

Delivering Scotland's circular economy – A Route Map to 2025 and beyond

**Business and Regulatory Impact
Assessment (BRIA)**

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Title of Proposal: Delivering Scotland’s circular economy – A Route Map to 2025 and beyond

This document is the Business and Regulatory Impact Assessment (BRIA) for the proposed Route Map entitled: ‘Delivering Scotland’s circular economy – A Route Map to 2025 and beyond’. This BRIA is written subject to the best available information at the time, and following consultation and development of the final Route Map, an updated BRIA will be published.

Purpose and Intended Effect

Background

1. The Scottish Government is committed to moving towards a circular economy and addressing the climate emergency.
2. We have set five ambitious waste and recycling targets, that span the waste hierarchy, to drive progress towards these goals:
 - 15% reduction of all waste by 2025.
 - 33% reduction of food waste by 2025.
 - Minimum of 60% recycling of household waste by 2020.
 - Minimum of 70% recycling of all waste by 2025.
 - Maximum 5% of waste to landfill and the biodegradable landfill ban by 2025.
3. Although we have made significant long-term progress, we know we have more to do if we are to meet all these targets in full. The Scottish Programme for Government 2020-21 and Scotland’s Climate Change Plan update in 2020 set out our determination to accelerate progress. They committed to develop a Route Map to reduce waste and meet our targets in a way that maximises carbon saving potential, working with partners to identify how the waste and resources sector will contribute towards Scotland’s journey towards net zero in the period to 2030 and beyond.
4. Scotland has a good track-record on the circular economy. Our circular economy strategy Making Things Last: A Circular Economy Strategy for Scotland¹, published in 2016, demonstrated Scotland’s ambition. We are the first UK nation to introduce bans on a range of priority single-use items, to ban biodegradable municipal waste from going to landfill, and will be the first to implement a Deposit Return Scheme (DRS) for single-use drinks containers. We have had mandatory separate collections of key materials for recycling for nearly a decade, and we are investing a further £70 million through our Recycling Improvement Fund to modernise Scotland’s infrastructure.

¹ <https://www.gov.scot/publications/making-things-last-circular-economy-strategy-scotland/>

In line with our commitment to seek to maintain or exceed EU environmental standards, we have met EU targets for the amount of biodegradable waste going to landfill, and for recycling of construction and demolition waste.

5. However, despite the significant strides Scotland has made, we are not on track to meet our ambitious waste and recycling targets. The sustainable choices are still not the easy choices for households, businesses or those in the waste sector. It is unlikely that either our waste and recycling targets or our emissions goals will be met in full without large-scale, and rapid system change.
6. Achieving a rapid transition to a circular economy and the emission reduction targets will require a more coordinated approach to addressing the waste related targets.
7. The ambitions and purpose of Route Map remain the same as those set out by the Climate Change Plan update 2020. The Route Map will consolidate action and set out new and boosted measures to ensure greater progress towards the waste targets and net zero commitments, identifying actions that make progress towards waste targets and prioritising those which minimise the carbon impact of waste.
8. Prior to the commitments of the current Programme for Government, the Scottish Government published Making Things Last: A Circular Economy Strategy for Scotland² in 2016. The strategy integrated key elements of the Zero Waste Plan³ from 2010, and Safeguarding Scotland's Resources⁴ from 2013. The strategy splits Scotland's zero waste and resource efficiency agenda across the themes of:
 - Environment – cutting waste and carbon emissions and reducing reliance on scarce resources;
 - Economy – improving productivity, opening up new markets and improving resilience; and
 - Communities – more, lower cost options to access the goods we need with opportunities for social enterprise.
9. The 2020 Climate Change Plan update sets out our vision for a fully circular economy by 2045, driven by a focus on:
 - Responsible Consumption, where people and businesses demand products and services in ways which respect the limits of our natural resources.

² <https://www.gov.scot/publications/making-things-last-circular-economy-strategy-scotland/>

³ <https://www.gov.scot/publications/scotlands-zero-waste-plan/>

⁴ <https://www.gov.scot/publications/safeguarding-scotlands-resources-blueprint-more-resource-efficient-circular-economy/>

Unnecessary waste, in particular food waste, will be unacceptable in Scotland.

- Responsible Production, where a circular economy is embraced by the businesses and organisations that supply products, ensuring the maximum life and value from the natural resources used to make them.
- Maximising Value from Waste and Energy, where the environmental and economic value of wasted resources and energy is harnessed efficiently.

10. The overarching goals of the Route Map are supported by a range of legislative and non-legislative measures that are already in place or underway.
11. These include key policies like the 2025 ban on biodegradable municipal waste from going to landfill, the implementation of a Deposit Return Scheme (DRS) for single-use drinks containers, £70 million Recycling Improvement Fund to invest in modernising Scotland's infrastructure, banning the supply and manufacture in Scotland of some of the most environmentally damaging single-use plastic items, and delivery of the Food Waste Reduction Action Plan⁵ (2019), which set out measures to deliver the commitment to reduce food waste by 33% by 2025.
12. The Scottish Government is also working collaboratively with the UK Government and other devolved administrations to reform current regimes for extended producer responsibility (EPR). These regimes are UK-wide in scope and operation and cover areas such as packaging, waste electrical and electronic equipment (WEEE), batteries, end-of-life vehicles (ELVs).
13. All of these current measures are designed to support Scotland's transition to a circular economy. The transition to a circular economy will provide wider economic, environmental and societal benefits.

Circular Economy

14. Our waste reduction and recycling outcomes are a core pillar of our Environment Strategy⁶, and support progress towards National Performance Framework outcomes for the economy ('we have a globally competitive, entrepreneurial, inclusive and sustainable economy') and environment ('we value, enjoy, protect and enhance our environment')⁷. A more circular economy will also contribute to a range of UN Sustainable Development

⁵ <https://www.gov.scot/publications/food-waste-reduction-action-plan/>

⁶ [The Environment Strategy for Scotland: vision and outcomes - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/the-environment-strategy-for-scotland-vision-and-outcomes-2023/pages/1-1-introduction/)

⁷ <https://nationalperformance.gov.scot/>

Goals⁸, and help to embed our economy in the natural world, recognising the need to live within the sustainable limits of our single, shared planet⁹.

15. The decade ahead provides a unique opportunity to increase our economic and social wellbeing, whilst respecting environmental limits and ambition to become one of the most prosperous nations in the world. Our new strategy for economic transformation¹⁰ recognises that the circular economy represents an enormous economic and industrial opportunity for Scotland as part of this transformation, by improving productivity and opening up new markets.
16. It is also clear that there are wider societal and community-focused benefits to a circular economy. Delivering a circular economy provides local employment opportunities and lower cost options to access the goods we need. 10,000 tonnes of waste can create up to 296 jobs in repair and reuse, compared to 1 job in incineration, 6 jobs in landfill or 36 jobs in recycling¹¹. This represents a profound opportunity to support communities and stimulate job creation.
17. Finally, a circular economy keeps valuable materials flowing through our economy, driving greater resource productivity and decreasing costs for businesses, the public sector and households. Food waste alone costs the average Scottish household £440 each year¹². As we face the current cost of living crisis, the rapid transition to a more circular economy is needed more than ever.

Rationale for measures and policy objectives

18. As set out above, although we have made significant long-term progress towards our waste and recycling targets and a wide range of action is already underway, we know we have more to do if we are to meet all these targets in full.
19. The Route Map will be our strategic plan to deliver our waste and recycling targets to 2025, and beyond to deliver Scotland's circular economy and help meet our commitment to net zero. It will build on the progress already made and set out the steps that can be taken to drive further change.
20. It is recognised that achieving our waste and recycling targets and wider emissions reduction is a shared endeavour. Collaboration and partnership have been critical to our progress so far, and we can only be successful if everyone plays their part – government, households and businesses.

⁸ <https://sdgs.un.org/goals>

⁹ Final Report - The Economics of Biodiversity: [The Dasgupta Review](#),

¹⁰ <https://www.gov.scot/publications/scotlands-national-strategy-economic-transformation/>

¹¹ <http://www.rreuse.org/wp-content/uploads/Final-briefing-on-reuse-jobs-website-2.pdf>

¹² [Food waste worse than plastic for climate change says Zero Waste Scotland | Zero Waste Scotland](#)

21. The proposals draw upon a wide range of evidence (see Technical Annex of the consultation), and build on a shared understanding of the challenges, opportunities and potential measures that was developed through engagement with a range of cross-sector stakeholders.
22. It will be important to consider both legislative and non-legislative measures that will help us achieve our goals. Proposals have been grouped into six packages, which span action across the whole circular economy, plus an additional seventh package of cross cutting measures.
23. As we plan for 2025 and beyond, we must recognise that not all policy measures are fully ready to be implemented in Scotland. We have therefore applied a 'Do-Develop-Investigate' framework throughout the consultation that recognises that the measures proposed are at different levels of development.
24. The packages of measures contained within the Route Map are:

Package	Background and objectives
Promote responsible production, consumption and reuse	Material consumption and waste are the primary drivers of nearly every environmental problem we currently face, and around 90% of the carbon impact of Scotland's waste is produced before disposal. We want to challenge the current approach to production and consumption by improving product design, mainstreaming reuse and repair, and incentivising sustainable choices.
Reduce food waste	Almost one million tonnes of food and drink is thrown away every year in Scotland. Not only does this cost Scottish households an average of £440 per year, but household food waste alone accounts for 2.7% of Scotland's total carbon footprint. We want to reduce food waste from all sources, building on our Food Waste Reduction Action Plan.
Improve recycling from households	Up to 60% of what households put into general waste bins can be recycled using existing recycling services, helping to conserve our natural resources and keep valuable materials flowing through our economy. We want to improve and optimise the performance of household recycling collection services to make the right choices the easier choices for households, ensure high standards across Scotland and maximise diversion of waste from disposal.
Improve recycling from commercial businesses	Commercial and industrial waste accounted for 28% of Scotland's waste in 2018. We want businesses to have the information and support they need to reduce waste and

	maximise recycling, with clear incentives in place to ensure that the most sustainable choices are the easiest choices.
Embed circular construction practices	Construction and demolition accounts for around half of all waste produced in Scotland. We want to embed circular construction practices and increase awareness to reduce resource needs, reduce waste and carbon, and encourage refurbishment and reuse.
Minimise the impact of disposal	While our goal is to continue to reduce the amount of residual waste we produce, until we move to a fully circular economy there is a need to consider how to minimise the impact of residual waste. We want to achieve the best environmental outcomes for materials that can't been captured for reuse or recycling, and ensure environmental and economic value of wasted resources and energy is harnessed efficiently.
Cross-cutting measures	We have taken a whole-system approach to developing a Route Map to our 2025 waste and recycling targets. We want to ensure the right structures and support are in place to enable action across the Circular Economy, including strategic interventions and governance, research, data and evidence, sustainable procurement, and skills and training.

Table 1 – Route Map consultation, Packages and objectives

25. The proposals set out in this consultation draw upon a wide range of evidence (see Technical Annex of consultation), including published and peer reviewed literature, SEPA waste data for Scotland, and previous research by the Scottish Government, Zero Waste Scotland and other parties.
26. In partnership with SEPA and Zero Waste Scotland, we engaged in a period of pre-consultation to build a shared understanding of the challenges, opportunities, and potential measures with a range of cross sector stakeholders, including local government, business, and NGOs. The findings from the pre-consultation period have directly informed this consultation, and we will engage in strong collaboration at every stage to ensure that national-level policy is effectively considered, designed, and implemented into meaningful local-level change.
27. Following this consultation, and the analysis of responses, we intend to publish a Route Map setting out its commitments to 2025 and beyond, subject to further impact assessments as appropriate. Further detailed analysis will also be presented in separate impact assessments, where appropriate, when specific measures are being developed.

28. Circular economy and waste policy is a complex landscape, with Scottish, UK, European and global dimensions to consider. The system for production of our products and materials involves supply chains that span the globe. Given this complexity, it is important to consider both legislative and non-legislative measures that will help us achieve our goals.
29. Alongside this consultation on the Route Map proposals to accelerate progress and deliver our targets, we are also consulting on a Circular Economy Bill to bring forward primary legislation to underpin our key policy measures. The Circular Economy Bill consultation is available at [Scottish Government - Citizen Space \(consult.gov.scot\)](https://www.scottish.gov.uk/citizen-space/consultation/circular-economy-bill).

Consultation within Government

30. This consultation paper has been developed by the Scottish Government. A wide range of directorates within the Scottish Government, agencies and non-departmental public bodies have been consulted during the development of the Route Map, including:
 - Economic Development Directorate
 - Environment and Forestry Directorate
 - Rural and Environmental Science and Analytical Services Division
 - Scottish Environment Protection Agency
 - Zero Waste Scotland

Public Consultation

31. These proposals will be subject to a public consultation running from 30 May 2022 to 22 August 2022.

Business

32. Businesses and business groups will be included as part of the public consultation. Full impact assessments will be produced where appropriate if and when associated strategies or individual measures are being developed.

Option 1: No policy change – business as usual

33. Business as usual is the baseline against which the costs and benefits of the implementation of the Route Map will be assessed.
34. This baseline accounts for policies and regulation that are expected to come into force and that will impact on the proposed policy options covered in the Route Map. Included are: ending the practice of landfilling Biodegradable Municipal Waste (2025), the Deposit Return Scheme for Scotland (2023) and the reformed packaging producer responsibility system (2024).
35. Under this scenario, it is assumed that the current trajectory of a circular economy in Scotland would remain unchanged. The costs associated with

managing the waste created by a linear economy would continue to be borne by public bodies, businesses, and wider society.

36. Many of the negative environmental externalities associated with the linear economy will continue to remain undervalued.

Costs and Benefits

37. No additional financial costs or burdens will be placed on local authorities and enforcement bodies in Scotland. The cost of waste and its environmental externalities will continue to be borne by public bodies, businesses, and communities.
38. Detailed analysis of the costs and benefits will be presented in separate impact assessments, where appropriate, when individual measures are developed in future.

Option 2: Proposed Route Map packages of measures

39. The consultation proposes seven packages (as set out above in Table 1) to reflect the key sectors or themes where it is most important to consider measures.
40. As the detail of the individual measures is subsequently developed, where appropriate, through the Equalities Impact Assessment process we will work with different groups across society to consider impacts on medical, health and wellbeing, as well as independent living.¹³ Detailed analysis of the costs and benefits associated with specific interventions will be presented in separate impact assessments where appropriate, if and when associated strategies or regulations are being developed.

Sectors and Groups affected

41. The following sectors and groups will be directly or indirectly impacted by the Route Map:
- Local Authorities
 - Households
 - SEPA
 - Manufacturers, distributors and retailers
 - Online marketplaces
 - Consumers
 - Third Sector
 - Waste Management Sector.
42. At this stage it is not apparent to what extent different sectors and groups would be impacted. The results from the public consultation process will be used to inform our understanding in this area. Further detailed analysis of how

¹³ <https://www.gov.scot/publications/literature-review-impact-assessment-governments/pages/2/>

these groups are impacted will be presented in separate impact assessments, where appropriate, when specific measures are being developed.

Costs and Benefits

43. Publication of the Route Map by itself will not place additional financial costs or burdens on local authorities and enforcement bodies in Scotland, nor change the existing cost of waste and its environmental externalities currently borne by public bodies, businesses and communities. However, it is possible that implementing measures may have an impact.
44. Society may benefit from a reduction in the volume of waste generated through preventative measures such as an overall reduction in consumption of resources and from more effective and efficient waste management processes. This should improve local environments and neighbourhoods and reduce the negative environmental impacts of waste entering the terrestrial and marine environments.
45. Our waste reduction and recycling outcomes are a core pillar of our Environment Strategy¹⁴, and support progress towards National Performance Framework¹⁵ outcomes for the economy ('we have a globally competitive, entrepreneurial, inclusive and sustainable economy') and environment ('we value, enjoy, protect and enhance our environment'). A more circular economy will also contribute to a range of UN Sustainable Development Goals¹⁶, and help to embed our economy in the natural world, recognising the need to live within the sustainable limits of our single, shared planet.
46. Our new strategy for economic transformation recognises that the circular economy represents an enormous economic and industrial opportunity for Scotland as part of this transformation¹⁷, by improving productivity and opening up new markets.
47. There are wider societal and community-focused benefits to a circular economy. Delivering a circular economy provides local employment opportunities and lower cost options to access the goods we need. 10,000 tonnes of waste can create up to 296 jobs in repair and reuse, compared to 1 job in incineration, 6 jobs in landfill or 36 jobs in recycling¹⁸. This represents a profound opportunity to support communities and stimulate job creation.

¹⁴ [The Environment Strategy for Scotland: vision and outcomes - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/environment-strategy-for-scotland/vision-and-outcomes/pages/12.aspx)

¹⁵ <https://nationalperformance.gov.scot/>

¹⁶ <https://sdgs.un.org/goals>

¹⁷ [https://www.gov.scot/publications/scotlands-national-strategy-economic-transformation/](https://www.gov.scot/publications/scotlands-national-strategy-economic-transformation/pages/12.aspx)

¹⁸ <http://www.rreuse.org/wp-content/uploads/Final-briefing-on-reuse-jobs-website-2.pdf>

48. A circular economy keeps valuable materials flowing through our economy, driving greater resource productivity and decreasing costs for businesses, the public sector and households. Food waste alone costs the average Scottish household £440 each year¹⁹. As we face the current cost of living crisis, the rapid transition to a more circular economy is needed more than ever.
49. Costs associated with the introduction of packages of measures may include additional enforcement costs for public bodies, administrative costs for businesses, and potentially any changes as a result of the proposed review of current household waste and recycling charging, such as garden waste collections, within the household recycling package.
50. Detailed analysis of the costs and benefits associated with the specific measures will be presented in separate impact assessments, where appropriate, as those measures are being developed.

Scottish Firms Impact Test

51. Stakeholders from all affected businesses will be consulted on individual measures, where appropriate, as they are being developed in future.
52. Where appropriate, up to 12 businesses of varying size will be consulted and the results published in the appropriate impact assessment. This process would help to establish:
 - Any anticipated impact on the competitiveness of Scottish companies within the UK, or elsewhere in Europe or the rest of the world.
 - The number of businesses and the sectors likely to be impacted by the change.
 - The likely cost or benefit to business.
53. The approach for engagement will consist of:
 - (1) Questionnaires for completion by key business stakeholders
 - (2) Telephone interviews and email correspondence with selected representative organisations and associations.

Competition Assessment

¹⁹ [Food waste worse than plastic for climate change says Zero Waste Scotland | Zero Waste Scotland](#)

- 54. This section assesses the potential impacts of the preferred option on competition among producers, wholesalers, retailers and importers in the Scottish market.
- 55. The assessment will follow the Competition and Market Authority guidelines²⁰ which outline how to determine any competition impact. These guidelines recommend considering four key questions in order to assess whether a proposed policy would have an impact on competition.
- 56. The assessment will be undertaken for individual measures, where appropriate, as they are being developed in future.

Consumer Assessment

- 57. The Scottish Government definition of a consumer is "anyone who buys goods or digital content or uses goods or services either in the private or public sector, now or in the future".
- 58. The assessment will be undertaken for individual measures, where appropriate, as they are being developed in future.
- 59. Scottish Government specifies specific questions when determining the impact of proposed legislation on consumers, for example 'Does the policy affect the quality, availability or price of any goods or services in a market?', and ' Does the policy impact the information available to consumers on either goods or services, or their rights in relation to these?'.

Test Run of Business Forms

- 60. The assessment will be undertaken for individual measures, where appropriate, as they are being developed in future.

Digital Impact Test

- 61. Changes to policy, regulation or legislation can often have unintended consequences, should government fail to consider advances in technology and the impact this may have on future delivery. This digital impact test is a consideration of whether the changes being made can still be applied effectively should business/government processes change – such as services moving online.
- 62. The assessment will be undertaken for individual measures, where appropriate, as they are being developed in future.

Legal Aid Impact Test

²⁰ <https://www.gov.uk/topic/competition/markets>

63. The Access to Justice Team at Scottish Government will be consulted on individual measures, where appropriate.

Enforcement, Sanctions and Monitoring

64. In order to achieve the objectives of the Route Map, enforcement, sanctions and monitoring systems will be put in place where appropriate.
65. The detail of this will be set out for individual measures, where appropriate, as they are being developed in future.

Implementation and Delivery Plan

66. Following the consultation, the Scottish Government intend to publish the Route Map that will set out a timetable for delivering the packages of measures. The aim is to set clear, time-bound objectives and milestones.
67. Further detailed timetables and stakeholder engagement for delivering the implementation of specific measures will be set out, where appropriate, as they are being developed in future.

Declaration and Publication

68. I have read the Business and Regulatory Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options. I am satisfied that business impact has been assessed with the support of businesses in Scotland.

Signed:



Date: 23/05/2022

Minister's name: Lorna Slater MSP

Minister's title: Minister for Green Skills, Circular Economy and Biodiversity

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