

Closed Loop Blueprint

A guide to Scotland's
Deposit Return Scheme for
Closed Loop Hospitality Providers



Returning for
SCOTLAND

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This document was last updated on 15 March 2023.
Updates will be made as more information becomes available.

1. Introduction

An overview of Scotland's Deposit Return Scheme

About the scheme

Scotland's Deposit Return Scheme goes live on 16th August 2023. The scheme is designed to encourage everyone in Scotland to return drinks containers, by charging people a small deposit (20p) for each bottle or can they purchase to take away.

Consumers get money back when they return the empty bottle or can to a collection point for recycling.

Circularity Scotland will organise the collection of returned PET plastic, aluminium and glass drinks containers, and reimburse deposits and operating costs across Scotland.

What this means for you

As a Closed Loop Hospitality Provider, where the drinks you sell are consumed on the premises, you don't charge the deposit to your customers. You will pay the deposit on drinks bought from your wholesalers or suppliers, and the deposit will be refunded after Circularity Scotland collects your containers. In this situation you do not need to operate as a Return Point for consumers returning containers bought elsewhere.

What items are included in the scheme?

All drinks that are sold in single-use containers made from PET plastic, glass or aluminium and sized between 50ml and 3 litres are included in Scotland's Deposit Return Scheme.

These are defined as 'Scheme Articles'. You may also see them being referred to as scheme containers or, once empty, scheme packaging.

If you sell Scheme Articles in Scotland, you will have legal responsibilities that you must comply with under the Deposit Return Scheme for Scotland Regulations 2020.

How can I check if a producer is registered for the scheme?

SEPA will publish and maintain a register of all producers who are registered to market and sell Scheme Articles in Scotland. The register will be available to check before the scheme goes live in August 2023.

You can use it to check that you are only selling drinks from producers who are registered to be part of Scotland's Deposit Return Scheme.

How will the scheme be regulated?

The Scottish Environment Protection Agency (SEPA) has published an extensive amount of information on their website to help producers and retailers understand their obligations. The overall regulatory approach is focused on enabling compliance with the law, with an emphasis on preventing non-compliance from occurring in the first place or from escalating significantly.

SEPA remains committed to providing advice and guidance as the preferred route of achieving compliance for businesses who are striving to meet their obligations. Visit sepa.org.uk/DRS to find out more.

Who benefits from DRS?

In a word, everyone. The Deposit Return Scheme aims to improve recycling rates, reduce litter and help to build a circular economy for Scotland. It means that all of us in Scotland will feel the benefit.

2. Closed Loop

A Closed Loop establishment is one where all containers are retained on site.

- ▶ If you only serve drinks in single use containers for consumption on your premises, you would operate a 'Closed Loop system'.
- ▶ A Closed Loop system involves you collecting all the containers used on the site, and reclaiming the 20p container deposit yourself through the scheme.
- ▶ Empty scheme containers will be collected by the Logistics Service Provider (LSP), where they will be counted and verified at the LSP's counting centres.
- ▶ All collections by the LSP are free of charge.
- ▶ All Closed Loop Hospitality Providers will receive a Return Handling Fee, as well as a return of the 20p deposit.
- ▶ All scheme containers will be collected by the LSP. These collections are included in the producer fee, at no cost to the Closed Loop business.

As a Closed Loop Hospitality Provider, you are still required to register with Circularity Scotland, stating that you will operate Closed Loop. You can register online at www.circularityscotland.com.

Please note: If you serve drinks for customers to take away and consume elsewhere, you will have to follow the same procedure as other retailers – i.e., charge the consumer 20p on all scheme containers, and operate as a Return Point (although you may be able to qualify for an exemption, managed by Zero Waste Scotland). If a Closed Loop operates any form of takeaway, it has to assume the responsibility of a Return Point. If it does not want to offer Return Point services, it must seek an exemption. We are working with Scottish Government on an automatic exemption process, with the option to opt in. For more information on exemptions visit zerowastescotland.org.uk

The Deposit Loop

The 20p deposit will remain in circulation throughout the sales cycle. Here's how it works:

- ▶ The producer or importer pays a 20p deposit for each drinks container they put into the Scottish market. This is paid to Circularity Scotland, as the scheme administrator, and informs how many containers they sell so that producer fees can be allocated accordingly.
- ▶ If the product is passing through a wholesaler, they will pay the producer or importer a 20p deposit which they will recoup when they sell on to the next business in the supply chain.
- ▶ As a Closed Loop Hospitality Provider, you don't charge the deposit to your customer, but you get the deposit back after Circularity Scotland collects your empty containers.
- ▶ You do not need to accept returns of scheme containers purchased elsewhere as you are not a Return Point.

Types of Closed Loop

Closed Loop – Manual

If you will be returning scheme glass to us intact in tote boxes (supplied) for Circularity Scotland to collect and count. This option is only suitable for return points with relatively low volumes of glass bottles.

Closed Loop – Bulk

If you will be returning scheme glass to us in bulk (bins supplied) for Circularity Scotland to collect and weigh. Selecting this option allows you to manage large volumes of glass bottles.

Bins and totes will be delivered from July 2023.

2. Closed Loop continued

Reimbursement

How will Circularity Scotland reimburse Closed Loop Operators?

- ▶ Deposit reimbursements will be made using direct credit electronic transfer.
- ▶ As well as returned deposits, Closed Loop operators receive a return handling fee of 0.13p per scheme container.
- ▶ For businesses that are part of groups or franchises, payment will be made as per how you registered e.g. Closed Loop Operator versus Closed Loop Site.
- ▶ Invoices are automatically generated by Circularity Scotland's core DRS system.
- ▶ The invoices raised are 'self-billing' and are based on the information provided by the counting Closed Loop operator.
 - **Closed Loop (Manual)** – self-billing based on scheme containers collected in bags or tote boxes and verified /counted by the LSP on behalf of Circularity Scotland.
 - **Closed Loop (Bulk Glass)** – self billing based on scheme container data provided by you on a periodic basis, and subject to verification of scheme containers collected in bins by the LSP on behalf of Circularity Scotland.

How do I provide data for Bulk Glass self-billing?

- ▶ There will be a dedicated mobile app available for you to provide consumption information by scanning glass container barcodes as they are placed in bins.
- ▶ Alternatively, you will be able to provide consumption OR purchase information using a web portal by entering EAN and quantity. The data specifications will be released shortly.
- ▶ We are also working on options for bulk cans for hospitality, events and venues required to sell cans.

Note on terms: By 'purchase' we mean from sources such as Delivery Note, Invoice, Financial system (e.g. purchase ledger), Inventory/Stock reconciliation system (e.g. purchases in). By 'consumption' we mean from sources such as EPOS, Inventory/Stock reconciliation (e.g. sales out).

What are the payment terms?

Closed Loop (PET/Metal/non-Bulk Glass)

Paid weekly, based on counted volumes in each week, on the Friday of the following week.

Closed Loop (Bulk Glass)

Paid on the amount stated to Circularity Scotland as amended for weights collection and verification process. Paid weekly, on the second subsequent Friday.

Circularity Scotland continue to optimise and build on our processes to be able to meet the needs of all businesses across Scotland. Areas where we will provide further detail in the coming weeks include bulk cans, collection frequency, events and bin delivery.

Closed Loop Collections

If your customers only consume the drinks you sell on site, and you collect all the containers, you can operate what's known as a closed loop system. This means you can choose not to charge customers a deposit, and recover the 20p you pay your wholesaler or producer by getting containers collected directly by the scheme administrator.



1

Scheme articles are retained at Closed Loop location



2 Empty any residue liquids, and place returned PET / Alu scheme articles into plastic sacks. **Do not crush PET**



2 Empty any residue liquids and place returned glass scheme articles into bins[†] or tote boxes* (bottles double stacked to maximise fill) depending on volume. **Do not break glass when using tote boxes / glass in bins naturally broken**



3 Once plastic sacks are full, close and seal with barcoded security tags (leave 30cm empty so that bag can be sealed)



3 Once tote is full, close lid and seal with a barcoded security tag and the other end with a blank tag. The maximum weight for a tote is 15kg. Close bin lid



4 Place sacks in secure designated uplift area. Ensure area is clear of obstacles, ready for uplift



4 Place totes / bins in secure designated uplift area. Ensure area is clear of obstacles, ready for uplift. Glass bins will be weighed by collection driver prior to tipping into vehicle.

*The use of bins or tote boxes for glass will be determined by information provided during registration process and predicted volume of returns. Container type may change once scheme is live. †Bin weights should be in line with manual handling guidelines.

3. Frequently Asked Questions

Q What is a Closed Loop Hospitality Provider?

A A Closed Loop Hospitality Provider is a premises like a pub where drinks are sold for consumption on the premises. In that case, the deposit does not need to be charged to the consumer and the empty containers are retained by the premises, ready for collection by the LSP.

Q Do I have to register with Circularity Scotland to act as a Closed Loop Hospitality Provider?

A Yes. For the scheme to work seamlessly, we will need to reimburse you from the scheme funds for the deposits you pay. We will also monitor the articles that are collected from your Return Point/premises.

Q How do I register?

A You will be able to register online at **circularityscotland.com**. You'll just need to tell us where you are, so we can arrange collections, and whether you are planning to operate a manual Return Point, RVM or closed loop. We'll also need to know your opening hours, any access restrictions and how you want to be paid.

Q What happens if the number of items I have returned differs from the count at the depot?

A If you have any queries about the collection and counting process, please contact Circularity Scotland who can deal with a dispute on your behalf.

Q An event means that I have had more returns than normal. How do I organise an extra collection?

A Please contact the Circularity Scotland Customer Support Team for extra collections.

4. Glossary

At a glance – some key terms and abbreviations, and what they mean

Automatic Return Point

A scheme item Return Point where the returns process is automated through an RVM. Consumer puts empty scheme item into machine, and gets the 20p deposit back. RVMs give out vouchers rather than cash

Closed Loop

A location where scheme items are retained on the premises for disposal. Items are sold to consumer without deposit

CSL

Circularity Scotland Limited. The scheme administrator for DRS in Scotland

Drinks Container

For the purposes of this document 'drinks container' is used to represent a Scheme Article and a Non-scheme Article and associated Scheme packaging

DRS

Deposit Return Scheme

EAN

European Article number (number part of the product barcode)

EPR

Extended Producer Responsibility

LSP

Logistics Service Provider

Manual Return Point

A scheme item Return Point where the consumer hands over empty containers at the counter and the RPO issues a cash refund. RPO stores the empty containers until they are collected

OEAN

Old European Article Numbers

PET

Polyethylene Terephthalate. The plastic that most drinks bottles are made from

PF

Producer Fee. The fee that a producer pays Circularity Scotland for each scheme article

introduced to the Scottish market, in addition to the 20p deposit

PTM/POM

Put To Market/Put On Market. The number of items made available for sale in a defined period

Return Point

A location where the operator has a responsibility to refund deposits or equivalent value and accept scheme items on behalf of Circularity Scotland

RHF

Return Handling Fee. The payment retailers receive towards costs of managing returned scheme packaging

RPO

Return Point Operator

RVM

Reverse Vending Machine

Scheme Article

A drink (regardless of whether sold alone or as a unit in a multipack) contained and sold in single use packaging that is made wholly or mainly from PET plastic, glass, steel or aluminium, sealed and containing at least 50ml and no more than 3 litres liquid

SEPA

Scottish Environment Protection Agency. The regulator of DRS in Scotland

SKU

Stock Keeping Unit

TA

Trade Association

VRP

Voluntary Return Point

WTN

Waste Transfer Note

ZWS

Zero Waste Scotland. A not-for-profit organisation promoting a circular economy in Scotland, who will handle RPO exemption and VPR

We're here to help

If you have any questions on anything contained in this guide, please contact Circularity Scotland:

Call **0141 401 0899**

Visit **[circularityscotland.com](https://www.circularityscotland.com)**



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