

# **Reforming the UK packaging producer responsibility system**

## **Partial island communities screening assessment**

**March 2021**

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#### Introduction to the Islands (Scotland) Act 2018

1. The Islands (Scotland) Act 2018 provides for a new duty on the Scottish Ministers and other relevant public bodies that they must have regard to island communities in exercising their functions and in the development of legislation.<sup>1</sup>
2. Section 13 of the 2018 Act obliges the Scottish Ministers to prepare an islands communities impact assessment (ICIA) in relation to legislation which, in their opinion, is likely to have an effect on an island community which is significantly different from its effect on other communities in Scotland.
3. Section 13 of the 2018 Act states that an ICIA must:
  - a. Describe the likely significantly different effect of the legislation;
  - b. Assess the extent to which the Scottish Ministers consider that the legislation can be developed in such a manner as to improve or mitigate, for island communities, the outcomes resulting from the legislation; and
  - c. Set out the financial implications of steps taken under this subsection to mitigate, for island communities, the outcomes resulting from the legislation.
4. The Scottish Government's island communities impact assessments guidance, which is currently available in draft format, sets out four preliminary stages that must be undertaken prior to preparing an ICIA.<sup>2</sup> These are:
  - a. Developing a clear understanding of the objectives and intended outcomes of the policy, strategy or service including any island needs or impacts
  - b. Gathering data, identifying evidence gaps and identifying stakeholders
  - c. Consulting with appropriate stakeholders
  - d. Assessing whether there are any issues resulting from the proposed policy that are significantly different from those that would be experienced on the mainland, or on other islands
5. If any significantly different impacts are identified, an ICIA will be required.

#### Framing

6. This partial screening assessment seeks to complete the first two stages of the ICIA process by identifying whether there are issues which merit further exploration through research and engagement with island representatives. If issues are identified, a full ICIA will be carried out.
7. Demographic, economic and social impacts should all be considered as part of the ICIA process.

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<sup>1</sup> [Islands \(Scotland\) Act 2018](#)

<sup>2</sup> [Island communities impact assessments: guidance - consultation](#)

## Policy objectives and intended outcomes

8. According to the Scottish Environment Protection Agency (SEPA), more than 10 million tonnes of packaging waste is produced every year in the UK.<sup>3</sup> A substantial part of packaging waste ends up in landfill, two-thirds of which could instead be recovered, resulting in avoidable environmental costs. It is estimated that the current extended producer responsibility (EPR) system covers only around 10% of the total cost of managing post-use packaging waste, which means that local authorities and wider society must bear much of the cost.<sup>4</sup>
9. It is clear that the current packaging responsibility system does not meet the requirement that producers bear financial responsibility for the impacts of products they place on the market, and are incentivised to reduce these impacts, as packaging producers do not bear the full financial responsibility for the end-of-life management of packaging and are not responsible for the negative environmental externalities created by their packaging.
10. The objectives of reforming the UK packaging EPR system are to:
  - a. Increase packaging recycled
  - b. Increase the recyclability of packaging
  - c. Reduce unnecessary packaging (not qualified in this partial screening assessment)
  - d. Improve the environment
  - e. Increase domestic recycling and reprocessing capacity
  - f. Enhance data reporting
11. The current consultation,<sup>5</sup> agreed jointly by the Scottish Government, UK Government, Welsh Government and the Department of Agriculture, Environment and Rural Affairs in Northern Ireland (DAERA), is on a policy that will replace an existing packaging EPR scheme,<sup>6</sup>. It will apply to the whole of the UK, including island communities. It should be noted that the full impacts will not be assessed until the final scheme design has been agreed in light of responses to the consultation.

## Gathering data, identifying evidence gaps and identifying stakeholders

12. A scoping workshop was held, involving relevant members of Zero Waste Scotland staff, with the aim of identifying ways in which the impact of the policy could differ for island communities. A longlist of potential issues was produced prior to the workshop:
  - a. Impact on the price of goods

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<sup>3</sup> SEPA: Packaging Waste

<sup>4</sup> Plastic bottles: Turning back the plastic tide

<sup>5</sup> <https://consult.defra.gov.uk/extended-producer-responsibility/extended-producer-responsibility-for-packaging>

<sup>6</sup> The Producer Responsibility Obligations (Packaging Waste) Regulations 2007

- b. Impacts on island producers
- c. Reduction in litter impacts
- d. Changes to funding for household and household-like packaging waste management
- e. Transport issues

13. During the workshop, discussion focussed on the areas where it was felt that there was the most potential for island-specific issues

Areas where issues have not been identified at present:

14. Island-specific issues were not identified in these areas during the workshop:

- a. Impact on the price of goods
- b. Impacts on island producers
- c. Reduction in litter impacts

15. It was considered that any impact on the price of goods was unlikely to be an issue that was significantly different for islands, though we do recognise that the cost of living is generally higher in island communities.<sup>7</sup> Any increase in the cost of goods is likely to occur throughout the UK, as a result of producers passing on some of the increase in costs. Similarly, it was thought that any impact on producers would not be unique to island-based producers.

16. It was also determined that though the source of funding for cleansing services (which deal with litter collections and street bin services) will change, this will be the case for all local authorities, and is therefore not expected to have a significantly different impact on island communities. However, it should be noted that island geographies should be taken into consideration when setting standards for efficient and effective cleansing services.

17. A further potential issue was highlighted during the scoping workshop, around the availability of waste to fuel the Shetland energy from waste plant. It was not felt that the policy as proposed would have a substantial impact on the availability of suitable material, and any impact that did occur would be similar for energy from waste facilities elsewhere in the country.

Areas where potential issues have been identified:

18. The following issues were considered to have the potential to have different impacts for island communities:

- a. Changes to funding for household and household-like packaging waste management
- b. Transport issues

19. Since the workshop, proposals in relation to a take-back scheme for fibre-based cups have been introduced, which may also have impacts for island communities.

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<sup>7</sup> [A minimum income standard for remote and rural Scotland](#)

20. These issues are explored in more detail below.

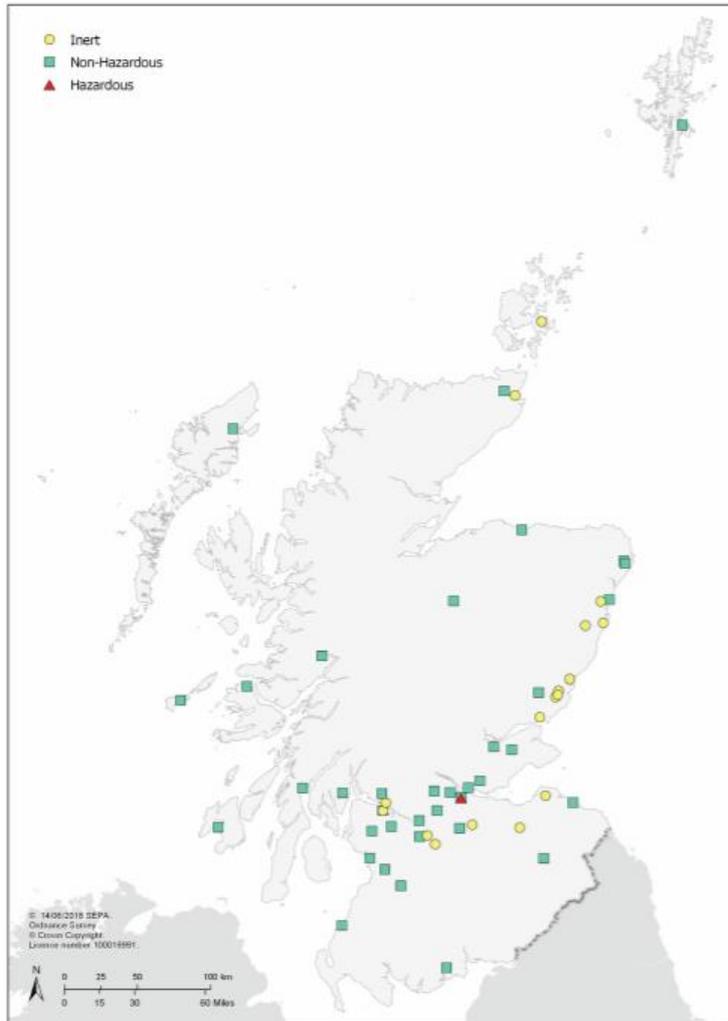
Changes to funding for household and household-like packaging waste management:

21. Local authorities are responsible for providing household waste collections and currently pay the net cost of providing this service. This is the cost of providing the service, minus the income received from the sale of materials and any income from charged-for services. Under the revised packaging EPR scheme, producers will be obligated to pay the full net cost of dealing with the packaging that they place on the market, and this will include funding for local authorities to cover an efficient and effective service.
22. Packaging waste generated in commercial premises is collected by a wider range of local authorities and waste management companies and only the recycling collections are intended to fall under full net cost.
23. These proposals mean that producers will be responsible for paying the full net cost of managing their packaging at the post-use stage including collection, sorting and disposal of household packaging waste by local authorities in recycling collections and collection and disposal of packaging in residual services. It should be noted that the funding mechanism will be different for household and household-like municipal waste collections.
24. The funding mechanism for local authorities is likely to be based on efficient and effective service delivery in groups but is expected to factor in geographic, socio-economic and other relevant factors. The payment mechanism will be subject to contractual agreement with a future scheme administrator. The potential for impact on island communities is dependent on whether this mechanism accounts for the unique geography of island communities, and this should be given due consideration by a future scheme administrator.
25. Work undertaken for previous screening assessments under the Islands (Scotland) Act has identified that island authorities face higher costs per capita in collecting, transporting and disposing of waste, as the rural nature of collection routes means they are less efficient. The 8-fold Scottish Government Urban Rural Classification highlights that the majority of the island authorities have high proportions of their populations in very remote small towns and rural areas.<sup>8</sup>
26. Additional costs are also incurred because waste must often be transported off island, usually by ferry, for processing. SEPA's landfill sector plan identifies the locations of operational landfill sites in Scotland, and clearly shows the limited facilities available on islands.<sup>9</sup>

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<sup>8</sup> [Scottish Government urban rural classification 2016](#)

<sup>9</sup> [Landfill sector plan](#)



27. Kerbside recycling services are not universal in island communities due to the remoteness, which may make it more challenging to achieve high recycling rates in a cost-effective manner. The majority of island authorities have recycling rates that are below the Scottish average, in some cases by a substantial margin.<sup>10</sup>

28. In addition, islands are the disposal point for the packaging of goods that have been purchased elsewhere, to a greater extent than other parts of Scotland, as a result of high visitor numbers.<sup>11</sup>

29. The geographical context will be taken into account when the funding mechanism is designed, to ensure that the higher costs for island authorities are covered by payments from producers. Zero Waste Scotland is currently undertaking research to more accurately understand the costs that local authorities incur in providing household waste collection services to feed into the final UK Impact Assessment, being developed by Defra. This research will be available to allow the scheme administrator to design the funding mechanism appropriately.

<sup>10</sup> [SEPA household waste: summary data 2019](#)

<sup>11</sup> [Deposit return scheme for Scotland: islands communities impact assessment](#)

30. It is our intention to engage with island authorities and any private providers during the consultation period (anticipated in Spring 2021), once more details on the proposed scheme are in the public domain, to ensure that any additional island-specific challenges posed by running household waste collections are identified, so that these can be highlighted to a future scheme administrator.
31. The findings of this engagement, and the research we are currently conducting around local authority costs, will be fed into the full ICIA screening assessment.

#### Transport issues:

32. The transport of waste was also identified as a potential issue. The ICIA undertaken for the introduction of a deposit return scheme highlighted that ferry capacity was restricted on a small number of routes.<sup>12</sup> If service improvements towards a more efficient and effective service, such as more material segregation, resulted from the changes to packaging EPR, this could increase space required on ferry services.
33. Service improvements would be a result of future decisions by local authorities and will not be directly mandated by this policy. It is therefore not anticipated that this policy will directly exacerbate the transport issues faced by island communities. Local authorities and other waste providers would need to ensure that consideration is given to transport issues if they choose to propose service changes.
34. However, one of the aims of the proposal is to reduce unnecessary packaging, which should reduce pressure on ferry services from the transport of waste.
35. In addition, the majority of the island authorities have signed up to the household recycling charter, which sets out an ambition for signatories to improve services. It is therefore possible that authorities would seek to improve services independent of any impacts from packaging EPR.
36. However, a future scheme administrator should be mindful of transport capacity, to ensure that there are not unintended consequences for island authorities.

#### Take-back of disposable fibre-based cups:

37. The preferred option within the UK-wide consultation contains a proposal for a take-back scheme in relation to fibre-based cups.
38. Following further analysis work, small and micro businesses may be temporarily or permanently exempted from this requirement. At present, a two-year exemption for small businesses is the favoured option, allowing time for the development of collection and reprocessing infrastructure. Funding for the introduction of this requirement may be available for small businesses, but it is not currently anticipated that the ongoing costs of running a take-back scheme

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<sup>12</sup> [Deposit return scheme for Scotland: islands communities impact assessment](#)

would be covered. It is therefore likely that businesses selling filled cups (e.g. cafes) would need to pay for the costs of collection and disposal of fibre-based cups.

39. In an island context, we recognise that recycling of cups may not be possible locally, so businesses may face higher costs in arranging for fibre-based cups that have been collected under a take-back scheme to be transported for recycling.
40. This may increase costs for businesses on islands, and could be problematic for small businesses that only operate in island locations and are unable to benefit from economies of scale.
41. We will seek to engage with island authorities and any private waste service providers during the consultation to better understand this issue.

### **Next steps**

42. This partial screening document has explored several island-related topics in relation to the reform of the UK packaging EPR system. These are:
  - a. Impact on the price of goods
  - b. Impacts on island producers
  - c. Reduction in litter impacts
  - d. The Shetland energy from waste plant
  - e. Changes to local authority funding
  - f. Transport issues
  - g. Impacts from the take-back of disposable fibre-based cups
43. At this stage, we do not anticipate that this policy will have a significantly different impact for island communities, relative to other communities, so long as the distinct geographies of the islands are taken into account. However, we recognise that engagement with island representatives is essential to fully understand the island context. As such, we intend to engage with the island local authorities and any private waste service providers during the consultation period.
44. This engagement will allow us to develop a better understanding of the areas discussed in this partial screening document, as well as providing an opportunity to identify any additional issues.
45. Following on from this, a full screening assessment will be produced, and this will be used to determine whether an ICIA is required.



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