

Scottish Parliament Cross Party Group on Independent Convenience Stores

Minute of meeting held on 28th November 2017 in Committee Room 1

1. WELCOME AND INTRODUCTIONS

(In the absence of the Convenor, Gordon MacDonald MSP, the meeting was chaired by Richard Lyle MSP.)

The chair welcomed attendees to the meeting and outlined the main items of business.

2. AGM – RE-ELECTION OF OFFICE BEARERS

The chair informed the CPG that the re-election of office bearers for the positions convenor, vice-convenor and secretary was required. The CPG agreed to appoint to Gordon Macdonald MSP once again as convenor and to select Anas Sarwar MSP as the vice convenor. Dr John Lee, Head of Policy and Public Affairs at the Scottish Grocers' Federation was re-elected as CPG secretary.

3. APPROVAL OF PREVIOUS MINUTES AND ACTION POINTS

The chair asked for the approval of the previous minutes from the 20th September 2017 meeting. These were approved.

4. PROTECTION OF RETAIL WORKERS

Daniel Johnson MSP informed the CPG that the publication of his consultation on his proposals for a Bill covering the protection of retail workers was imminent. The Bill would create three new statutory offences:

- a new statutory offence of assaulting a retail worker;
- a new statutory offence of assaulting a worker involved in the sale of age restricted goods and services;
- a new statutory offence lower than the threshold of assault covering workers involved in the sale of age-restricted goods and services. The intention being to cover behaviour that is considered abusive or intimidating such as; verbal gestures and behaviour, physical obstruction or impediment.

Daniel asked the CPG to keep an eye open for his consultation coming out and explained that once published the consultation period was last for 12 weeks.

The chair encouraged the CPG and everyone present to respond to Daniel's consultation once published and generally to encourage as many people as possible to participate.

5. DEPOSIT RETURN IN SCOTLAND

The chair then moved the discussion to the deposit return scheme (DRS) and invited Dr John Lee of Scottish Grocers' Federation to speak to his agenda item

The context and Challenges for Retailers (by Dr John Lee, SGF)

John Lee explained to the CPG that the Scottish Government was committed to delivering DRS with a view to boosting recycling and incentivising people to return items. Convenience stores (C-stores) operated in a hyper-competitive market and with C-stores operating their businesses essentially on a just-in-time basis to maximise their efficiency, DRS would impact on this in terms of storage space available to store owners. He stated that C-stores already provided a range of services to customers which in themselves could take up floor space.

John Lee indicated that DRS would present other challenges, namely, the cost of running and administering it and also challenges surrounding the use of reverse vending machine (RVM) technologies.

John Lee informed the CPG that DRS has been introduced in other countries and cited Denmark as an example. In Denmark, DRS had taken five years to set up and a further five years to implement fully. When the market crashed back in 2008 this adversely effected the operation of their DRS resulting in the Danish Government having to bail it out to maintain viability.

John Lee explained that 80% of transactions in C-stores were still conducted using cash. This raised issues around when a retailer could expect to get their money back on paying customers their deposit return fee and also how money would flow around the system. The modelling and design work associated with DRS would need to be carefully looked at.

John Lee highlighted that Zero Waste Scotland (ZWS) had published in June 2017 the evidence summary from its report on DRS covering the merits or otherwise of a deposit return system as part of Scotland's approach to recycling. He stated that he felt the overall levels of recycling in Scotland had been downplayed by ZWS.

The chair thanked John for his overview on DRS and then invited Andrew McCaffrey of Valpak to give his presentation.

Recycling Rates and DRS (by Andrew McCaffrey, Director of Consulting, Valpak)

Andrew McCaffrey explained to the CPG that Valpak was a provider of environmental compliance data. He then spoke to his presentation. The main points were:

- Environmental Product Information Centre database used by Valpak was designed for data collection, manipulation, storage and reporting with packaging, product and quantity data loaded into it.
- Valpak's largest dataset was grocery retail which covered 54% of the UK market.
- Recycling rate for consumer drinks bottles was at 74%.
- If DRS achieved a 90% return rate there would still be a gap in relation to the 2025 packaging target.
- Based on the Danish model the estimated collection and administration bill for DRS (Scotland) was £100m with material fees at £23m, unredeemed deposits 90% recycling rate at £30m and producer fees at £47m.

The chair thanked Andrew for his presentation and invited comments and questions.

John Mason MSP asked whether recycling rates were higher in more middle class areas and lower in poorer areas.

Andrew explained that Valpak did not have exact figures but that they had conducted a survey which indicated recycling rates tended to be higher in middle class areas and also those returning items for recycling tended to be 28 years old or above. This showed that there was a demographic challenge.

Another attendee asked how other countries compared with Denmark's DRS recycling rates.

Andrew said that Valpak had contacted those operating DRS in Sweden and found that there was a recycling rate of 74%. In Germany the recycling rate was 90% but they also had a problem with fraud in relation to DRS to the value of 100m euros. He also explained that Denmark was closest to Scotland in terms of population numbers. Denmark with a population of 5.6m used 1.1bn bottles per year compared with Scotland which used double this amount of bottles.

It was asked whether the figures being used in Andrew's presentation were UK or led Scottish figures.

Andrew explained that he had used both UK and Scottish statistics but that there was no significant difference between the two. In England however, kerbside capture stood at 70% with the figures standing at 90% in Scotland.

The question was put as to whether there were on-line and on-trade figures available for recycling.

Andrew advised that the figures in his presentation did include both on-line and on-trade data and that companies were required to register all sales (including those done on-line). He also pointed out that Valpak's largest data set was grocery retail which covered 54% of the UK market.

An attendee made the point that DRS did not cover the type of plastic bottles used in household bathrooms such as for example shampoo bottles.

Andrew commented that Unilever were currently looking at consumer behaviour in this area. He also explained that Unilever were currently in the testing phase of developing an App that would let customers know whether or not a product could be returned for recycling.

The chair asked whether the European Union (EU) were the ones asking for this DRS related work to be carried out.

Andrew stated that the EU were not in behind this. He added that Ireland and Spain had both been looking at DRS but as there was no market failure in terms of their recycling they were unlikely to participate.

The chair commented that whatever was being returned to shops by people – through DRS -would not, as a result, be available for collection by council services, so would leave councils collecting fresh air.

Andrew explained that kerbside collections would still be required as not everyone would use RVMs.

The question was raised as to whether DRS would be competing with councils for their money.

Andrew stated that out with DRS councils would be able to collect everything else.

The point was made by an attendee that manufacturers could not be expected to produce a second range of products specifically for the Scottish market just to suit a recycling system used by Scotland.

Andrew commented that from a labelling point of view, fraud was a very big issue so there would need to be a system across the board, preferably on a UK basis. This would require a sophisticated barcode/labelling system (e.g. chemical and high security labelling).

The chair stated that he recognised that the roll out of the plastic bag initiative had been a success but that he was not in favour of DRS.

Antony Begley asked whether an alternative option was to increase the efficiency of kerbside recycling instead.

Andrew commented that more money needed to be put into the system and stated that if there was no national recycling campaign, recycling levels would go down. There was a need for coming together to get such a national campaign underway and to increase recycling levels. He also felt that DRS was a 1980s/ 1990s solution to recycling.

John Lee asked what the potential costs would be for a DRS system in Scotland.

Andrew explained that the costs would not be dissimilar to the costs for Denmark (as per those set out in his presentation). He did not think that C-stores would have a cost to meet in relation to DRS albeit it would necessitate taking up storage space in store. He stated however if stores received non-DRS or fraudulent bottles this would present C-stores with a cost. Also there could be a potential cash flow issue between them paying out on DRS to customers and then the time lag to receive payment via the clearing house.

The point was made by an attendee that the litter levels in Europe were going up and that that the Swedish Government had allocated £2m to sort their own litter problem.

Andrew agreed and stated that these were his facts too.

Charles Morrish asked why milk bottles were not included in DRS.

Andrew said that this was down to hygiene issues.

Another attendee made the point that politicians wanted to be seen to be doing something. If DRS was not the solution what should politicians look to be using.

Andrew explained that DRS would only tackle a small part of the issue and the brand owners recognised that there was a lot more to do e.g. consumer campaigns, supporting kerbside collections.

The chair asked Andrew if he had already arranged to provide a similar presentation on these issues to the Scottish Government and if he would be prepared to do evidence sessions.

Andrew said that he would be more than happy to do so.

The chair then thanked Andrew McCaffrey for this presentation.

6. AOB

The chair set out an action point for the CPG going forward:

- CPG to write to the ZWS setting out the CPGs concerns with DRS and to seek a meeting with them so as to present the key statistics and concerns.

Pete Cheema added that the SGF had already been engaging with ZWS and had met with them last week. He did not think that ZWS realised how problematic DRS was going to be.

Pete Cheema also reported that the Cabinet Secretary, Roseanna Cunningham, had been invited by SGF to do a store visit to give her the opportunity to see the significant challenges that DRS would represent for SGF members.

7. DATE AND TOPIC OF NEXT MEETING

The date of the next meeting would be confirmed in due course. Provisionally it was likely there would be a meeting in January, May and November 2018.

Appendix A – Attendance List

MSPS	
Name	Company
Baillie, Jackie	
Burnett, Alexander	
Golden, Maurice	
Johnson, Daniel	
Lindhurst, Gordon	
Lyle, Richard	
Mason, John	
McKee, Ivan	

MEMBERS	
Name	Company
Ashiq, Ferhan	Shads Supermarket LLP
Begley, Antony	Scottish Local Retailer Magazine
Black, Keith	Maxxium UK Ltd
Cheema, Pete	SGF
Gordon, Mike	Scotmid
Hannah, Simon	J W Filshill
Harper, Jim	Scotmid
Lee, John	SGF
Levy, Colin	Certas Energy UK Ltd
Majid, Abdul	Nisa Bellshill
Margiotta, Franco	Margiotta Ltd
McLean, Colin	Scotmid
McGarty, Luke	SGF
Neil, Kathryn	SGF Healthy Living Programme
Williams, Dennis	Broadway Convenience Store
Woodrow, David	Woodrow Stores

NON MEMBERS	
Name	Company
Bain, Marshall	Scottish Licensed Trade Association
Canham, Anne-Marie	Underage Sales
Clarke, Lesley	Halogen Communications
Evans, Campbell	Packaging Recycling Group Scotland
Irwin-Rhodes, Paul	Greggs
Kyle, George	C&C Group
Maitland, Jim	NFRN
McCaffrey, Andrew	Valpak
Morrish, Charles	Muller Milk & Ingredients
Robertson, Derek	Keep Scotland Beautiful
Roper, Adrian	NFRN
Thomson, David	Food & Drink Federation Scotland
Wallace, Colin	Scottish Licensed Trade Association