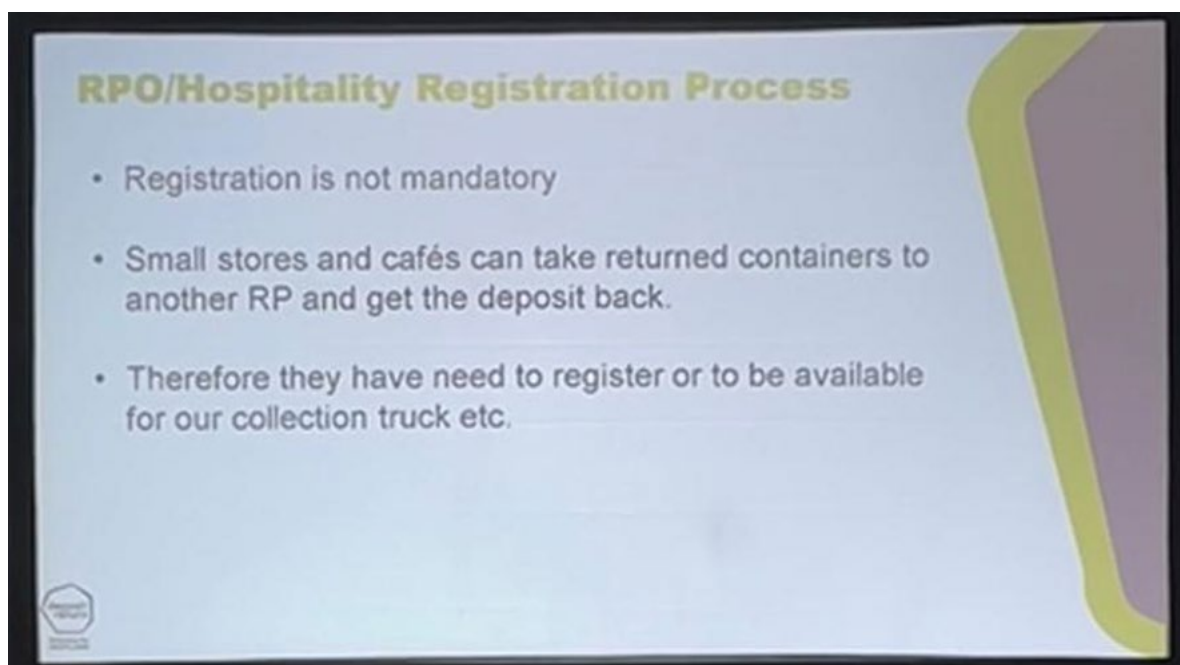


Table 5 Shows a few of the changes CSL have made when they released the T&C's and blueprint for retailers/hospitality.

We ask CSL to be open and honest. The number of changes is staggering over the past year and leads to confusion and lack of confidence in CSL trustworthiness, or to work with or on our industries behalf	
What you said	What you are now saying
August 22 "There are c37,000 potential RPs – c30,000 after exemptions"	"Aiming for <20,000 RP".
"We will have 50 new Biffa trucks which is adequate"	"We need 198 Biffa trucks to carryout 10,000 deliveries a day"
"We will be ready in time and on track"	The implementation plan suggests we are months behind on
"We don't have a backhaul fee to discuss, Only Biffa can pick up"	For RPO mapping purposes have been shared with [name and email removed] at WH Smith.
RVM's will be "Daily collections". "RVM's visited daily (or more)" "Daily uplifts for more than 250 bottles a day" "We will arrange for additional collections whenever needed. Twice daily if required"	"Collections will be in line with optimum transport schedules, we don't know when you will get a delivery minimum every 2 weeks "
"RVM's are sophisticated pieces of equipment, once through machine it is automatically identified, and crushed, data is updated every 15mins, reimbursement will be every 7 days"	"Automatic return points, fees will be paid monthly" "Then a 28-day dispute process followed by 14 days to reimburse". "If still disputing you need to go to arbitration at own expense
"Thousands of retailers are set to be given an exemption from the rollout of the UK's first deposit return scheme".	"24 retailers awarded an exemption".
"The regulations require a reasonable RHF which puts the RPO in a cost neutral position."	"Will be paid out based on number of items returned – NOT the actual costs incurred by the retailers."
"Neither the Board, the Executive Leadership Team nor any Member will determine the Return Point Handling Fees".	"Fees determined by the board, in addition to legal action, we are today issuing further information on the calculation of the fees."
"We have been meeting industry regularly to listen to their feedback. I remain committed to a pragmatic approach to implementation between now and the 16 August." "This is an Industry led scheme"	"Business leaders tell Sturgeon that deposit return scheme is 'destined to fail, unless changes are made, and that pressing ahead with its introduction would be. "reckless"
What you said	What you are now saying
"The Scottish Government is working with the Royal Environmental Health Institute of Scotland to develop guidance to support retailers, particularly smaller businesses, in implementing DRS in a way that is consistent with your legal obligations relating to issues such as food safety."	"If you are full up and can't take any more, just switch off the service and stop taking in – direct your customers elsewhere"

By Dec 22 "Retailers should be Renegotiating prices, product range with Producers & wholesalers we will publish as soon as we have captured the data at registration".	"We will publish the data in such manner as it considers appropriate"
By Dec 22 "Retailers should be reviewing contracts with waste suppliers".	"We don't know if Biffa will pick up non scheme articles or what your collections will be so you need to keep your contractors"
By Dec 22 "Hospitality & Retailers need to start Implementing venue changes e.g. space, secure storage"	"We can't tell you what space you need or collections days to work out and resource changes required"
By Dec 22 "Update ePOS - applying and redeeming deposits" "Trial starts November 22"	"We should have the IT ready for going Live, possibly as early as July testing but won't have it in time for Retailers in advance of this"
"We are open and transparent and its Industry led".	"We are happy to consider requests under the freedom of information act so apply if you want to see, but it may be heavily redacted or request denied"
"This scheme is fair and equitable for everybody".	"DRS relies on non-redeemed deposits and the most disfranchised will be the most vulnerable, the poorest, the elderly and those without a car or in rural settings, And small Businesses

We ask CSL to be Open and Honest and make an effort to answer direct questions rather than avoid and mislead.
How can Industry be ready when basic questions on the front line still cannot be answered

Minimum education being passed down to venues and stores, because nobody can answer the basic questions that are being asked on the front line.

How often do we get uplifts? **Don't Know that's something for Biffa to work out.**

What size of storage area do we need? **Don't Know- that's for retailers to work out.**

Can we still use Glass compactors? **Only if over 10mm**

So, can we still use compactors and only send back over 10m? **Don't Know**

If not using compactors where do the empties go as we don't have any backup space?

Don't Know that's for venues to work out.

If we are using compactors, our small bins are not in scope what's the weight of bins Biffa can accept?

Don't Know that's for Biffa to answer.

Do Biffa pick up non scheme articles? **Maybe, It Depends**

When invoiced how does that get entered onto the system? **That's for you to work out with suppliers.**

How do we track returns v reimbursement? **It's an automated process** Can you talk us through this? **No**

Biffa can't /won't pick up from this site, which is why we use x recycling company. So, who will pick it up if they don't?

It's a different Biffa side of the business from what you are using just now.

What happens with the Glass recycling contract we currently have? **You will still need them.**

What for if you are picking up all the glass? **For all the other glass waste that's non scheme articles**

How do customers know what's in scheme, not in scheme if there is no logo? **You need to make it clear when they are buying it.**

How do they tell when back home? **Don't Know**

What do we do with the liquid and non-scheme articles left behind by customers? **Don't Know that's the retailers issue not CSL.**

If a glass bottle is broken - how do, we claim the 20p's this happens on a regular basis with deliveries?

That will be your loss as there is no way to return it.

What happens if Biffa don't pick up on time and we are full- we currently have 4 sites with this issue right now?

You can call them and in meantime shut down the service we allow you to do that.

How do we deal with customers returning articles they say they paid 20p deposit on-how do we prove they didn't?

Nobody should be selling anything without a deposit.

We will be taking back empty alcohol bottles- Is there any age restriction on using an RVM machine?

That's for Local authorities to advise.

CONCLUSION

DRS is a good idea, however by giving the ownership away to a private company without oversight it shouldn't surprise anybody that this has been designed and structured for big manufacturers and the plastics industry to increase and control market share and capitalise on the smaller business and the poorest, most vulnerable in our society.

- ScotGov have given all their backing to a private company to monopolise the market backed by legislation.
- ScotGov is affectively forcing SMEs to sign T&C's to a competitor with an invested interest in our direct competitors.
- CSL have not been open and honest about their intentions.
- Based on experience so far it is most certain there will be more and more serious shortcomings and potential for a mini disaster:
 - This DRS will create higher litter as confused customers try to return non scheme articles.
 - The population already in poverty will be pushed deeper, and as a result crime rates will increase, and anger directed at retailers initially then the government.
 - Waste strikes likely in the future as local council budgets are cut and people start to lose their jobs.
 - Smaller business without cashflow will close putting more people out of jobs.
 - There will be less money being spent and less investment in the poorest communities.
 - Profits and money being taken out of the scheme to pay off the investors will come to light and the numbers will be more than eye watering.

Key Takeaways

1. The Retail Handling fee creates a loss-making position for smaller retailers.

2. The sudden Reimbursement changes from 7 days to monthly plus 28 review period and 14 day payment if successful has created unnecessary financial burden on smaller retailers
3. Convenience retailers cannot start planning for space until we have clarity on collections schedule. Changing from Daily to once a week may stop the DRS scheme for up to 5 days each week forcing customers to supermarkets.
4. The Scottish Government did not make any PDR planning regulation amendments for convenience, parades, or local return points this was confirmed in a meeting between SGF, ZWS and Gov planning department who are only now starting to look at these issues.
5. CSL have continually and consistently changed, slide lined and withheld information that supported Convenience businesses to plan for readiness and actively worked to disadvantage our industry of SME's in Favour of large businesses Creating a lack of confidence in CSL trustworthiness. The T&C's allow CSL full control and influence over our business forcing us to send customers to our competitors and stranglehold our cashflow reserves forcing many out of business
This will destroy local community parades and the disadvantage the most vulnerable in our society.



Impact on	Sector	Issue	Lead Stakeholder	Details of Issue	CSL feedback outstanding	Source Reference	Comments	What we need
comm's	Retail / Hospitality	Overall governance	CSL / SEPA / ZWS / ScotGov	CSL as administrator have not gathered one, co-ordinated version of the facts for the scheme. Whilst some areas do not sit directly with them, as the conduit for this, they should be in greater control of the messaging and interpretation of Legislation	On multiple occasions, rather than trying to co-ordinate there are multiple versions of the same issues with wide industry confusion.	Every meeting and interaction	Never are CSL, ZWS, SEPA and ScotGov on the same platform to ensure that misdirection does not occur.	One version of the facts, coordinated by the scheme administrator.
comm's	Retail/ Hospitality	Communication and Fact checking to invest and plan for businesses and individual stores	CSL	No one clear place to go to fact check updates or interpretate Legislation and processes- and no action taken when CSL creating the confusion through own documents for Scheme Process	Keep feeding back concerns through CSL email	CSL	<p>CSL slide at a Feb workshop Removed from Glasgow presentation but was in Earlier workshops the week prior.</p> <p>The Collection example process document on CSL website is full of confusion from-</p> <ul style="list-style-type: none"> - What is a small, medium retailer/venue? - Collection frequency changes from document to response from Biffa and CSL and does not give any confidence in modelling or planning space, equipment investment. - No clarity on the Biffa collections process and what disruption to our business this may be. - 90% of Bottles do not break but guidance says, "broken into Bin." - Glass bins will be weighed by the collection driver prior to tipping into vehicle. - If glass bins will be weighted - what is the weight restrictions - are they different to full bottles - Pet/can bins for each RVM will be provided by RVM manufacturers to individual specification. -Bins and tote boxes will remain the property of CSL, and any losses may be charged to the RPO- Biffa cleaning totes- but not wheelie bins- which may need cleaned weekly during summer months to stop pest infestation 	One version of the facts, coordinated by the scheme administrator.
cut over	Retail	Convenience guidance for convenience cut over plan	CSL	Practicality of REAN (retained barcodes) this stock will be instore non deposit paid	Either pay for all stock back to wholesaler or producer to charge customer or separate stock out instore and manage flow	CSL roadshow 15th February - "cut over" heading pack	<p>It is financially impossible to pay deposits for all pre 16th stock levels.</p> <p>Practically impossible to segregate same product with same barcode in supply chain and instore- we do not have the space or resource, systems capable of managing this process.</p>	Common agreement - all scheme articles charge 20p from live date?
cut over	Retail	Convenience guidance for convenience cut over plan	CSL	Supply of non-scheme articles post go-live date	CSL feedback is that stock could still be sold from producers/wholesalers if produced and in Scotland before go-live date.	CSL roadshow 15th Feb	Retailers cannot be certain they are buying legally compliant products. Where any dual supply exists, you could have scheme and non-scheme articles of the same SKU. Purchase across thousands of locations I impossible to manage.	Simply, should everything sold into RPOs from the 16th of August, have the deposit applied.

Impact on	Sector	Issue	Lead Stakeholder	Details of Issue	CSL feedback outstanding	Source Reference	Comments	What we need
cut over	Retail	Non-Scheme Articles for Retail RPOs	CSL	CSL have been advising and encouraging RPO's to accept non scheme articles for cut over process into their RVMs. However, retailer RPOs have been given no support to enable this, and RPOs do not receive a handing fee for this process.	CSL workshops showed a slide encouraging stating Hospitality registration is not mandatory, small stores and cafes can take containers to another RP and get deposit back, therefore no need to register for collections	Multiple feedback	Impossible to model this, creates customer confusion of "machine has accepted, but not refunded", leads to conflict and causes storage issues, alongside retailer losses. What are local authorities doing to review the uplift of general waste bins outside stores for non-scheme articles customers will be trying to return? - any movement from CSL should be communicated after modelling RPO's can handle the volume Some have modelled volumes for household and will not be able to hold additional volumes from commercial business that purchase wholesale RPO's are not commercial waste return points.	Consistency across all RPOs in Scotland to refuse out of scope, or RPOs to be compensated for the handling costs of the materials.
cut over	Retail	Non scheme article litter/waste	CSL	How are the local authority or CSL supporting non scheme articles and litter /waste issues as ill-informed customers bring back products no deposit paid along with bags of coffee cups, milk cartons, Pet food containers etc.	Speak to Local Authorities	CSL	Non-Scheme articles will take a couple of years to flush through the system- what is the plan to stop these becoming a litter issue and flash points at RPO's. Bit of confusion over expectations during cut over with communication going out from CSL that retailers will except non scheme articles	Local Authorities aware of potential impact by RPO and to supply additional bins for rejected/non scheme articles that customers have brought to Return points expecting to receive cash back
Cut over	Retail	Registration	CSL	The retailer and hospitality agreement were to be shared ahead of registration	The Return Point Operator agreement will be issued after issue of the Producer Agreement	CSL web page	Retailers need to review the registration document ahead of signing and registering and not enough time to diligently review. As an Industry we will not sign agreement until collection resolved, dispute process resolved and RHF and case resolved	Sight of the contract
cut over	Retail	Non barcoded items	CSL	Recent info about over stickering???	CSL are reviewing work arounds for non-barcodes or multiple suppliers / products	CSL conference and workshop	This is exactly what fraudsters will do- High risk scheme abuse	Clarity of what machines are to reject/accept and how we are supposed to mitigate fraud if the scheme administrators are finding work arounds for non-scheme articles
cut over	Retail / Hospitality	VAT	UK Gov	Following clarity in early Feb on VAT rules, details still required on if the deposit charged to consumer is ZERO rated, or VAT EXEMPT.	Just received the information 14th Feb	CSL release	From a qualified VAT accountant "I have read that link and there is no definitive answer on whether the deposit will be zero rated or exempt/out with the scope. I suspect it will just fall out with the VAT rules (classed as non-VAT for the retail tills) but until that's clarified we won't know for sure. It should all be clearer once the legislation is defined. But at least we know there is no VAT to be applied regardless of which class it falls under."	When releasing documents, they need to have clarity of how to interpret data, so resource is not wasted. looking for answers
cut over	Retail	PRN / EPR / DRS	SEPA	How does our obligation change following DRS implementation to ensure that retailers are not charged twice?	Not seen any data on this to date from CSL Defra is unclear	DEFRA update March 2022	DRS. The consultation document also acknowledged the impact the DRS would have on the PRN system and its targets, warning it could "undermine the effective functioning of the PRN/PERN market." This could result in an oversupply of evidence and therefore depress the PRN prices.28 Mar 2022	
cut over	Retail	Donations of scheme articles	SEPA	What is the legality of donations to charity of scheme articles? Are we in breach of the legislation by not charging for the deposit.	We should charge for containers, so they are returned	CSL conference	Retailers may donate to charity and need to know the process for donations so they can plan for future events.	Need some clarity so to understand the rules and can refer to this in future

Impact on	Sector	Issue	Lead Stakeholder	Details of Issue	CSL feedback outstanding	Source Reference	Comments	What we need
cut over	Retail	Price marked packs	SEPA	Seeking clarity for what we can and cannot sell as a retailer and producers still looking for clarity	Trading standards issue and they are saying it's not a devolved power	CSL conference and workshop	Enforcing the requirement to include the deposit in a price mark would result in producers either withdrawing price marked product from Scotland or having to produce two SKU's. i.e., a Scottish £1.20 price mark and English £1 price mark. Removing price marks removes both the value messaging and increases opportunity for 'resellers' to inflate the price of said products, increasing the basket spend of the consumer. As per the UK EAN impacts, the impact of this could reduce the number of SKUs placed on the Scottish market, reduce consumer and business purchasing choice and increase prices and reduce the value to consumers. Currently the Price Marking Order and DRS regulations contradict one another in how they interpret the display of deposits. The Scottish Government must seek a solution to this to establish who has the authority over this matter, whilst pushing for definitive guidance.	Clarity on PPM
cut over	Retail	Price shelf edge labels	SEPA	Whether retailers should display the total price, or price + deposit in store.	Sits with trading standards authority	CSL	Understand this is still being considered by Trading Standards and are not aware of a resolution date. It is too late to develop Epos systems now for final answer	Need clarity to develop epos system - need a clear retailer guideline, so consumers are not confused between shopping in different retailers
cut over	Retail	Customer receipts	SEPA	What retailers legally must display the total deposits and individual	Sits with trading standards authority. CSL stating this sits with retailer-	CSL	We understand this is still being considered by Trading Standards and are not aware of a resolution date. This needs clarity for consumers around legals as we will need to change our epos to reflect legals and not easy to change. This takes development time.	Need clarity to develop our epos system - need a clear retailer guideline, so consumers are not confused between shopping in different retailers
cut over	Retail	Age restriction	SEPA	Illegal to be in public spaces with open alcohol containers.	Local Authority issue	CSL	How does this work with anyone under the influence, or under 18?	clarity of risk and how to deal with increase in abuse/staff risk
cut over	Retail	Coupon expiry dates	SEPA	No clarity on any expiry date for a coupon from an RVM.	SEPA have not published any feedback on this matter.	Raised continually by SRC	Coupons are printed on thermal roll, so not indestructible. RPOs need to be able to assess the liability on their balance sheet of unredeemed coupons.	Clarity by end Feb 23.
collections	Retail	Retail Uplift schedules	CSL	No current clear structure of uplift volumes dictating schedule of uplift	Vague small/med/large guideline - no volume commitments, or how do stores with small storage cope. CSL believe this will be dealt with through RPO registration	CSL published guidelines	As an industry, we cannot plan any modifications to our business for storage or scheme articles if the uplift schedule is not satisfactory. Secondary, CSL continually refuses to discuss any appeal process for the uplift schedule. Giving us this in June or July is far too late to do any planning or building applications. Due to not having this, we cannot make an informed decision on whether we need to exempt or not. We cannot model storage space due to this lack of commitment. We also cannot calculate the rates relief needed as storage space is yet undefined. CSL 21/2/2023 did not provide sufficient clarity to SGF members.	A legally binding commitment that CSL will pick up daily (or more) to allow us to successfully participate in the scheme - supporting the regulations.
collections	Retail / Hospitality	Glass	CSL	Manual retail - glass in totes - sent to counting center - confirmed upon scan. Confirmed. RVM retail - glass in bins - emptied into truck - confirmed on RVM scan. Confirmed? Hospitality 1 - glass in totes - sent to counting center - confirmed upon scan. Confirmed. Hospitality 2 - glass in bins "naturally broken" - how is this reconciled and uplifted? Hospitality 3 - glass in bins "compacted" - how is this reconciled and uplifted?	No published solution on reconciliation of glass from hospitality	Asked continually over 18 months, advised in Feb 2023 Roadshow "something coming soon"	Cannot model space, or EPOS builds or financial reconciliation and cashflow until this is confirmed. A significant number of premises have compactors for space reasons. We do not know if retailers can carry on with these due to not understanding how they will be compensated for deposits. This is impacting cash flow and banking processes. Due to no clarity on this, how would hospitality operators inform producers what is in the bin to allow recycling rates modelled? If forced to change these operations now, it is impossible to have premises ready for whole glass for scheme going live.	Urgent clarity by end of Feb

Impact on	Sector	Issue	Lead Stakeholder	Details of Issue	CSL feedback outstanding	Source Reference	Comments	What we need
collections	Retail	Supply of bins for RVMS	CSL	CSL supply glass Bins but is based on average volumes and does not consider events, shopping habits or contingency planning	Ad hoc deliveries up to 3 days. – one small hospitality could fill a bin and put the RVM out of use in 5mins Glass 240lt bins only hold 177 units	CSL documents	Clarity of collections process, how do you secure bins if warehouse not large enough, and CSL have commented “we can stop taking in returns if causing volume issues.” This would create massive negative brand damage which is reliant on CSL uplift scheduling	Clarity around robustness of uplifts required to protect business operations and negative brand
collections	Hospitality	Supply of bins for hospitality closed loop	CSL	What happens to current bins? How heavy can the supplied bins be filled too?	Mentions glass is broken into bins – is this manually? CSL have mentioned they wanted Hospitality to keep recycling as they currently do	CSL documents	Need to understand what level of fill in the bins is safe for teams to move; Biffa state full bin no broken glass is 70kg so broken glass with 50% increase will 100kg or more? If compacted this could double weight	Clarity around safety for teams and practicality for movement, and what happens to current process of compacted recycled materials
collections	Retail / Hospitality	Supply of totes	CSL	Supply and availability of totes for manual retail and Hospitality.	Allocated based on registration- 3 days lead time for additional uplift	CSL	This puts CSL in total control of operations and the ability to keep RVM machines open. There is no confidence this takes into consideration events such as Football home/away games, weather, roadworks. Need confidence in the system that we will have a robust contingency plan and there is no sign of that at present	Publish actual collection schedule based on data given in mapping exercise so we can start to plan volumes, risks etc.
collections	Retail / Hospitality	Dispute process over non-reimbursed items	CSL	What is the dispute process if counting center doesn't pay what the RPO expects	No feedback	n/a	Need to have confidence that what you can scan via the app as in scheme, at time and pay out 20p's is getting reimbursed- we cannot rely on collections process to maintain container integrity for glass, PET or can from store to counting center. Has this been modelled /tried yet?	Urgent clarity by end of Feb
collections	Hospitality	Cutover waste collections	CSL	Hospitality venues will have in scheme and out of scheme articles during cut over.	No current hospitality cut over process. Believed to be published in March 23 or later - after RPO registration starts.	CSL roadshows Feb 23	Having existing providers to uplift non scheme articles, and Biffa to uplift scheme articles is not workable, and not environmentally friendly.	To enable the highest possible recycling rates, everything would be collected by Biffa from day 1,
Collection s	Retail	Exemptions	CSL	The exemptions process was supposed to be made easier however has become more complicated with various additional blocking to exempt	Online exemptions roundtable	CSL	The exemptions process is extremely confusing and overly complex- first seek proximity- if this is refused request via EHO, upload glass policies, planning applications and send in pictures but limit to 5mb – not clear how to speak to retailer to exempt as nobody knows volume and capability until collection process is published as a confirmed contract – CSL were going to deal with but now seems this has been pushed back to retailer	Need an easy-to-follow process to see who an RPO is and what capacity they have

collections	Retail	Mapping	CSL	No visibility to RPOs following the CSL/Biffa mapping project to allow RPOs to understand density of RPOs or blackspots	Refused to release the information	n/a	Would allow RPOs to understand if retailers should/could exempt or support smaller exemptions. Still nothing published	Urgent clarity by end of Feb
collections	Retail	Licensing areas	CSL	Due to lack of clarity on uplift schedules, may have to secure further instore space for storage of uncollected materials. This may in turn require licensed are. variations from local licensing boards.	The feedback to SRC has been around "only 6-8 weeks to process"	Local Authorities	The reality on the ground is much longer than this time period, with board generally closing in July, so time has nearly ran out for any variation.	Urgent clarity by end of Feb
collections	Hospitality	Hospitality uplift schedules	CSL	No clarity on any aspect of how hospitality is dealt with including the night-time industry.	Waiting until scheme launches before we understand the customer needs - initial schedule will be out 4 weeks prior to go live date	CSL conference and workshop	How to deal with late-night only venues for collection How to deal with special events with high volumes. How to deal with festivals/traffic bans Frequency of uplift How to deal with secure storage for uplift. Due to all of the above outstanding queries, we cannot build any secure storage, and have run out of time to apply for planning and building warrants.	Needed this information 6 months ago, urgent clarity by end of Feb.

Impact on	Sector	Issue	Lead Stakeholder	Details of Issue	CSL feedback outstanding	Source Reference	Comments	What we need
RHF	Retail	RPO handling fee	CSL	Ongoing case?	Handling fee that shows breakeven points for small business retail scenarios	CSL and media	It is not clear from any data or information released from CSL how the handling fee was calculated or what the breakeven points are for -Manual handling, - Under 8000 units or - Over 8000 units per week- Many factors like instalment and integration costs are either missing or capped at £1500 and rental space is not clear how that was worked out as it's a flat £170 for all RPO's per year which disproportionately disadvantages smaller retailers using space inside a shop v supermarket carpark	Clear automated model online that can be fed back to CSL to show losses that need reimbursed to ensure cost neutrality of implementing and keeping a deposit return scheme on behalf of SG
RHF	Retail / Hospitality	RPO registration & agreement	CSL	How was the RHF most recent increase calculated	Inflation	CSL David Harris	The RHF for over 8000 units designed for large supermarkets was given an 18.5% increase whilst below 8000 was only 4.2% yet smaller retailers have the greater need to operate cost neutral	clarity of Breakeven model and how such decisions are worked out
Cashflow	Retail / Hospitality	Consumables	CSL	We have had no confirmation from CSL regarding the costs of consumables needed to operate the scheme	CSL advised at roadshow that we will not have this cost, prior to registering as RPOs.	David Wilson, CSL roadshow, 15th Feb	Retailers cannot model cashflow/costs and cannot allow us to review exemption process in a meaningful way.	Urgent clarity by end of Feb
Cashflow	Retail	CSL refusing to engage in cutover cashflow management with retailers	CSL	RPOs will be the first point of contact for providing consumers with refunds at point of go live. At the same time, we also start paying the deposit to producers.	Refused to discuss	Multiple SGF requests ignored	Fraud prevention starts with the RPOs. Businesses will be giving out the cash first, then expected to wait at least 7 days (or more) before getting our cash reimbursed. The process for reimbursement is confusing on CSL collection process guidelines 3 different points. - 7 days from Collection - 7 days from scanned at counting center. - About 7 days - And we don't know what the uplift schedule is so could be 2 weeks To date, CSL is demanding money upfront from producers to manage cash flow, however we cannot get support to manage our cashflow. The retailers that purchased RVM's partly on the basis cashflow was automated at point of deposit. This is subtle but crucial change without notice	CSL and producer agreement to obtain a shorter reimbursement period for the first 6-12 weeks.
Cashflow	Retail / Hospitality	Deposit/handling fee reimbursement	CSL	Clarity over reimbursement for RVM retailers for deposits issued	In 2022 slides, CSL committed to 7 days without further detail. Mixed messages different sites CSL website stating 7 days after arrived and scanned at counting center however CSL & Biffa also stated it will be automatic via RVM as Biffa not linked to CSL system and on CSL site is says 7 days after collection	Quarterly CSL meetings	On CSL retail page It states retailers will be reimbursed 7 days after Biffa has returned the bags and scanned them at the counting center. This does not make much sense as the glass bins are emptied on collection and PET/Can bags are already compacted and scanned as returned from Biffa. So, no need to wait till returning to counting center. Reading through the actual collection process it is not clear as in one paragraph it states 7 days from point of collection. And further down it mentions when scanned on arrival at the counting center. And at bottom under "key things to know" It states around 7 days after collection. Manual handling at hospitality is weighted glass in bins but not for retail however on their page it says weighted bins for retail also.	Urgent clarity by end of Feb
IT	Retail	Retailer APP	CSL	Retailers do not have the API linkage currently to CSL suppliers to complete their integration works for manual takeback etc. via EPOS.	CSL yet to confirm API readiness	CSL conference and workshop	Latest information at workshop was 4 weeks prior to going live date which is not enough time - initially this was going to be part of the trials 2022- then moved to March after mapping exercise completed	Full visibility of the App and integration needed to source right equipment and commission workload
IT	Retail	RVM API	CSL	RVM providers do not have the API linkage currently to CSL to complete their integration works.	CSL yet to confirm API for RVM suppliers	CSL and RVM supplier	The IT integration works needs fully understood before we can commission, we Developers to integrate into our various Epos systems across our estate- at present we have a guideline of 30 days' work at £750/day	URL link to set up integration to system so businesses can work on templates for reporting/tracking the flow of deposits in and out of our business

Impact on	Sector	Issue	Lead Stakeholder	Details of Issue	CSL feedback outstanding	Source Reference	Comments	What we need
IT	Retail / hospitality	Contingency plans	CSL	<p>There are no published contingency plans for any aspect of the scheme by CSL that enable retailers to plan and model effectively.</p> <p>For example, CSL cyber-attack takes down system, what does scheme do?</p> <p>If counting bulking centers not ready or fail - what is the contingency plans for continuing uplifts?</p>	Modelled resilience into the scheme to cope with spikes over events and summer	CSL workshop	Zero communication on what might be needed to plan for contingencies for these issues. This could mean serious impacts on our stores/venues and operations.	Clear contingency plans to protect businesses and operations for consumers to prevent brand damage and loss of consumer confidence
IT	Consumers	Consumer App	CSL	No clarity on how consumers can check scheme articles /non scheme articles before returning to retailer	No app in the making but something we can consider in future	CSL	<p>Consumers need to be able to manage their own expectations when recycling and not returning to RPO sites with non-scheme articles that will be left as litter in our communities.</p> <p>Due to lack of trials and early engagement – we have no time to educate and raise consumer awareness</p>	A consumer app that can be downloaded and scanned at home before taking to an RPO
costs	Retail	Hidden costs	CSL	More hidden costs coming out as each month goes by closer to going live date	The RHF should be cost neutral to retailers.		<p>Been advised of some hidden costs, which we have never been told about.</p> <ul style="list-style-type: none"> Biffa will be charging retailers for bags and tags. A maintenance warrantee for the RVM machine could cost around £1000 per year. Without the maintenance warrantee the cost will be around £180 per call out Without the maintenance warrantee software updates for new barcode could cost £60 per update Receipt rolls will cost £8 per roll Retailers will likely have to hire another bin from Biffa to store items for collection. That is not including cleaning and day to day management of the machine 	Need clarity urgently on all costs /impacts to our business

Additional points to original

Impact on	Sector	Issue	Lead Stakeholder	Details of Issue	CSL feedback outstanding	Source Reference	Comments	What we need
Retail readiness	RVM	Readiness of RVM's	CSL	The original timeline was missed for stress testing the IT and specifications of Machines	On track for go live testing will be May	Conference	May does not allow anytime to resolve issues for manufacturers or for retailers	A Timeline of testing RVM suppliers so retail can start integration process
Retail Readiness	RVM	Two Barcodes	CSL	Scotland specific barcodes will cause some producers to look at using 2 barcodes, 1 for England 1 Scotland. RVM machines have not been tested and not in specifications	Asked RVM suppliers to see if they can accept 2 barcodes in February	CSL	The specification for RVM was supposed to be agreed last September – why are these types of conversations taking place after RVM purchases	Clarity required on specification for RVM machines. CSL need to launch blueprint plan is for a successful launch.
Retail readiness	RVM	Specifications	CSL	Final version of specifications needs to be confirmed	It is published on CSL Retail site	CSL	The RVM published specification is still June 2022 which should have been updated – e.g. 120lt bin is still in the spec for RVM's but of spec for retailers	A Final update of the RVM specification needs to be published with any changes from last year publication highlighted
Retail readiness	RVM	Specifications	CSL	At the conference in November an RVM manufacturer was highlighting a number of issues with many RVM's on the market not to specification	Confirmed RVM systems were to specification	CSL David Wilson	CSL should ensure that all RVM suppliers meet the required specification, to give retailers security.	CSL to visit and publish that RVM suppliers have been checked and meet the specifications.
Retail readiness	RVM	specifications	CSL	Digital payments being talked about for Voluntary return points but no spec for retailers	Confirmed RVM systems were to specification only for voluntary RVM's	CSL	This could create a distortion in the marketplace if Voluntary RVM is placed in same community as an RPO with a USP of digital and undermines the integrity of retailer investment.	CSL to clarify rules around Voluntary RPO's
Retail readiness	RVM	specifications	CSL	Bags not ready for stress testing and fit	CSL will be ready for going Live	CSL	Need bags that fit and tested	Need bags so we can train staff
Retail readiness	RVM	Specifications	CSL	There is no specification for tolerance level of glass as suppliers switch or use numerous glass manufacturers	CSL aware but waiting on producer registration	CSL	Different weights on glass but same barcode will inflate rejection rates	Need clarity on risk and preventative measures that reject non scheme and accept in scheme articles
Retail Readiness	RVM	Specifications	CSL	The latest RVM specifications PDF has been replaced with a link to internet that causes a security warning	Need to contact them about this	CSL	How are we to check updates if not being made aware of them at the time and files go missing/ changed ad hoc on CSL, SEPA and ZWS websites. Its already difficult to find the right information and trawling through all reports to see what changes are made at any given time is impossible	Need one place for all information and regular updates highlighted when changed

Business Gateway Summary, Conclusion

A summary of the report recommendations are as follows:

Ref. No.	Report section	Recommendation	Status	Aligned with SG PPM Principle	Aligned with profession
1	6.1	The SRO should ensure that sufficient mechanisms and resources are put in- place to capture the value of the Program learning for the benefit of wider government.	E.	Knowledge & Data	Policy
2	6.3	The SRO should urgently review the needs and structure for Program governance and leadership, to ensure accountability lines and oversight roles are clearly defined and understood.	C.	Leadership	Project Delivery
3	6.4	The SRO should urgently re-evaluate the 'go-live' schedule and the Scheme 'go-live scope' [redacted].	C.	Planning	Project Delivery
4	6.5	The SRO should re-examine the roles and coordination of communications across the Program and ensure a significant improvement in communications flows.	C.	Stakeholders	Communications
5	6.6 [redacted]		C.	Risk	Project Delivery

Each recommendation has been given Critical, Essential, or Recommended status. The definition of each status is as follows:

Critical (Do Now) - To increase the likelihood of a successful outcome it is of the greatest importance that the project should take action immediately.

Essential (Do By) - To increase the likelihood of a successful outcome the project should take action in the near future.

Recommended - The Project should benefit from the uptake of this recommendation.

Each recommendation has been aligned with one of the SG's PPM Principles and the SG Head of Profession.

Action Plan - You must within three weeks of the final report provide your intended actions for addressing each recommendation. You should then share it with the relevant SG's Accountable Officer and copy it to the SG's Portfolio, Program and Project Assurance Hub (PPPA). Thereafter, you are responsible for implementing the actions in response to the recommendations. If the review has identified serious deficiencies or difficulties (including probable failure to meet the planned budget) within the program the Accountable Officer should inform the relevant Minister/s.

Footnote from:

The carbon footprint of each container has a negative impact on environment: formula (Recycled into home recycle bin - nearest RPO) Current estimation is Total Metric Tons = 673.25 MT (2.4m households traveling on average 1 mile to recycle per week)