POLICY NOTE

THE DEPOSIT AND RETURN SCHEME FOR SCOTLAND (DESIGNATION OF SCHEME ADMINISTRATOR) AMENDMENT ORDER 2026

SSI 2026/XXX

The above instrument was made in exercise of the powers conferred by sections 85 and 96(2) of the Climate Change (Scotland) Act 2009. The instrument is subject to the affirmative procedure.

Summary Box

Purpose of the instrument is to amend the Deposit and Return Scheme for Scotland (Designation of Scheme Administrator) Order 2025, which designates "UK Deposit Management Organisation Limited" (now trading under the name of Exchange for Change) as the scheme administrator for the Deposit and Return Scheme in Scotland. The instrument is amended to enable the scheme administrator to make arrangements relating to interest on late payments on producer fees, should a producer fail to pay their producer fees as agreed with the scheme administrator. It also corrects a number of drafting errors in the Deposit and Return Scheme for Scotland (Designation of Scheme Administrator) Order 2025.

Policy Objectives

The main policy driver for Scotland's Deposit Return Scheme (DRS) is to promote and secure an increase in recycling of materials by applying a deposit to single-use drinks containers made of PET plastic and metal from 1 October 2027.

This forms part of the Scottish Government's response to the global climate emergency by ensuring the targeted materials are collected in larger quantities and separately to other materials, making them easier to recycle.

The Scottish Government initially announced the design of a DRS on 8 May 2019 and published draft Regulations on 10 September 2019. The DRS design and the draft Regulations were informed by extensive public consultation, international best practice and engagement with a broad range of stakeholders.[1]

The Deposit and Return Scheme for Scotland Regulations 2020 ("the 2020 Regulations") were approved by the Scottish Parliament in May 2020 and have subsequently been amended by the Deposit and Return Scheme for Scotland Amendment Regulations 2022, the Deposit and Return Scheme for Scotland Amendment Regulations 2023, the Deposit and Return Scheme for Scotland (Miscellaneous Amendment) Regulations 2023 and the Deposit and

1 https://www.gov.scot/policies/managing-waste/deposit-return-scheme/

Return Scheme for Scotland Amendment Regulations 2025. In addition, the scheme administrator is designated under the Deposit and Return Scheme for Scotland (Designation of Scheme Administrator) Order 2025 ("the Designation Order").

The Scottish Government, alongside the UK Government, DAERA, and the Welsh Government have a shared ambition to increase recycling rates of single-use plastic and metal drinks containers to at least 90%, to significantly cut littering, and to expand opportunities to collect and reprocess high quality materials.

This policy note relates to the Deposit and Return Scheme for Scotland (Designation of Scheme Administrator) Amendment Order 2026, referred to in this note as "this instrument". This instrument amends the Designation Order. The 2020 Regulations are being further amended by the Deposit and Return Scheme for Scotland Amendment Regulations 2026 ("the Amendment Regulations") which come into force on the same day as this instrument. Therefore the 2020 Regulations (as amended) and the 2025 Order (as amended by this instrument) both comprise the legislation which establishes the DRS in Scotland and should therefore be read together. The policy note for the Amendment Regulations explains in more detail the provisions contained within the Amendment Regulations.

This main amendment being made to this instrument is to provide the scheme administrator, Exchange for Change, with a power to charge interest on late payments on producer fees, should a producer fail to pay their producer fees as agreed with the scheme administrator.

Corrective Action

This instrument amends various provisions of the Deposit and Return Scheme for Scotland (Designation of Scheme Administrator) Order 2025 (SSI 2025/189) to correct minor drafting errors in it. This meets the undertaking given to the Delegated Powers and Law Reform Committee to take corrective action in relation to SSI 2025/189.

In particular this instrument corrects the errors as follows –

- article 3 inserts a definition of "producer" into article 2 of the Designation Order since it had been erroneously omitted;
- articles 5 and 6(a) correct references to "producer" or, as the case may be, "registered producer" in articles 24 and 25 of the Designation Order;
- article 7 amends article 29(1)(b) to insert the missing word "size" in relation to the criteria for granting an application for a return point exemption;
- articles 8(a) and 9 replace erroneous cross-references in articles 31(9)(b) and 34(10)(b) of the Designation Order;
- article 8(b) inserts the missing words "a right" into article 31(13)(c) of the Designation Order.

In addition, article 4 amends article 16 of the Designation Order to remove the words "under this Part" which could constrain payments that could be made to SEPA under the Designation Order.

UN Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024 Compatibility

The Scottish Ministers have made the following statement regarding children's rights.

"In accordance with section 23(2) of the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024 (the Act), the Scottish Ministers certify that, in their view, the Deposit and Return Scheme for Scotland (Designation of Scheme Administrator) Amendment Order 2026 is compatible with the UNCRC requirements as defined by section 1(2) of the Act."

EU Alignment Consideration

The relevant EU legislation that relates to Scotland's DRS includes Directive (EU) 2019/904 on the reduction of the impact of certain plastic products on the environment; Directive 94/62/EC on packaging and packaging waste (PPWD); and Regulation (EU) 2025/40 on packaging and packaging waste, amending Regulation (EU) 2019/1020 and Directive (EU) 2019/904, and repealing Directive 94/62/EC (PPWR).

PPWR came into force in August 2026 and establishes further requirements for extended producer responsibility, packaging waste prevention, such as the reduction of unnecessary packaging and the re-use or refill of packaging. It also introduces further collection, treatment and including recycling requirements for packaging waste. In particular, it obliges EU member states, by 1 January 2029, to ensure the separate collection of at least 90% per year by weight of the following packaging formats which are introduced on to its market for the first time in a given calendar year:

- single-use plastic beverage bottles with a capacity of up to 3 litres;
- single-use metal beverage containers with a capacity of up to 3 litres.

To achieve these targets, EU member states must ensure that deposit and return systems (DRS) are set up for the relevant packaging formats and that a deposit is charged at the point of sale, unless such collection requirements are already being met by other means.

The PPWR also stipulates minimum requirements that DRS systems must meet, including:

- ensuring equal access and fair conditions for all economic operators,
- establishing control procedures and reporting systems,
- fixing a minimum deposit amount to achieve the collection targets,
- obliging final distributors to accept the deposit bearing packaging,
- deposit bearing packaging is clearly labelled.

The 2020 Regulations (as amended) together with the Designation Order (as amended by this instrument) provide the necessary legislation to align with the requirement of the PPWR to increase recycling rates of single-use plastic and metal drinks containers to at least 90% and to establish a DRS to do so.

Consultation

An extensive public consultation was carried out in 2018 to inform the design of Scotland's DRS. The Scottish Government reviewed the implementation timetable in 2022 following an independent gateway review and engagement with industry stakeholders, resulting in a revised implementation date of 16 August 2023.

Stakeholder engagement has been part of scheme assurance processes since 2023, and has included producers, retailers, wholesalers, the scheme administrator, SEPA and hospitality sector representatives.

More recently stakeholder engagement has continued on a three-nation basis alongside the UK Government Department for Environment, Food and Rural Affairs (Defra), and the Department for Agriculture, Environment and Rural Affairs (DAERA) in Northern Ireland. Scottish Government officials have met regularly with representative organisations and individual businesses to address any issues identified as the scheme is implemented, including discussion of the amendments in this instrument.

This Order and the DRS Amendment Regulations have been made to provide sufficient time for businesses to prepare ahead of 1 October 2027.

Impact Assessments

A full suite of impact assessments were updated and published when amendments were made to the DRS Regulations in 2025, including a Business and Regulatory Impact Assessment (BRIA), Fairer Scotland Duty (FSD) assessment, Equality Impact Assessment (EQIA), and Island Communities Impact Assessment (ICIA). An addendum to the BRIA has been completed for this policy. A Child Rights and Wellbeing Impact Assessment (CRWIA) was also completed for this instrument.

It is recognised, taking into account experiences of existing deposit return schemes in other countries, that the scheme imposed by the 2020 Regulations and the Designation Order will have an impact upon industry and consumers. The DRS will be reviewed once it is fully operational and sufficient time has passed to allow data to be available to evaluate its impact on all sectors. Scottish Ministers must complete a review of the scheme by October 2032.

Financial Effects

An Addendum to the Final Business and Regulatory Impact Assessment (BRIA) has been completed for this policy and will be published alongside this instrument.

Scottish Government
Environment and Forestry Directorate

26 October 2026