



- The Scottish Government is introducing a DRS on 16 August 2023 but there **remains significant issues preventing small producers from meeting this deadline.**
- Thousands of Scottish small producers face an **unprecedented trading period with the combined energy price shock and cost of living crisis having a devastating impact.**
- **They lack the financial resources or capacity to meet the obligations** including producer fees, label changes and day one charges (to account for stock on the market) costing millions of pounds.
- **The Minister, SEPA and the Scottish Government recognise this** but have not yet addressed it.
- In the face of this small producers need an **18 month grace period to be included in the regulations.**

## Why change is needed

- In 2021 the Minister delayed DRS because of the Covid pandemic. Small producers have since faced the **Omicron variant, grave economic uncertainty and a substantial loss of consumer confidence.**
- **The official Gateway Review published in December 2022 ([link](#)) gave the project an amber/red warning** and said a “fully functioning and complaint DRS cannot be in operation” for August and that a “minimum viable product or phased/soft approach...seems the only possibility.” It recommended that it should “urgently re-evaluate the go-live schedule and the Scheme go-live scope.”
- The Review said that producers **needed 12-24 months to prepare from receiving “meaningful decisions”** yet these are still not known eight months before the scheme goes live. For example, there is no clarity on VAT costs and how the online takeback obligation will work.
- **The Action Plan Assurance published in December 2022 ([link](#)) gives an amber warning with “significant challenges and threats” remaining.** It warns “many small businesses are not prepared or even unaware of the requirements” and “Scotland cannot expect a fully mature scheme at launch”.

## Minister’s current position

- In the December update to the Scottish Parliament Committee ([link](#)) **the Minister acknowledged “the very significant pressures everyone is facing during the current cost of living crisis”.**
- The update said that there are **“concerns about having enough time to prepare”** and **“the risk of non-compliance with the DRS Regulations on Day 1.”**
- It stated that the regulator, SEPA, is **“working on a proactive and managed approach towards compliance”** but **without any clarity on what this could mean** or how the thousands of small producers would be helped.
- The Minister has **agreed that the regulations will need to be amended** to change the online takeback service but no timetable for this change has been provided.

## Evidence shows that small producers lack the financial resources, capacity and clarity to be ready in August. The Minister, SEPA and the Scottish Government recognise this but have not yet introduced ways to address it. They need:

1. **A grace period in the revised regulations:** allowing small producer products to be treated as non-scheme articles for 18 months from August 2023 and continued to be sold without DRS costs.
2. **No cliff edge:** after 18 months small producers can continue to sell products without having to pay costly day one charges.
3. **Fair payment terms:** Small producers should be allowed to pay the deposits and fees every 60 days instead of the end of the month to help with cash flows.
4. **Low volume exemption:** Allow a permanent exemption of 5,000 containers for small volumes of specialist products that would not be sold at all under DRS.