

Scottish Parliament Cross Party Group on Independent Convenience Stores

Minute of meeting held on 21st May 2019 in Committee Room 3

1. WELCOME AND INTRODUCTIONS

The Convenor (Gordon MacDonald MSP) welcomed attendees to the meeting including Roseanna Cunningham MSP (Cabinet Secretary for Environment, Climate Change and Land Reform), Richard Lyle MSP, Murdo Fraser MSP, Mark Ruskell MSP and Maurice Golden MSP who were also in attendance and then outlined the main items of business. Apologies were received from Jackie Baillie MSP and Gordon Lindhurst MSP.

2. APPROVAL OF PREVIOUS MINUTES AND ACTION POINTS

The Convenor asked for the approval of the previous minutes from the 19th February 2019 meeting. These were approved.

3. DEPOSIT RETURN SCHEME – SCOTTISH GOVERNMENT STATEMENT

Roseanna Cunningham MSP the Cabinet Secretary for the Environment stated that the materials which the Scottish Government would include in the deposit return scheme (DRS) were the right mix. She acknowledged that the government had thought long and hard over the inclusion of glass and any related costs but that by including glass it would have the positive benefit of increasing recycling rates. The Cabinet Secretary indicated that the government's decision to include glass now, had been taken at the right stage in the process. She added that other DRS schemes across Europe had successfully included glass and that Scotland could learn from them going forward.

The Cabinet Secretary explained that businesses acting as return points would be given flexibility over the size of RVM machine which they wanted or alternatively could opt for a manual take back system over the counter. It would be their choice. The Scottish Government would seek to explore options around the financing of RVMs and would potentially look at trialling different return systems. She indicated that having automatic exemptions for DRS would result in too many businesses being excluded. This would not allow the system to work successfully. She stated that there was need to develop further ideas around exemptions and made the point that you could not have communities exempted from being able to return items back to their local shop.

The Cabinet Secretary highlighted that she did not believe it was an option for Scotland to wait for others to develop their plans for DRS (i.e. the rest of the UK). She noted that maybe companies would want to lobby Westminster to get DRS in place and so would maybe look to Scotland as a blueprint. She stated that she would be open to collaboration in the future.

She stated that the contribution of industry in Scotland was key to all work that was underway for the example through the DRS Implementation Group. The Scottish Government had chosen an option which put the industry in the driving seat for running the DRS system. She acknowledged the work to date of the DRS Implementation Group. She stated that the legislative process – to put a DRS system in place – would be coming up next and that this process could last up to nine months. This would involve parliamentary scrutiny and debate. The Cabinet Secretary acknowledged that the implementation of DRS would be a challenge but hoped that it would be seen as a positive move.

4. TRIAL PROJECTS: DEPOSIT RETURN IN CONVENIENCE STORES

John Lee stated that SGF had concerns around DRS but wanted it to work for members and for Scotland. He indicated that SGF had been working with a number of convenience stores in conjunction with TOMRA and Envipco over the last 12 months. This had resulted in RVM trials being carried out and that a lot of learning had come out from this.

John Lee then introduced speakers to discuss the DRS trials and related matters.

The following presentations were delivered:

'Deposit Return: Metrics for Success' – Trauls Haug (TOMRA)

Trauls spoke to his presentation and congratulated Scotland on its proposed way forward for a DRS. He highlighted that in Scotland less than 65% of all packaging was collected in today's kerbside system; that only 20% of the collected material was recycled at the same level and that good designed DRS systems collect up to 98% of objects. Trauls stated that a consumer friendly DRS system was needed which enabled someone to buy a product and then to be able to take it back. He highlighted the importance of having a high engagement incentive (i.e. appropriate level of deposit return fee) which would help ensure the return of material to shops though he added that that if the fee was set at too high a level it could be seen as a tax. He explained that the DRS system that Scotland was suggesting was the most environmentally friendly DRS the world had ever seen.

Trauls outlined the challenge ahead and stated that if materials were not collected or the maximum amount of materials were not collected that this could result in cans, PET and glass being found on our beaches etc. He highlighted that none of these materials were above a 60% recycling rate. He explained that in other trials he had seen those participating liked to do their bit for society while also at the same time getting something back too. He commented that previously he had seen queues in front of RVMs with people waiting to return their materials. He stated that consumer engagement and education was vital for the success of DRS. This could involve explaining the importance of returning bottles and also educating both consumers and shop workers.

He mentioned that he wanted the Scottish Government to challenge the industry to take this forward and to deliver a future proofed DRS system. This would need to be cost efficient and easy to operate and highlighted that the more which was put in to RVMs, the less damage which would be done to our environment.

'The Retailer Experience' – Mike Gordon (SCOTMID)

Mike spoke to his presentation and indicated that he wanted to inform the CPG about the work had been doing on DRS. He explained that Scotmid had conducted an RVM trial at their store in South Queensferry and that this had commenced in late September 2018. He also highlighted that Scotmid was a community convenience retailer and supported communities in many ways such with local litter picks and working with schools. Mike informed the CPG that the convenience sector was a vital and important part of communities in Scotland in terms of for example providing jobs and also companionship for people. Scotmid had wished to take an outwardly supportive stance on the concept of DRS and wanted an end-to-end system recycling system, not a token one. He added that DRS needed to be easy to use and easily understood by customers.

He stated that Scotmid had been supportive of both the Scottish Grocers' Federation and TOMRA in terms of working with them in setting up the Scotmid RVM trial. The recycle and reward scheme involved a 10p deposit for all returned plastic and aluminium beverage containers with the choice of a money off voucher or option to donate to charity. The RVM machine was located at the store entrance and resulted in high levels of engagement from customers and Store Team. Mike reported that up 1,000 containers were returned in-store on a weekly basis with most of the rewards received by customers being taken to spend in-store. Deposit return money was also given to charity with some also being given to the Echline primary school and to Keep Scotland Beautiful. Scotmid's Scottish Senior Management were supportive of this approach.

Mike informed the CPG that communication to support growth in the levels of Customer engagement needed to be right. DRS also needed to be fair to all players in the retail market place and that there had to be an economic model that encouraged, not penalised the service providers. He also highlighted that the Handling Fee must compensate retailers for the costs to operate DRS such as space, equipment and staff. Scotmid wanted a successful scheme for all stakeholders and a reduction in littering giving cleaner and cared for local community areas.

'Deposit Return: Metrics for Success' – Erik Thorsen

Erik spoke to his presentation and thanked SGF for the RVM trials and indicated that they had reduced the amount of scepticism towards DRS. He said that it was important to have DRS technology which would be able to fit and adapt to smaller stores. Both Envipco and TOMRA had both responded to the Scottish Government's DRS consultation and they each shared the view that the more you put into RVMs the more you could contribute to recycling and the environment.

He stated that in partnership with the Scottish Grocers' Federation, retail chains Nisa, Premier and Keystore and recycling company Viridor, a three-month, three store trial was launched to understand the reality of the DRS system in Scotland and any potential impact on small-medium sized businesses. These machines accepted aluminium cans and PET bottles only (no glass or dairy items). The trial took place from 11th February 2019 and concluded on 14th May 2019. Erik stated that the volume of containers received during this trial was not high with 60,000 (approx.) containers being accepted across the three stores but that nevertheless it was a good result and met the expectations of the participating store owners.

Erik highlighted that in terms of customer satisfaction it was overwhelmingly positive (72% had a much better opinion of the stores with a machine) and in terms of participation the machine had been easy to operate and maintain (74% said it was extremely easy) and so showed that in terms of ease of use, that customers in Scotland could deal with RVMs. Also customers were motivated to obtain a deposit while at the same time also helping the environment. He mentioned that between 53% to 97% of customers had a better opinion of their store due to the machine. In addition between 35% to 54% of customers said they would shop more frequently at their store because of the machine and the vouchers.

The Retailer Experience

Abdul Majid – NISA Bellshill

Abdul stated that he had been happy for his store to take part in the RVM trial despite being a fierce critic of DRS. The machine was slim line and simple to use, usage was not an issue. He informed the CPG that customers had taken to using it however he still found that people were putting bottles in the bin outside his store. He explained that the RVM machine was situated near the store entrance and check-out area and highlighted that the machine was a bit noisy and that bottle lids could 'pop' and so take customers by surprise. Some customers however were passionate about using the machine.

He stated that while the RVM used in his store only accepted soft drinks containers (not alcohol), there was still a smell which would come from the machine. He highlighted that there were spillages due to some of the containers being returned having not been emptied by customers beforehand and so required the machine to be cleaned regularly. This is also required mopping up to be done by staff. Abdul explained that the bags with the material collected by the RVM needed to be stored once they were full and commented that Viridor had been very good at collecting them and indicated retailers using RVMs would need regular pick-ups. He highlighted that medium sized convenience stores would not have an issue in terms of storing collection bags until there were uplifted.

Abdul informed the CPG that in terms of his own calculations, it could take six or seven years to pay back the cost of an RVM based on his own RVM trial period. He commented that there would need to be 100% engagement from all stores if DRS was to work. He added that there would be winners and losers among his fellow retailers with DRS and that an RVM would need to make the retailer money and also enable them to cover the cost of the machine and its maintenance.

Overall, Abdul stated that he welcomed the project but indicated the finance package for it must meet the needs of retailers and emphasised that getting the package wrong could cause a lot of conflict.

Linda Williams – Booker Premier Edinburgh

Linda informed the CPG that the RVM had been fantastic in terms of size and being easy to use and would have no hesitation installing one on a permanent basis. She said that given the size of her store they needed an RVM as opposed to using a manual take back system. Customers had universally welcomed the RVM. She explained that the public would need to be properly educated about DRS such as for example about the product price and the deposit return being added to it when purchasing an item. She highlighted that the donation to charity option was popular with customers but that not all of them did it. The local school had been the main recipient of the money donated through the RVM trial. She indicated that they had sent a letter to the school and had alerted customers to the RVM trial through Facebook.

She explained that mess was an issue with the RVM and that a lot of cleaning was required. She also highlighted that storing compressed containers from the RVM took up a significant amount of room and that they had to rent a storage bin to help them store all the material collected. Linda commented that some kids had tried to access processed bottles and so emphasised that there needed to be secure storage. She mentioned that 10 containers a day per customer could be returned and that they had allowed one coupon per customer per day but that not all customers were happy with these arrangements. Linda informed the CPG that one customer had tried to bring recycled bottles from their place of work in order to try and put them through the RVM in their store.

Linda highlighted that she was concerned that children would buy more sweets using the deposit return from a DRS system and that this flew in the face of the Scottish Government anti-obesity policy and so this issued required to be looked at. She explained that in terms of footfall the RVM had brought new faces into the store but only to spend their deposit return voucher and observed that with their RVM now gone, so were these customers. Linda also stated that retailers would need help in terms of RVM costs and highlighted that retailers were not the polluters but were the route to market and were law abiding citizens. She concluded that retailers would require support from the Scottish Government and that they should also take the learnings from these RVM trials.

Asif Bashir – Keystore Edinburgh

Asif stated that his store was located on the Southside of Edinburgh and served a mix of both private and council houses. He explained that initially his RVM had only taken soft drinks but eventually it took everything and the numbers of containers received went through the roof. He indicated that he had used Facebook to alert customers to his RVM trial and had also received help from SGF in terms of media publicity. The RVM trial had been well received by the community and he highlighted that the local primary school had got involved in cleaning up the local area.

He informed the CPG that the deposit return per container for the RVM trial was set at 10 pence per item and that the charity which the customers could donate to was the local community centre. He explained that 24,000 containers had been returned to his store over the three month trial period with the majority of customers having wanted to use the deposit return use themselves. Asif stated that he had only allowed customers to spend their deposit return on non-age restricted products. He commented that kids would spend the money on sweets and that the cash back option was potentially open to abuse. Asif commented that residents had told him that housing areas no longer had a lot of plastic litter in the vicinity. He added that money had been donated to charity as a result of the RVM trial.

Asif explained that the Envipco RVM which had been used for the trial had been very easy to use. He pointed out however that it was important to stay on top of the cleaning as it had involved them in constantly mopping up but that it was customers who were making the mess. He added that space was the key and that small stores may struggle or find it hard to cope with DRS. Proactive retailers in his view would find it better to cope. He did not know how the potential inclusion of glass would work and raised the issue as to whether this would result in the retailer using a bigger RVM. Asif raised the issue about whether there would be a zero cost base around RVMs because as a retailer he had to make money and so the finance side of DRS must not be an additional burden on the retailer. In

conclusion he thought deposit return voucher should only be spent on certain products and that this should be controlled.

The Impact on Recycling

Paul Brown (Viridor Recycling and Waste Management)

Paul informed the CPG that Viridor were a leading recycling and waste management company in the UK and were pleased to have supported the RVM trials. He spoke to his paper and explained that Viridor's role had been to assess the RVM trials. In terms of the analysis results across the three stores he reported that for PET and Aluminium it was 58.35 and 37.05 respectively at NISA (Bellshill), 51.07 and 44.95 at Keystore (Edinburgh) and 48.81 and 47.33 at Booker Premier (Edinburgh).

Paul highlighted that the quality of aluminium was very good, contamination and non-steel target waste was less than 1% combined. He explained that steel cans were evident in the Edinburgh stores. He also indicated that stores in Edinburgh were collecting alcohol containers with Nisa Bellshill accepting water and soft drinks only. Paul indicated that the quality of the PET from the trials was very good with contamination and non-target waste less than 1% combined. Non-target material tended to be HDPE and Tetrapak. He also stated that labelling was a critical issue too.

He summarised that the quality of recycle was very good with very little contamination or non-target or non-target material. Contamination consisted of HDPE milk cartons. Compression within the RVMs maximised the capacity of the containers (plastic sacks). Paul stated that on the results of this initial analysis there would be no requirement for pre-sort prior to reprocessing. Collections were on a next day basis to the satisfaction of both parties. He informed the CPG that Viridor's assessment was restricted to the output quality of this trial only – it was not an assessment on the technology applied or the proposed Scottish Government DRS announced on 8th May 2019 (that includes bottled glass).

Paul stated that Viridor supported on-the-go DRS but did not see glass as a fit for this. Government policy would need to be put into practice for DRS however with a need for a critical look at the process. He commented that there was a need to make sure the investment already made in recycling was not lost.

5. QUESTIONS AND ANSWERS

The Convener then invited comments and questions.

Mo Razzaq raised the question about the implementation timescales for DRS.

Erik Thorsen stated that the proposed implementation time was feasible and that the operational entity – the systems operator – needed to be formed quickly otherwise there was the possibility that the implementation time would be at risk. He added that the handling fee needed to be tied to the specific environment in which DRS was operating and that further consideration was required with regard to what the correct level of compensation should be.

Trauls Haug agreed that the DRS model selected had to be based on the market place of the specific environment in which it was to be based and mentioned that not all stores should have an RVM. He stated that industry and retail needed to work together to get a balanced administration fee and told the CPG he was worried that a systems operator was not yet in place.

Erik Thorsen made the point that how a customer spent their deposit return was a matter for them to decide and that it could be provocative to restrict how the customer did so. He also said that some people would want to return bottles – even if they had not originally purchased them - as they needed the money whereas the original customer may not want to.

Scott Wood (Scottish Government) informed the CPG that he had spoken earlier in the day at the DRS Implementation Advisory Group (IAG) and that the Scottish Government agreed that a scheme administrator needed to be established via the work being carried by the DRS IAG.

Abdul Majid raised the point that if small stores were required to issue cash to the customer this could jeopardise the viability of these stores. He felt that consideration needed to be given as to where the deposit return voucher could be spent.

Scott Wood stated that the costs for the retailer should be offset by the handling fee.

Jim Fox informed the CPG that the timing of DRS was important and that the possible inclusion of glass was a matter of practicality and that the handling fee would be an important issue. He added that RVMs were a matter of efficiency. He stated that a point was being missed, this being that it was about selling product and indicated that a 20 pence deposit was a barrier to this. If product was not being sold, having an efficient RVM would not matter.

Scott Wood in response indicated that the 20 pence deposit return fee was informed through the Scottish Government consultation feedback. He stated that if a fee was set at 11 pence and above that you would then start to capture the material which was being targeted. The deposit return had to also reflect the cost of inflation and had to be set at an amount that was easily communicated to consumers. Scott added that the Scottish Parliament would want to see clarity on the fee and mentioned that the secondary legislation would be coming forward and would look at the deposit level and the material in scope to be discussed.

Dr Pete Cheema OBE thanked the speakers and those in attendance. He explained that DRS was a contentious issue and that the Scottish Government had indicated that DRS would be based on evidence based policy but that the plans being put forward flew in the face of this. He stated that glass should not be included and that there was a space issue around glass as well as health and safety considerations and implications for wholesale space. Pete highlighted that the recycling rate for glass was very low but that the retailer sector was still being told that it would be included. He stated that the inclusion of glass would present huge problems for everyone. He also mentioned that in terms of the handling fee that retailers would lose money. They would be required to handle between 200 to 300 containers a day while also having to deal with both electrical costs and the associated service costs of RVMs. He emphasised that both the inclusion of glass and the level of handling fee would be the key fights to focus on and could not be put in the corner.

Scott Wood referred to the CPG back to the statement made by the Cabinet Secretary for the Environment at the start of the meeting and added that DRS would lead to carbon reductions and would reduce littering. He added the Scottish Government wanted to work with industry so as to mitigate the impact on retailers and that they welcomed the dialogue at the DRS IAG meeting earlier in the day. He indicated that the parliamentary process was to follow and that retailers would be able to engage with this. Scott stated that the handling fee had also been discussed at the earlier DRS IAG meeting and that the handling fee would be set by the scheme administrator.

Dr Pete Cheema OBE informed the CPG that the Scottish Grocers' Federation would be part of the scheme administrator. He raised the issue that the Scottish Government was in his view failing to listen to the opinion of the single recycling and waste management company in Scotland and that didn't this tell you something?

Scott Wood stated that the Scottish Government wanted to have conversations with all retailers and stakeholders.

Dr Pete Cheema OBE added that the Scottish Grocers' Federation had put in a lot of work with regards the RVM trials both with TOMRA and Envipco.

The Convenor made the point that there may be an impact on free kerbside collections when DRS commenced.

Scott Wood highlighted that the consultation on reforming the UK packaging producer responsibility system had recently closed. He also mentioned that the Scottish Government would be looking to develop a model to help local authorities recognise that DRS was to be introduced.

Graham Watson in response stated the Dumfries and Galloway had the worst recycling record in Scotland and that business waste went straight into household waste. He raised the point that if all trade waste was going straight to landfill sites, was that considered recycling. He also added that waste was being sent for disposal to Halifax. Graham also made the point that if Viridor could not make it pay – to collect waste – they would not his view take it away. He informed the CPG his convenience store was 20 miles away from the nearest village.

Scott Wood stated that waste collection was a national service and so waste would be taken away.

The Convener thanked everyone for their contribution to the discussions.

6. ANY OTHER BUSINESS

John Lee informed the CPG that the Scottish Grocers' Federation vaping event would take place on 27th June 2019 at the Marriott Hotel in Glasgow.

7. DATE OF NEXT MEETING

John Lee stated that the next meeting would take place on the 17th September 2019.

Appendix A – Attendance List

MSPS	
Name	Company
Cunningham, Roseanna	
Fraser, Murdo	
Golden, Maurice	
Lyle, Richard	
MacDonald, Gordon	
Ruskell, Mark	

MEMBERS	
Name	Company
Ashiq, Ferhan	Shads Supermarket LLP
Ashton, Matt	Gorilla / O'Keefe's
Bashir, Asif	Keystore Edinburgh
Bashir, Sabaat	???
Begley, Antony	SLR
Boyd, Hazel	Heineken
Brown, Paul	Viridor
Buchanan, Jamie	CJ Laing
Cheema, Annand	Envipco
Cheema, Pete	Scottish Grocers' Federation
Clegg, Matt	Gorilla/ O'Keefe's
Doyle, Claire	Muller
Droogsma, Dagmar	Scotch Whisky Association
Fox, Jim	Coca Cola
Gordon, Mike	Scotmid
Haug, Truls	TOMRA
Jones, Alex R.	Scotch Whisky Association
Jones, Deborah	AG Barr
Lal, Hussan	NFRN
Lee, John Dr	Scottish Grocers' Federation
Lovie, Ian	Scotmid
Macleod, Willie	UK Hospitality
Majid, Abdul	Nisa Bellshill
Majid, Umar	Nisa Bellshill
McCluskey, Brian	National Hydration Council
McElroy, Tony	Tesco
McGarty, Luke	Scottish Grocers' Federation
Milne, Craig	Heineken
Miller, Zak	TOMRA
Morgenstern, Thomas	TOMRA
Neil, Kathryn	Healthy Living Programme
Plant, Kevin	Scotmid
Razzaq, Mo	Family Shopper
Roberts, Spencer	Envipco
Singh, Amanpreet	Premier Stores
Singh, Jaspreet	Premier Stores
Singh, Lakhvir	Premier Stores

Smith, Colin	Scottish Wholesalers Association
Smith, Ian	Diageo
Stewart, Barry	Envipco
Thorsen, Erik	Envipco
Watson, Graham	Watson's Grocers
White, Kevin	Scotmid
Williams, Dennis	Broadway Premier
Williams, Linda	Broadway Premier
NON MEMBERS	
<i>Name</i>	<i>Company</i>
Clark, Leslie	Halogen Communications
Farrell, Jim	Zero Waste Scotland
Lynas, Matthew	Scottish Grocer Magazine
Lal, Hussan	NFRN
Scott Wood	Scottish Government
Smith, Margaret	Caledonia Public Affairs
Stewart, Alistair	Orbit
Roper, Adrian	NFRN
Woodrow, David	NFRN