

The Deposit Return Scheme

Gateway Review: Assurance of Action Plan

Programme and Project Management Centre of Expertise
An authorised full-service OGC Gateway™ provider

Report Status:	Final 1.0
Date/s of Review	18 th – 20 th October 2022
Senior Responsible Owner (SRO):	Katriona Carmichael
Draft report issued to SRO	20 th October 2022
Final report issued to SRO and copied to PPM-CoE:	07 November 2022
Delivery Confidence Assessment (DCA):	AMBER
Accountable Officer:	Roy Brannen
Scottish Government's (SG) Portfolio Accountable Officer:	Roy Brannen
Investment Decision Maker:	

This report is an evidence-based snapshot of the project's status at the time of the review. It reflects the views of the independent review team, based on information evaluated over the review period, and is delivered to the SRO immediately at the conclusion of the review.

1.0 Conclusion

<u>Delivery Confidence Assessment:</u>	AMBER
<p>This Assurance of Action Plan finds that whilst still retaining significant challenges and threats, the DRS Programme has gained increased momentum and is in a much-improved position than at the last Gateway Review, carried out in May 2022.</p> <p>It is now recognised and accepted that a fully/wholly functioning scheme is not [redacted] required, for the 16 August 2023 target. Consequently, successful delivery of a sufficiently functioning scheme appears feasible for this date, with some degree of subsequent evolution. Accordingly, this Programme is now assessed with a delivery confidence of Amber, albeit whilst retaining significant challenges that need prompt resolution.</p> <p>Further, and ‘at-pace’, attention is required to resolve pressing issues and, most importantly, to sustain the improved momentum. These issues include, but are not limited to: VAT, on-line takeback, cut-over, the operational plan and retailer exemptions. In particular, greater clarity, agreement and, importantly, action, on exemptions is required to allay the concerns of small retailers and to enable conclusion of modelling of the national return-point network. This will enable Scheme costs to be determined with greater confidence [redacted]. Leadership and governance of the Programme is still evolving, and whilst improved, still requires further attention. Deriving from this, communications are improving and plans are in-place for more clear leadership from CSL (incumbent not yet in post). The central aim and purpose of DRS is to effect societal change, consequently, this Review still considers that the success of the collective communication and engagement activity is the central key to DRS being a successful programme; significant resource and effort invested here is unlikely to be wasted.</p>	

The Delivery Confidence Assessment RAG status should use the definitions below.

<u>RAG</u>	<u>Criteria Description</u>
Green	Successful delivery of the project to time, cost and quality appears highly likely and there are no major outstanding issues that at this stage appear to threaten delivery.
Amber/Green	Successful delivery appears probable. However, constant attention will be needed to ensure risks do not materialise into major issues threatening delivery.
Amber	Successful delivery appears feasible but significant issues already exist requiring management attention. These appear resolvable at this stage and, if addressed promptly, should not present a cost/schedule overrun.
Amber/Red	Successful delivery of the project is in doubt with major risks or issues apparent in a number of key areas. Urgent action is needed to ensure these are addressed and establish whether resolution is feasible.
Red	Successful delivery of the project appears to be unachievable. There are major issues which, at this stage, do not appear to be manageable or resolvable. The project may need re-base lining and/or overall viability re-assessed.

2.0 Purpose and conduct of the Assurance of Action Plan (AAP)

2.1 Purpose of the AAP

2.1.1. The primary purpose of an AAP Review is to provide assurance to the SRO that the action plan, produced to address the issues identified during an Independent Assurance Review, are being pursued effectively and will, if implemented, put the programme/project back on track.

2.1.2. The recommendations from the last Independent Assurance Review together with the subsequent Programme/Project Team action plan and responses are attached at Appendix A. These form the terms of reference for this review.

2.1.3. This report is an evidence-based snapshot of the Programme status at the time of the review. It reflects the views of the review team, based on information evaluated over a one/two-day period, and is delivered to the SRO immediately at the conclusion of the review.

2.2 Conduct of the AAP

This Review was carried out from 18th to 20th October 2022 by Microsoft Teams virtual meetings. The Review Team members and the people interviewed are listed in Appendix B.

3.0 Findings

3.1 Schedule and Scope (Gateway Review recommendation 3)

3.1.1 The previous Gateway Review had recommended that the SRO should urgently evaluate the Scheme ‘go-live’ scope and schedule. The Review considered that delivery of a full scope DRS by the 16 August 2023 target was not feasible. This AAP heard that Ministers remain strongly committed to an August 2023 go-live [redacted]. During this AAP most interviewees commented that CSL and industry partners were also committed to an Aug 2023 go-live, having sunk much effort and cost – it was thought not credible to further extend the go-live date. There was almost complete agreement amongst interviewees (one contrary opinion) that the go-live date should remain, albeit all felt that only a reduced scope go-live was achievable and should be targeted.

3.1.2 There was a surprisingly consistent vision amongst all interviewees as to what an August 2023 go-live would look like. The common vision presented would see: most large retailers and producers “largely” prepared; many, but certainly not all, medium producers and retailers prepared; many small businesses not prepared or even unaware of the requirement [redacted]; a nationally functioning collection system albeit with some geographic weaknesses, some black spots and collection schedule “teething problems;” a

Programme and Project Management Centre of Expertise
An authorised full-service OGC Gateway™ provider

broadly working, “early issue,” ICT system, again albeit with initial operating problems, and an “early standard” but functioning deposit (£’s) management system. This AAP did not see, or hear of, a written description of what go-live scope and functionality should be; whilst there appeared to be much agreement of vision, there is not yet an agreed vision. Whilst presenting some communications challenges an agreed vision of what a go-live functionality is urgently required to allay the many fears of the community and, importantly, to build unity and enable sensible planning. This agreement should recognise and present the areas where some implementation flexibility will be tolerated and allowed, with transparency on a phased/evolutionary approach. This will require an exceptionally effective communications operation – see paragraph 3.4.2.

3.1.3 There are undoubtedly many significant threats, risks and challenges which require resolution and/or may yet emerge and de-rail DRS roll-out. These issues are certainly made more complex and more profound by a less than full-scope go-live. These issues include, but are not limited to: agreeing and publishing a cut-over strategy/plan; achieving a final decision from HMRC on VAT application; confirming and publishing a workable on-line solution; publishing the Scheme operational plan and, most importantly, refining and putting into action the exemptions system. It was recognised that there are many issues of detail still to be resolved, some of which may not yet be known, however, the other issues mentioned include the cross subsidy of materials within the Scheme, trading standards, clarification of interpretation of ‘scheme article’ and ‘put to market’ by SEPA.

3.1.4 Much comment was made in the AAP interviews about collection points and retailer exemptions. There are mixed incentives for small retailers to participate as collection points, they would wish to provide customer service and benefit from DRS ‘footfall’ but have physical space, admin, resource, and capital investment limits to providing a collection function. Furthermore, operating costs for the DRS scheme are dominated by the collection logistics system and the principal variable for this is the number of collection points. There are therefore clear incentives to minimise and optimise the collection network, but this is at odds with the legislation which obligates all scheme article retailers to participate or seek an exemption. Currently, CSL and the logistics contractor (Biffa), with support of SG, are trying to rationalise the initial, high estimates of the number of collection points; these high estimates have influenced the critical producer fee and retail handling fee which are proving contentious with respective industry partners [redacted]. A number of concerns and differences of opinion with the exemption system were raised in interview, these are preventing a clear picture of the collection network to be formed. It was understood that Biffa have taken the initiative to produce a mapping tool to assist this process, however, some concern was raised with the commercial data that this requires. Those officials and agencies with responsibilities and interests in the exemption system are working positively and cooperatively with CSL to refine and implement the system; however, it is recommended that SG ‘up-the-pace’ with prompt attention, to reach unified agreement and deliver action to provide clarity and efficiency to the exemption system. This will provide comfort to small retailers and enable more effective modelling of costs and hence build support. It seems that a greater use of ‘proximity’

Programme and Project Management Centre of Expertise
An authorised full-service OGC Gateway™ provider

collection, shared collection and/or the involvement of local authorities could be useful to improve collection efficiency; these require further exploration.

3.1.5 It was notable to this AAP that, apart from a small comment from one party, the Orkney Return Initiative received no mention from interviewees. Whilst this initiative may provide valuable data and experience it may also be a distraction. [redacted]

3.1.6 This AAP, in common with recent Gateway Reviews, heard an overwhelmingly strong voice from all stakeholders that “we really want it to work” or “we want a world leading DRS,” but stakeholders then continued to say “but we need answers on the detail” or made similar statements. Answers to the major outstanding questions, and the many significant but less contentious operating details, are required urgently by stakeholders; all appeared to be on, or very close to, their implementation critical paths to allow functionality in August 2023. Indeed, there was clear evidence that individual partners are making their own decisions, based on assumptions [redacted].

3.2 Governance and Leadership (Gateway Review recommendation 2 & 5)

3.2.1 The previous Gateway Review had recommended actions to review and clarify the governance and leadership of the DRS in both the immediate and longer term. This AAP was delighted to observe that CSL was taking a much stronger and visible leadership role for DRS implementation. CSL now has sufficient initial funding, a fully functioning Board and a permanent, strong executive team with most posts filled or shortly to be so.

3.2.2 Amongst interviewees there was a broad view that there is an improving leadership situation, though there remained much consternation that decisions have not yet been taken [redacted] – this is a shared challenge between CSL, SG and other stakeholders, as not all issues are in the hands of one stakeholder. Government could help [redacted], with prompt decisions and clarification. Again, effective communication is also key.

3.2.3 Mixed views were presented as the roles and effectiveness of the System Wide Assurance Group (SWAG), Executive Oversight Group and other governance/leadership meetings. A lack of clarity of leadership and, particularly, governance roles remained, interviewees were uncertain as to roles and responsibilities [redacted].

Programme and Project Management Centre of Expertise
An authorised full-service OGC Gateway™ provider

3.2.4 Further, to the immediate governance needs, some interviewees expressed concern that appropriate “checks and balances” may not be in-place to govern the scheme administration in the longer term. [redacted] Previous Gateway Reviews have recognised the courage and innovation of government policy and strategy that aims to promote extended producer responsibility with a transfer of responsibility. [redacted]

3.3 Value Capture (Gateway Review recommendation 1)

3.3.1 Previous Gateway Reviews had recognised and praised the innovation that this policy initiative had sought in both societal change and in its implementation strategy of responsibility transfer to industry. Some of these aspects are reflected in paragraph 3.2.4 above. There were a number of examples revealed in this AAP where this innovative responsibility relationship could be seen to be working – faced with regulation but limited implementation guidance industry was finding and evolving practical solutions – activity that industry does well. [redacted]

3.3.2 In the opinion of this AAP, the courage and innovation of government should be celebrated and applauded and, most importantly deserves serious study and examination to inform future policy development, whilst also revealing the strengths and weaknesses of this implementation. Currently, limited action has been taken against recommendation 1 of the previous Review which sort to address this opportunity. The SRO may wish to consider external resource (i.e., University public policy unit) to fully study and report on the lessons from DRS.

3.4 Communications (Gateway Review recommendation 4)

3.4.1 Recommendation 5 of the previous Review sought to engender action to improve the coordination and leadership of Programme communications. The AAP heard that good progress was being made to managing communications, stakeholders appeared to be working very collaboratively and CSL had agreed to take a leadership role for communications. It is understood that CSL have recruited a [redacted] Director/Head of Communications who will join the Company in

Programme and Project Management Centre of Expertise
An authorised full-service OGC Gateway™ provider

January 2023. Fulfilment of this position should further improve communications management.

3.4.2 All stakeholders recognised that communications and engagement was very important. [redacted] It should also be remembered that the central aim of this Programme, and its derivative policy, is to effect societal change (over and above implementing an operational DRS system) and therefore efficacious communication and engagement is the pivotal tool to achieve success. Given this central aim, the challenges of a phased go-live, public interest and media attention, then the scale of the communications challenge should not be underestimated. This AAP is concerned that even with the anticipated improvements to communications leadership and coordination, insufficient resource and importance will be applied to communications.

4.0 Previous Gateway Review Recommendations

A summary of recommendations, progress and status from the previous Gateway Review can be found at **Annex A**.

5.0 Next Independent Assurance Review

It is strongly recommended that a full Gateway Review is carried out in February 2023, or close to that date. There remain many significant issues on which substantial development and progress will be required to enable the DRS system to go live in August 2023. In this AAP Review an opinion was frequently expressed that the go-live date of 16 August 2023 is now fixed and cannot be moved; this AAP agrees and concludes that the go-live date is immovable. Consequently, a Gateway Review should be scheduled 6 months in advance to enable sufficient scope and time for any recommendations to be implemented.

6.0 Distribution of the Gateway Review Report

6.1. The contents of this report are confidential to the SRO and their representative/s. It is for the SRO to consider when and to whom they wish to make the report (or part thereof) available, and whether they would wish to be consulted before recipients of the report share its contents (or part thereof) with others. The Review Team Members will not retain copies of the report nor discuss its content or conclusions with others.

Programme and Project Management Centre of Expertise
An authorised full-service OGC Gateway™ provider

6.2. A copy of the report is lodged with the PPM-CoE so that it can identify and share the generic lessons from Independent Assurance Reviews. The PPM-CoE will copy a summary of the report recommendations to the SG's Accountable Officer, and where appropriate, to the Organisation's Accountable Officer where the review has been conducted on behalf of one of the SG's Agencies, NDPBs or Health Sector organisations. The PPM-CoE will provide a copy of the report to Review Team Members involved in any subsequent review as part of the preparatory documentation needed for Planning Meetings. Any other request for copies of the Gateway Report will be directed to the SRO.

Programme and Project Management Centre of Expertise
An authorised full-service OGC Gateway™ provider

ANNEX A

Summary of recommendations and Update on Action Plan

The table below contains comment of action from the Project Team against each of the recommendations from the Gateway Review 0 carried out between the 10th-12th May 2022.

Ref. No.	Report section	Recommendation	Status	Aligned with SG PPM Principle	Aligned with profession	Action Plan*
1.	6.1	The SRO should ensure that sufficient mechanisms and resources are put in-place to capture the value of the Programme learning for the benefit of wider government.	E.	Knowledge & Data	Policy	<p>Establish a new dedicated DRS unit to lead on DRS oversight, assurance, continuing policy development (e.g., alignment with UK scheme) and evaluation.</p> <ul style="list-style-type: none"> • DRS established, with four full time staff in place, and additional project-based support. Unit will be in place until at least December 2023 to ensure that learning from the development, implementation, launch and early running of the scheme is captured. • Unit building strong relationships with other administrations to share learning from SG programme. • Discussion with SG analytical services underway on steps to capture value of the Programme learning.
2.	6.3	The SRO should urgently review the needs and structure for Programme governance and leadership, to ensure accountability lines and oversight roles	C.	Leadership	Project Delivery	<p>Review governance structures to ensure that they reflect responsibilities for scheme delivery.</p> <ul style="list-style-type: none"> • CSL seen as responsible for implementing DRS, with board now fully appointed and functional as primary governance and assurance body within scheme administrator. CSL sharing internal governance information (from board) with SG • Formalising structures to report readiness, information gaps and emerging risks within the 'system-wide assurance group.' Group providing good mechanism for sharing information and highlighting collective risks but could do more to provide assurance function. Working with CSL to align its Board's

Programme and Project Management Centre of Expertise
An authorised full-service OGC Gateway™ provider

		are clearly defined and understood.				assurance needs (though their business readiness workstream) with assurance needs of Scottish Government. <ul style="list-style-type: none"> At executive and ministerial level, we are reinforcing formal reporting mechanisms to complement regular meetings between officials, Ministers, CSL and SEPA. New governance structures established (e.g., policy board) where new requirements emerging, and work planned to clarify role of Executive Oversight Group.
3.	6.4	The SRO should urgently re-evaluate the 'go-live' schedule and the Scheme 'go-live scope' [redacted]	C.	Planning	Project Delivery	<p>Review go-live schedule, scope, cut-over (launch) approach, online takeback obligation, operational information, compliance approach, and early launch opportunities</p> <ul style="list-style-type: none"> Considered the potential risks and benefits of a further delay to the scheme. Ministers remain strongly committed to go live on the current schedule. [redacted]. Business models (including substantive bank funding and large commercial contracts) are now predicated on an August 2023 launch, and retailer and producer implementation is now underway. Expectations shared that Scotland cannot expect a fully mature scheme at launch. Continuing to assess ways to de-risk launch. [redacted] a 'cut-over' model [redacted] will allow the gradual flow-through of DRS articles from 16 August 2023. Resolved concerns relating to use of UK-wide barcodes. Measures should reduce operational challenges for producers and need for a sudden transition of stock at launch. Slower launch should also help manage logistical challenges due to lower volumes of DRS stock. Considering some limited change to [redacted] address concerns with online takeback obligation [redacted]. Preparing to publish updated return point exemptions guidance that would make it clearer, quicker and easier for eligible retailers to apply for an exemption, should they wish to do so. Anticipated reduction in number of return points would also reduce costs for CSL and producers. CSL progressing detailed planning with the operations provider to help de-risk launch, including making use of existing LA infrastructure, establishing shared return points, and supporting the exemptions process. SEPA has committed to take a supportive approach to compliance.

Programme and Project Management Centre of Expertise
An authorised full-service OGC Gateway™ provider

						<ul style="list-style-type: none"> Orkney Return Initiative on track to launch on 04 November. The project will provide a practical test of scheme logistics (especially on island communities) and help to de-risk elements of the scheme, as well as providing public signal that delivery is on track.
4.	6.5	The SRO should re-examine the roles and coordination of communications across the Programme and ensure a significant improvement in communications flows.	C.	Stakeholders	Communications	<p>Review the remit and leadership of the communications group to ensure that (1) responsibilities of the different organisations are clear, with a view to CSL taking lead responsibility (2) more is done to identify and target ‘hard to reach’ groups, (3) there is greater clarity in ‘essential information’ on the scheme to support business decision making, and (4) the group is better integrated into wider delivery plans (e.g., infrastructure roll-out.</p> <ul style="list-style-type: none"> CSL agreement to take lead on communications from 2023, with Director for Communications now recruited. Progress on business communications since the Gateway Review, including production and distribution of tailored communications tools for stakeholders, expansion and regular updates to SEPA’s FAQs. SEPA comms campaign launched August 2022, CSL comms campaign launched Sep 2022.
5.	6.6	[redacted]	C.	Risk	Project Delivery	<ul style="list-style-type: none"> [redacted]

Programme and Project Management Centre of Expertise
An authorised full-service OGC Gateway™ provider

ANNEX B

Review Team:

Review Team Leader:	[redacted]
---------------------	------------

List of Interviewees:

The following stakeholders were interviewed during the Review:

Name	Organisation/Role
Kevin Quinlan	Director Environment & Forestry, SG
Katrina Carmichael	Deputy Director, Circular Economy, SG
[redacted]	[redacted] SG
[redacted]	[redacted] CSL
[redacted]	[redacted] CSL
[redacted]	[redacted] ZWS
[redacted]	[redacted] SEPA
[redacted]	[redacted] Scottish Retail Consortium, (SRC)
[redacted]	[redacted] British Soft Drinks Association (BSDA)
[redacted]	[redacted] Society of Independent Brewers (SIBA)
[redacted]	[redacted] Scottish Grocers' Federation (SGF)
[redacted]	[redacted] Biffa
[redacted]	[redacted] Scottish Beer & Pub Association (SBPA)

Programme and Project Management Centre of Expertise
An authorised full-service OGC Gateway™ provider

ANNEX C

Scottish Government - Programme and Project Management Principles

1. Approach

- Our approach to managing programmes and projects is proportionate, effective and consistent with recognised good practice.

2. Business Case

- We secure a mandate for our work; identify, record and evaluate our objectives and options for meeting them; and ensure that we secure and maintain management commitment to our selected approach.

3. Roles and Responsibilities

- We assign clear roles and responsibilities to appropriately skilled and experienced people and ensure their levels of delegated authority are clearly defined.

4. Benefits

- We record the benefits we seek, draw up a plan to deliver them and evaluate our success.

5. Risk

- We identify, understand, record and manage risks that could affect the delivery of benefits.

6. Planning

- We develop a plan showing when our objectives will be met and the steps towards achieving them, including appropriate assurance and review activities, and re-plan as necessary.

7. Resource Management

- We identify the financial and other resources, inside and outside the organisation, required to meet our objectives.

8. Stakeholder Management

- We identify those affected by our work and engage them throughout the process from planning to delivery.

9. Transition

- We ensure that the transition to business as usual maximises benefits and that operational delivery is efficient and effective.

10. Lessons

- We record lessons from our programmes and projects and share them with others so they may learn from our experience.



© Crown copyright 2022

OGL

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3 or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at www.gov.scot

Any enquiries regarding this publication should be sent to us at

The Scottish Government
St Andrew's House
Edinburgh
EH1 3DG

ISBN: 978-1-80525-382-2 (web only)

Published by The Scottish Government, December 2022

Produced for The Scottish Government by APS Group Scotland, 21 Tennant Street, Edinburgh EH6 5NA
PPDAS1215122 (12/22)

W W W . g o v . s c o t