Independent Assurance

Programme: The Deposit Return Scheme (DRS)

Gateway Review (Strategic Assessment)

Scottish Government
Riaghaltas na h-Alba
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Independent Assurance

Programme: The Deposit Return Scheme (DRS)

**Gateway Review 0
(Strategic Assessment)**

Report Status:	Final 1.1
Date/s of Review	14/06/2021 to 16/06/2021
Senior Responsible Owner (SRO):	Aidan Grisewood
Draft report issued to SRO	16th June 2021
Final report issued to SRO and copied to PPM-CoE:	25 June 2021
Delivery Confidence Assessment (DCA):	RED
Accountable Officer:	Liz Ditchburn
Scottish Government's (SG) Portfolio Accountable Officer:	Liz Ditchburn
Investment Decision Maker:	

This report is an evidence-based snapshot of the Programme'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   Gateway Review Conclusion

Delivery Confidence Assessment:	RED
The Review Team conclude that the July 2022 'go-live' target for the DRS Programme is not achievable; consequently, a RED delivery confidence has been given. Urgent action is required to establish an Action Plan to address the recommendations in this report and most importantly to identify the components and schedule of a critical path to successful delivery; this would generate a prompt improvement in delivery confidence. The risk to delivery and reputation must be carefully considered alongside the consequences of decisions on schedules and delivery scope. In addition, the Review Team have made recommendations to adjust the Programme organisational structures, information and communications paths now that the Programme is in the implementation phase.	

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

RAG Criteria Description

Green

Successful delivery of the programme 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 of the programme to time, cost and quality appears highly likely and there are no major outstanding issues that at this stage appear to threaten 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 programme 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 programme appears to be unachievable. There are major issues which, at this stage, do not appear to be manageable or resolvable. The programme/project may need re-base lining and/or overall viability reassessed.

Summary of Report Recommendations

A summary of the report recommendations are as follows:-

Ref. No.	Report Section	Recommendation	Status (C.E.R.)	Aligns with SG PPM Principle No
1.	5.1.3	It is recommended that that the Programme Team take urgent action to draw this decision to a definitive conclusion and communicate this clarification to all stakeholders.	C	9
2.	5.1.4	It is recommended that the Programme Team take prompt action to develop and resolve the practical issues for delivering an effective deposit return solution for online sales and agree this at Programme Board (this will require the collaboration with CSL to develop potential solutions).	C	9
3.	5.2.5	It is recommended that the SRO brings together key stakeholders to analyse and agree a critical path (and keep this updated) for delivering a viable product by the agreed start date.	C	6
4.	5.2.6	It is recommended that the Programme Team explore and document the options for the most suitable delivery approach and agree this at Programme Board.	E	6
5.	5.2.7	It is recommended that in collaboration with SEPA, the Programme Team examine registration system options and present these to the Programme Board for a decision on the preferred option, at the earliest opportunity.	C	6
6.	5.3.2	It is recommended that the SRO review the governance structure for DRS preparation and implementation to ensure appropriate representation, input, assurance and oversight for all stakeholders.	C	3
7.	5.3.3	It is recommended that the Programme Board establish a cross-party forum that enables stakeholders to share best practice relevant to DRS and support the adoption of a unified approach.	C	8

8.	5.3.3	It is recommended that the Programme Board cooperate with CSL to create a CSL centric stakeholder communications strategy to inform key operational groups on progress made.	E	8
9.	5.3.4	It is recommended that the SRO establish an assurance regime for both pre and post 'go-live' environments, that align with key milestones and provide an appropriate level of detail for assurance.	C	5

Each recommendation has been given Critical, Essential or Recommended status. The definition of each status is as follows:

Critical (Do Now) – To increase the likelihood of a successful outcome it is of the greatest importance that the programme should take action immediately.

Essential (Do By) – To increase the likelihood of a successful outcome the programme should take action in the near future.

Recommended – The programme should benefit from the uptake of this recommendation.

Each recommendation has been aligned with one of the SG's PPM Principles. **Annex A** lists the principles.

ACTION PLAN - You must within three weeks of the final report provide your intended actions for addressing each recommendation. You should then share it with the relevant SG`s Accountable Officer and copy it to the SG`s Programme and Project Management Centre of Expertise (PPM-CoE). Thereafter, you are responsible for implementing the actions in response to the recommendations. If the review has identified serious deficiencies or difficulties (including probable failure to meet the planned budget) within the project the Accountable Officer should inform the relevant Minister/s.

2.0   Purpose of the Gateway Review

Annex B gives the full purposes statement for a standard Gateway Review 0. Further to the standard purpose, this Review will pay particular attention to the delivery schedule for the DRS, especially in-light of the impact of COVID-19. It will give an opinion on the likelihood of existing key milestones being met and a deliverable timetable for the Scheme.

3.0   Acknowledgement

The Review Team would like to thank the SRO, the DRS Programme Team and all interviewees for their support and openness, which contributed to the Review Team's understanding of the Programme and the outcome of this Review. **Annex C** lists the people who were interviewed during the review.

4.0   Background

4.1   Aims of the Programme:

4.1.1. The DRS Programme's aim is to design and implement a DRS for Scotland as part of a wider Extended Producer Responsibility landscape. This followed SG's commitment to introduce such a scheme in the 17-18 Programme for Government "A Nation with Ambition". The Scheme has been tailored to meet Scotland's particular needs, and with the specific outcomes of increasing recycling rates and recyclate quality, achieving behaviour change such as reducing littering, and maximising the economic and social benefits from introducing the Scheme.

4.2   Driving force for the Programme:

4.2.1 The Scheme is underpinned by a number of SG strategies and legislation including National Outcomes 12 and 14, the Climate Change (Scotland) Act 2009, and the Climate Change Plan, Third RPP; the Scheme is also aligned with UN Sustainable Development Goals. When operational, the Scheme will collect "single use" drinks containers and not "refillable" containers.

4.3   Procurement/delivery status:

4.3.1 The Programme to design and implement a DRS for Scotland commenced in September 2017. Following extensive public consultation and industry engagement through an Implementation Advisory Group, a scheme design and Full Business Case, Phase 1, were developed, receiving Cabinet approval prior to public announcement on 08 May 2019. Legislation to establish the Scheme was laid down in The Deposit and Return Scheme for Scotland Regulations 2020 (the Regulations) which was passed by Parliament on 13 May 2020. DRS is an example of extended producer responsibility, and the Regulations therefore place obligations on drinks producers for the management and collection of containers covered by the scheme, which includes meeting a collection target of 90% of containers by year 3. The Regulations allow producers to establish a scheme administrator to meet the obligations on their behalf. In March 2021 an application was received from Circularity Scotland Limited (CSL) to be approved as the centrally important Scheme Administrator (SA). Following a managed assessment process, CSL's application received formal ministerial approval on the 24th March 2021. Currently, the Regulations require DRS 'producers' to be registered with SEPA by 01 March 2022 and that DRS should be fully operating (go-live) by 01 July 2022.

4.4   Current position regarding previous assurance reviews:

4.4.1 Gateway Reviews were previously carried out on the 25th - 27th March 2019, and the 19-21 November 2019.

5.0   Review Team findings and recommendations

5.1.   Policy and business context

5.1.1 The Review Team found that the DRS Programme is solidly founded in SG policy and underpinned by legislation in the Deposit and Return Scheme for Scotland Regulations 2020. Further, the Programme is an early component within a roadmap of other Extended Producer Responsibility policy initiatives aimed to meet the aspirations of Scottish and wider society for major environmental change. It was noted by some interviewees that there has been recent progress in the development of an England-Wales-Northern Ireland deposit return scheme; interviewees, and the Review Team, believe that prolonged delays to the implementation of a Scottish DRS significantly weaken the justification of a Scotland only system. There was recognition that a Scottish DRS has values of leadership, demonstration and 'proofing' that could shape and benefit an 'other UK' system(s).

5.1.2 The Review Team (and interviewees) recognised that this Scheme is very ambitious, and its aspirations are world leading. The Review Team was pleased to find strong commitment from all interviewees, reflecting robust support from all stakeholders to deliver a society changing Scheme, it was seen as "the right thing to do".

5.1.3 Interviewees were eager to raise a number of policy issues that, they believed, need urgent attention. The Review Team also believe that policy and regulations adjustments are most likely to be required as previous assumptions are tested and refined as this major change programme moves through implementation. Foremost amongst interviewee concerns was a decision by HMRC to include VAT on deposits, this was described by some as "fundamentally changing business models". It was understood that HMRC's interpretation has been shared with CSL, though some interviewees stated that their counsel had advised that this decision could be challenged. The VAT position is not a devolved issue and it is believed that Scottish ministers have previously sought clarification. To enable all parties to 'move-on', and develop business models with, or without, VAT inclusion, it is recommended that the Programme Team take urgent action to draw this decision to a definitive conclusion and communicate this to all stakeholders.

> **Recommendation:**
>
> **Recommendation 1.   It is recommended that that the Programme Team take urgent action to draw the HMRC VAT decision to a definitive conclusion and communicate this clarification to all stakeholders. Critical**

5.1.4 A further concern raised by interviewees was the inclusion in the Scheme of on-line sales; it was understood that it is less commonplace for other schemes in the world to include e-commerce sales. Interviewees were eager for detail of how this could be achieved and noted a number of policy decisions required on operational issues such as carriage of waste in food delivery vehicles. On-line sales have

significant impact on the DRS operational model and have significant potential to raise reputational issues, particularly from customers in remote areas of Scotland. Resolution of some of the practical issues for achieving an effective deposit return scheme for on-line sales is urgently required to demonstrate that this is achievable; it is recommended that prompt action is taken to resolve these concerns, and ease the development of operational models; the collaboration with CSL to explore and develop potential solutions will be imperative.

Recommendation:

Recommendation 2.   It is recommended that the Programme Team take prompt action to develop and resolve the practical issues for delivering an effective deposit return solution for on-line sales and agree this at Programme Board (this will require the collaboration with CSL to develop potential solutions). Critical

5.2   Schedule and Delivery Plan (Review of current outcomes)

5.2.1 The Review Team noted that having delivered the DRS Regulations and now that a SA has been approved, the Programme enters its implementation phase. This should require an appropriate adjustment to the Programme approach, and it was noted that key decision makers from SRO through to ministers have recently changed; this is a useful opportunity to aid this approach change.

5.2.2 All parties were clear that delivery schedule is the major and significant issue in the Programme. Indeed, this Review has been specifically tasked with paying particular attention to the delivery schedule especially in-light of the impact of COVID-19.

Following interviews and consideration of Programme documents, the Review Team conclude, with full confidence, that the July 2022 'go-live' target for the Programme is not achievable.

5.2.3 The Review Team found clear evidence that Covid-19 has had an impact on delivery schedules; EU transition activities have also had an impact. However, the Review Team were assured that schedule delays could not be wholly attributed to these challenges (3-6 months delay seems attributable); the Review Team are confident that schedules are unlikely to have been met had Covid not arisen. Importantly, interviewees gave a number of examples where Covid and EU exit are likely to have a continued impact, particularly in the responsiveness to change amongst supply chains, their ability to deliver new products (RVM's and labelling) and the ability of areas such as retail to prepare for the change with new facilities. This should be taken into account in future planning.

5.2.4 The Review Team sought to ascertain the critical path for delivery of a 'golive' Scheme. Many interviewees, and Programme documents, identified the SA (CSL) being able to 'make meaningful decisions' as a critical milestone. In documents, and reinforced by interview discussions, the Review Team did not find a

critical path as mature and defined as they would expect for a Programme, let alone one of this significance and schedule pressure; detail on areas such as development of an ICT system was not yet available. The Review Team agree that central to such decisions is the formation of CSL and its ability to make decisions. From interviews, the Review Team were clear that to achieve this CSL must first secure a fully functioning Board and financial support (estimate 2-6 months), must then secure a programme development team (3-6 months) and only then will be in a position to develop and agree an operational blueprint (3-6 months), which all stakeholders require to develop and roll-out their own operational systems, facilities and resources. Some CSL activities can be carried out in parallel, but this will incur significant risk and resource. Key delivery stakeholders interviewed, such as retailers, gave a preparedness estimate of 12-24 months for their individual operations. The Review Team understood that in most cases retailers had been preparing for DRS but were limited in further action until the detail of an operational blueprint has been received from CSL.

5.2.5 The Review Team conclude that a 'go-live' likelihood of July-September 2023 is possible but carries significant risk to achievement, which may materialise in further delay or a reduction in Scheme scope robustness and effectiveness. Beyond risks, the consequences of delay and/or Scheme scope change and the possible reputational issues should be understood by all parties before decisions on a revised schedule are made. It is recommended that key parties are brought together to develop and agree a robust critical path to identify possible 'go-live' targets and associated risks.

> **Recommendation 3.   It is recommended that the SRO brings together key stakeholders to analyse and agree a critical path (and keep this updated) for delivering a viable product by the agreed start date. Critical**

5.2.6 Interviewees consistently talked of a full system (big-bang) delivery approach. The Review Team did not see any evidence of consideration of alternative delivery options, although such consideration may exist. This is a major change programme that cuts-across many areas of Scottish society. Conventional project management wisdom would suggest consideration of a 'soft-launch' approach for such a significant project with major implications and risks across a complex range of stakeholders. It is recognised that the technical and operational complexities of a DRS make consideration of a soft-launch difficult to design, however, the Review Team believe that soft-launch options should be fully explored and recommend that such a consideration is fully documented to justify the agreed delivery approach.

> **Recommendation 4.   It is recommended that the Programme Team explore and document the options for the most suitable delivery approach and agree this at Programme Board. Essential**

5.2.7 An important component of delivering a working DRS for Scotland, is the establishment of an effective regulator in SEPA. The Review Team explored the preparedness of SEPA. Whilst SEPA are limited in their preparations by the availability of an operational blueprint, the Review Team were given confidence that

SEPA is well prepared and organised to meet delivery schedules. An important early functionality for the Scheme, to be provided by SEPA, is a producer registration system. Legislation requires producers to register between January and March 2022. It is certain that producers will not have the operational details that registration currently requires, within this required schedule. SEPA are working towards a minimum viable product (MVP) registration option that would initially only require producer company details. Some interviewees were concerned that this may cause confusion and registration inconsistencies later-on. However, other interviewees believed that an MVP approach would provide valuable data for operational development and would offer some momentum to the Scheme. An MVP approach may require adjustment to legislation. Given that a full registration system is not feasible, then further exploration of the requirements and relative merits of delayed and/or phased approach to registration is necessary. It is recommended that in collaboration with SEPA, the Programme Team examine registration system options and present these to the Programme Board for a decision on the preferred option, at the earliest opportunity.

> **Recommendation 5.   It is recommended that in collaboration with SEPA, the Programme Team examine registration system options and present these to the Programme Board for a decision on the preferred option, at the earliest opportunity. Critical**

5.2.8 Many interviewees, and the Review Team, recognised that through the continuing progress of the Programme, previous assumptions can now be refined and that previously unknown details are progressively being better understood. Any revision of the Programme schedule presents an opportunity to capitalise on this developing knowledge, this includes refinement of operational details and the revision of organisational structures to maximise the partnership approach of the wide range of stakeholders and to provide a more effective DRS.

5.3   Roles, Responsibilities and Management of intended outcomes

5.3.1 The Programme Team has made significant progress in spite of other priorities (e.g. Covid) impacting the progress of DRS. The Programme has benefitted from capable and experienced team members. Recent changes in the sponsor organisation has resulted in new leadership for the Programme, this comes at a key inflection point in the Programme and offers the opportunity to reappraise the requirements for oversight, governance, co-ordination, decision making, communication and assurance in the Programme.

5.3.2 **Strategic Oversight and Decision Making.** The current governance and leadership structure has been appropriate for the past phases of the Programme. However, the Review Team heard from all interviewees that this Programme carries a major reputational risk for all key stakeholders, is highly complex, requires massive logistical solutions for it to succeed and requires the collaboration of a number of key producers, with existing and mature systems already serving their businesses. This highly dynamic and commercial environment demands a sensitive and collaborative approach. It is recommended that the organisational and governance structure of

the Programme is reviewed to best reflect the needs of the implementation phase of the Programme. This will enable all key stakeholders to share best practice, coordinate plans to ensure a critical path is identified and managed, and provide the Scottish Government with assurance that the chosen path to achieving its circularity vision is achievable.

> **Recommendation 6.   It is recommended that the SRO review the governance structure for DRS preparation and implementation to ensure appropriate representation, input, assurance and oversight for all stakeholders. Critical**

5.3.3 **Communication.** Interviewees were well informed about the vision and general direction of the DRS Programme; a significant proportion were also well informed about deposit schemes in other nations, and/or because their companies use DRS in other countries. At an operational level it was apparent from many interviews that useful information was lacking to assist individual operators, whether producers, suppliers or potential transporters. Some interviewees showed the Review Team individual plans that they had drawn up, even at the level of detail of critical path; sharing of this information would be useful. It appeared that the previously valuable Implementation Advisory Group had stopped meeting, as a result of Covid, and a number of interviewees sought a new forum where they could share information. The Review Team did not see information that provides assurance that all parties in key sectors (e.g. individual small producers or retailers) are receiving information about DRS. The Review Team also recognises that this Programme will impact many other sectors of society such as Local Authorities and community groups – communication with these groups was not obvious. It is apparent from listening to the wide range of stakeholders that a more specific stakeholder communications strategy is needed to meet the needs of all those affected. Further, communication targeted on specific groups would be invaluable in engaging with and involving those able to take the initiative forward. All communications need to be coordinated between the responsible stakeholders to offer consistent messages.

> **Recommendation 7.   It is recommended that the Programme Board establish a cross-party forum that enables stakeholders to share best practice relevant to DRS and support the adoption of a unified approach. Critical**

> **Recommendation 8.   It is recommended that the Programme Board cooperate with CSL to create a CSL centric stakeholder communications strategy to inform key operational groups on progress made. Essential**

5.3.4 **External impartial assurance.** Whilst those interviewed were able to name some key milestones on the path to delivering DRS in Scotland, an agreed coherent and shared sequence or timeframe was not apparent. Whilst the Review Team had high confidence in the SG Programme Team, the Review Team identified that they had limited experience in some key areas such commercial, finance arrangements and the challenges of establishing a new business; this limited awareness is a major source of weakness in the previous schedule assumptions. The Programme now

has limited opportunities to get this right, there will be no time for re-engineering or reworking stages if they are inadequate. Objective assurance is needed before progressing to the next stage, this includes key areas in which officials are not well positioned to offer insight. It is recommended that the Programme establish assurance regimes appropriate for both the pre and post 'go-live' environments and that these are aligned with key milestones and provide an appropriate level of detail for assurance. This will provide the appropriate security to keep Ministers informed of progress.

> **Recommendation 9.   It is recommended that the SRO establish an assurance regime for both pre and post 'go-live' environments, that align with key milestones and provide an appropriate level of detail for assurance. Critical**

5.4   Readiness for next phase

5.4.1 As described earlier, the Programme is entering a critical phase in its development. The selection of CSL as the SA enables the formative work to begin. CSL has a newly appointed Chair and CEO who must now develop a detailed business case and secure sufficient funds ([redacted]) to establish the Company and an operational capability. The Review Team received a good level of assurance that an answer for provision of this finance is in development and can be achieved within a reasonable timeframe, although this could still be 2-6 months.

5.4.2 The Review Team understands that CSL represents organisations responsible for 85-90% of the Scheme articles placed on the market in Scotland, including the large producers, retailers, retail and wholesale associations. Interviewees were positive that CSL had been formed with wide sector support and engagement. However, interviewees also recognised the diverse range of business models and operations that need to be represented, even within single sectors; some interviewees felt that that they are not being sufficiently heard – this presents a reputational risk of which SG should maintain awareness. SG may wish to, as far as it is able, encourage CSL to establish specialist groups working on key operational sectors that collectively create a total operational plan.

5.4.3 The Review Team understand that the UK government is minded to establish an England-Wales-Northern Ireland DRS. It is understood that Scotland is keeping DEFRA and the other administrations informed as its DRS operational detail is developed. It seems valuable that this happens, and that feedback is obtained; this will go some way to 'future proofing' the outputs of Scotland's DRS. A particular area of concern raised was labelling with particular respect to preventing fraud, but also with regard to establishing a UK wide DRS standardised labelling system in the future. DRS standards adopted by Scotland have a number of other ramifications. For example, it is understood that smaller producers could be impacted by low volume issues of labelling. Products that are currently supplied to the UK and Scotland alike (in limited volumes) could be withdrawn from Scotland's shelves as it may be uneconomic to produce Scotland specific labels. This presents significant

reputational risks from Scottish consumers of which SG should maintain awareness and management. However, it is understood that CSL's proposed approach does not involve mandating a separate label for Scotland.

5.4.4 The Review Team are aware that the rescheduling of DRS will be of critical concern to many stakeholders. We recommend that priority is given to preparing stakeholders for this change. Accordingly, from our experience of stakeholder management we would suggest:

1. First produce an Action Plan that addresses the recommendations in this report.
2. Produce a 'consequences document' that describes the reputational risk of continuing with the current schedule v's rescheduling.
3. Convene a special meeting of the Programme Board to explain this Report and the actions needed as stated in the Action Plan.
4. Record feedback from that meeting and make any amendments to the plan, should that be necessary.
5. Communicate that to Ministers in the appropriate way.
6. Then, manage wider communication to all stakeholders.

As discussed earlier, none of the stakeholders are in a position to give impartial full oversight assurance to the overall Programme, therefore the dynamics and criticality of the Programme demand a tight external assurance regime.

6.0   Previous Gateway Review Recommendations

6.1.1 A summary of recommendations, progress and status from the previous Gateway Review can be found at **Annex D**. The Progress/Status comments were compiled with the assistance of the Programme Team. Of the 9 previous recommendations, 2 remain open.

6.1.2 The previous Review recommendation 4, recommended that the Programme establish success criteria for DRS go-live. **The Review Team consider that this recommendation remains open and that its value and intent remain valid. At the earliest opportunity, the Programme Team should continue to pursue definition of go-live critical success criteria with the SA.**

6.1.3 The previous Review recommendation 8 recommended that the Programme Team should revisit the current Benefits Realisation Plan and re-assess their deliverability through the proposed SA arrangements. The Programme Board approved a benefits realisation strategy and associated plan at its Feb 20 meeting. **Now that an SA is in place further work is required, collaborating with the SA, to baseline and track Programme benefits.**

7.0 Next Independent Assurance Review

7.1.1 It is recommended that the DRS Programme is reviewed once again when an Action Plan to follow-through on these recommendations has been put in place; this should be at the next major milestone.

8.0 Distribution of the Gateway Review Report

8.1.1 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.

8.1.2 The Review Team Members will not retain copies of the report nor discuss its content or conclusions with others.

8.1.3 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.

8.1.4 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.

8.1.5 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.

8.1.6 Any other request for copies of the Gateway Report will be directed to the SRO.

Annex A

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.

Annex B

Gateway Review 0 Strategic Assessment is a programme-only Review that sets the programme in the wider policy or corporate context. This Review investigates the direction and planned outcomes of the programme, together with the progress of its constituent projects.

It can be applied to any type of programme, including policy and organisational change. The Review is repeated throughout the life of the programme from start-up to closure; an early Gateway Review 0 is particularly valuable in that it helps to confirm that the way forward is achievable, before plans have been finalised.

- Review the outcomes and objectives for the programme (and the way they fit together) and confirm that they make the necessary contribution to the overall strategy of the organisation and its senior management
- Ensure that the programme is supported by key stakeholders
- Confirm that the programme's potential to succeed has been considered in the wider context of Government policy and procurement objectives, the organisation's delivery plans and change programmes, and any interdependencies with other programmes or projects in the organisation's portfolio and, where relevant, those of other organisations
- Review the arrangements for leading, managing and monitoring the programme as a whole and the links to individual parts of it (for example to any existing projects in the programme's portfolio)
- Review the arrangements for identifying and managing the main programme risks (and the individual project risks), including external risks such as changing business priorities
- Check that provision for financial and other resources has been made for the programme (initially identified at programme initiation and committed later) and that plans for the work to be done through to the next stage are realistic, properly resourced with sufficient people of appropriate experience, and authorised
- After the initial Review, check progress against plans and the expected achievement of outcomes
- Check that there is engagement with the market as appropriate on the feasibility of achieving the required outcome
- Where relevant, check that the programme takes account of joining up with other programmes, internal and external
- Evaluation of actions taken to implement recommendations made in any earlier assessment of deliverability.

Annex C

Review Team:

Review Team Leader:	[Redacted]
Review Team Members:	[Redacted]

List of Interviewees:

The following stakeholders were interviewed during the review:

Name	Organisation/Role	
Kevin Quinlan	Director of Environment and Forestry	SG
[Redacted]	[Redacted]	Scottish Retail Consortium
[Redacted]	[Redacted]	SEPA
[Redacted]	[Redacted]	SEPA
Aidan Grisewood	Deputy Director, Environmental Quality & Circular Economy	SG
[Redacted]	[Redacted]	ZWS
[Redacted]	[Redacted]	SG
[Redacted]	[Redacted]	Food & Drink Federation Scotland
[Redacted]	[Redacted]	CSL
[Redacted]	[Redacted]	Lidl
[Redacted] [Redacted]	[Redacted] [Redacted]	Scottish Grocers' Federation
[Redacted]	[Redacted]	G101 Stores
[Redacted]	[Redacted]	ZWS
[Redacted]	[Redacted]	SG
[Redacted]	[Redacted]	Scottish Wholesale Association
[Redacted] [Redacted]	[Redacted] [Redacted]	Scottish Environmental Services Association Suez
[Redacted] [Redacted]	[Redacted] [Redacted]	Tesco
[Redacted]	[Redacted]	SEPA

Annex D

Progress against previous Gateway Review (19/11/2019 – 21/11/2019) recommendations:

Ref No.	Recommendation	Progress/Status
1.	<u>Policy and Business Context</u> The practical operational workings for on-line ordering and deposit returns needs further consideration and the proposed regulations need to provide improved clarity on their practical handling for deposit return and payment.	The Programme Board considered a paper on online takeback in Dec 19 with a follow-up paper in Jan 20 and endorsed the approach which was written into the final Regulations. CLOSED.
2.	<u>Governance Arrangements</u> Appropriate and effective engagement with the SA Group and IAG should be considered for the waste industry.	The future role of IAG was considered as part of draft Management Case at the Jun 20 Programme Board. Intention is for the IAG (or similar body) to transition over to SA leadership (discussed at the IAG itself in January 2020). Waste sector involvement is therefore for SA to consider. CLOSED.
3.	The Programme Board should re-examine the appropriate role and function of the Programme Board, Implementation Advisory Group and working groups for the implementation phase.	This was considered as part of review of Management Case at Jun 20 Programme Board. The Board ToR were updated including reflection of importance of close working with SA once approved. Intention is for the IAG (or similar body) to transition over to SA leadership (discussed at the IAG itself in Jan 20). CLOSED
4.	<u>Establishing the success criteria for DRS golive</u> The 'Day 1' go-live success criterial for DRS need to be documented and agreed by the Programme Board. Upon agreement, a suitable 'DRS readiness for live service' dash board tracking system should be established and progress reported at each Programme Board.	Progress on this recommendation was limited until an application from a prospective SA had been received and which made clear their implementation plan and approach to delivery of the scheme. The Review Team consider that this recommendation remains open and that its value and intent remain valid. At the earliest opportunity the Programme Team should continue to pursue definition of go-live critical success criteria with the SA. OPEN.
5.	<u>Regulator Preparations</u> A detailed implementation plan needs to be worked up by SEPA and suitable resource applied to progress its preparation work more rapidly.	A PID for establishing the Regulator Project was completed in Aug 20. This Project is now progressing within a formal project management structure. CLOSED.

6.	Approving the Systems Administrator The mechanisms for approving the DRS Scheme Administrator(s) and the legal and procurement implications of Scottish Government participation and role in forming, approving and maintaining the SA needs to be rapidly clarified.	The Programme Board approved a high-level approach to SA approval process at its Dec 19 meeting. An SA application form was published in Jun 20. The Programme Board agreed details of the application assessment process in Jan 20. CLOSED.
7.	Establishing the Scheme Administrator It is recommended that once legislation is laid down, at the earliest opportunity the Programme Board draws 'start-up' activities to a close, makes these available to industry partners and adjusts its focus to the strategic delivery of DRS, including wider benefits, and the 'in-service' monitoring and governance regime.	The Feb 21 Programme Board agreed to close the relevant workstreams. Products from these activities were made available to the prospective SA (now CSL) through the information access agreement; this work is essentially complete although periodic requests for less critical products are still received from CSL. CLOSED.
8.	Business Case Benefits Realisation The Programme Team should revisit the current Benefits Realisation Plan and re-assess their deliverability through the proposed Systems Administrator arrangements. The FBC – Stage 2 should be updated once this work has been completed ensure that there are clear owners identified for each benefit area and appropriate baseline measures and reporting arrangement to the Programme Board on delivery established.	The Programme Board approved a benefits realisation strategy and associated plan at its Feb 20 meeting. Now that an SA is in place further work is required, collaborating with the SA, to baseline and track Programme benefits. OPEN
9.	Future Assurance Activities The next Gateway Review 0 should be conducted no later than one month before approving the designation of the SA.	Alternative external assurance was utilised to comment on the SA approval process, prior to SA approval. CLOSED

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