

Introduction of a UK-Wide Digital Waste Tracking System

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

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1. Title of proposal: Introduction of a UK-wide digital waste tracking system

1. This is the final Business and Regulatory Impact Assessment (BRIA) assessing the impact on Scotland of proposals to implement a UK-wide mandatory digital waste tracking (DWT) system. This follows on from the partial BRIA published alongside the joint public consultation from all UK nations in January 2021.

2. DWT will cover Scotland, England, Wales and Northern Ireland, and has been developed as a joint effort between the four nations. Separate, aligned regulations will be introduced in each nation. In Scotland, regulations will be made based on powers contained in sections 34CA and 34CB of the Environmental Protection Act 1990.

3. The analysis from the previous impact assessments, consultation, and corresponding Defra impact assessment published in June 2021 has been updated to reflect the final digital waste tracking service.

4. Much of the information included in this document is closely aligned with the final Impact Assessment prepared by Defra, which was undertaken on a UK-wide basis.

5. The Digital Waste Tracking system is being delivered on a phased basis in all four nations. The Digital Waste Tracking (Scotland) Regulations 2026 (“the 2026 Regulations”) introduce the first phase, and will apply to waste received at permitted facilities carrying out a waste activity. The first phase will commence in January 2027 in Scotland (the equivalent phase one regulations will commence in October 2026 in England, Wales and Northern Ireland)¹. This BRIA covers full implementation of the Digital Waste Tracking system across all of the UK, with later phases to be introduced through future Regulations.

2. Purpose and Intended Effect

2.1 Background

6. The Scottish Government is committed to delivering a circular approach to our economy, where we move from a “take, make and dispose” model to one where we value the materials we use. Economic models based on ever-increasing resource extraction and high carbon intensity are simply not sustainable. Embedding circularity within our economy is essential to ensure resilience and sustainability, while supporting economic growth, and tackling climate change.

7. To achieve a more circular economy we must ensure we have the information about what waste is being produced and where it ends up. Around 9.5 million tonnes of waste is produced in Scotland each year², but there is currently no single or comprehensive system to track it. We need to be able to ‘close the loop’ by turning the waste that does end up being produced into a resource.

¹ A later commencement date is required in Scotland to allow for the delegation of certain functions associated with operating the digital waste tracking system, accounting for the impact of Scottish Parliament elections.

² [Waste from all sources generated and managed 2023](#)

8. The Scottish Government also wants to support and make the system fairer for those operating legally. At present waste tracking is carried out using largely paper-based record-keeping, making it very difficult to track waste effectively. Waste can be fraudulently reclassified and transferred, or simply be illegally dumped, at which point the paper trail disappears. This makes it difficult to identify and deal with waste crime ranging from fly tipping and deliberate misclassification to illegal waste exports and the operation of illegal waste sites. The cost of flytipping alone to Local Authorities in Scotland has been estimated to be approximately £12.7 million per year³, not including the wider costs of waste crime to legitimate industry, the environment, and society.

9. The Scottish Government and the Scottish Environment Protection Agency (SEPA) have been working with the other UK administrations and regulators to develop and introduce a waste tracking system for hazardous waste⁴. This work followed an amendment made to Directive 2008/98/EC on waste (“the Waste Framework Directive”) to require member states to establish an electronic registry or coordinated registries to record the data on hazardous waste which persons carrying out authorised waste management activities were required to record. Separately, Regulation (EU) 2019/1021 on persistent organic pollutants (“the EU POPs Regulation”) required member states to ensure that ensure the control and traceability of waste containing persistent organic pollutants (POPs) in line with requirements in the Waste Framework Directive on hazardous waste⁵. The digital waste tracking policy builds on these requirements by extending digital tracking to all waste types, ensuring a single and consistent system that strengthens compliance and support circular economy objectives.

2.2 Regulatory background

10. Currently in Scotland, as the rest of the UK, there is no comprehensive service for tracking waste transactions. Multiple IT services collect specific elements of waste data, but large amounts of data are either not collected, or not collated centrally. The overall picture is of a fragmented set of services that do not ‘talk’ to each other.

11. Legal requirements are focussed on having a written description of the waste that should be transferred along the supply chain when the waste is passed from one holder to another. Handwritten or digital waste descriptions of the waste composition and details of the waste transaction must be accurate and contain all the information the holder is reasonably in a position to provide to ensure the lawful and safe handling, transport, treatment, recovery or disposal of the waste by subsequent holders.

12. Those receiving waste must ensure that the waste matches the written description and that any permit⁶, if applicable, allows the acceptance of such waste. Those operating under a waste exemption must ensure that any waste received does not contravene the exemption⁷ criteria e.g. waste limits or types.

³ [Scale and Cost of Litter and Flytipping](#)

⁴ Waste that displays specified properties that might make it more harmful to human health or the environment if not managed appropriately.

⁵ POPs waste is toxic, bioaccumulative, long-ranging and does not break down in the environment and can be found in a wide range of products from sofas to IT equipment.

⁶ An environmental permit gives “permission” to an operator to carry out a set of particular activities.

⁷ Waste exemptions allow waste operations considered low risk to be carried out according to general rules, without the need to apply for an environmental permit.

13. The specific legal requirements for the information that must be recorded when waste is moved or transferred differ depending on the type of waste being handled and how the waste is transferred/moved.

- **Non-hazardous waste** – waste that does not display properties that would classify it as hazardous waste
- **Hazardous waste** – waste that displays specified properties that might make it more harmful to human health or the environment if not managed appropriately
- **“Green List” waste movements** – includes types of waste that are considered to pose a low risk to the environment when shipped to EU/OECD and some non-OECD countries for recycling or recovery.

14. It is estimated that each year there are at least 2.1 million notes recording waste movements/transfers issued each year in Scotland⁸ (Table 1), and around 500 million waste transactions each year across the UK⁹.

Table 1 – Estimated number of waste transfers and movement notes annually in Scotland

Waste type	Notes
Non-hazardous waste	2m waste transfer notes ¹⁰
Hazardous waste	78,500 consignment notes ¹¹
Green list waste	29,000 Annex VII notes
Total	2.1m notes

Non-hazardous waste

15. Legislation already requires that when non-hazardous waste is transferred from one holder to another, an agreed written description of the waste should also be transferred¹². This is known as a ‘**waste transfer note**’ and should include the waste description and code, information about how the waste is contained, details of the parties involved in the transfer, as well as other information specified in the ‘Duty of Care Code of Practice for managing controlled waste’^{13,14}.

⁸ The number of waste movements does not feed into the cost benefit analysis.

⁹ Estimates have not been published.

¹⁰ This is likely to be an underestimate of total waste transfers as the total waste transfer notes figure does not include transfers of waste that are carried out using a season ticket.

¹¹ 3-year average over 2016, 2017 and 2018

¹² All businesses that produce or handle waste are required under Section 34 of The Environmental Protection Act 1990, as it extends to Scotland, to complete a written description of waste when they transfer it to someone else [Environmental Protection Act 1990](#)

¹³ [Duty of care: code of practice for managing controlled waste](#)

¹⁴ At time of publication the Scottish Government is consulting on updates to The Duty of Care Code of Practice for managing controlled waste, available at [Duty of care code of practice for managing controlled waste \(consultation draft\) - gov.scot](#)

16. Waste transfer notes can be completed in several different ways; in paper form, online via the voluntary digital Duty of Care (edoc) service¹⁵, or by using an operator's own digital services. These notes do not need to be submitted centrally, unless requested.

17. Where the same type of waste is transferred regularly between the same parties a '**season ticket**' may be used. A season ticket is a single waste transfer note that covers a series of non-hazardous waste transfers. Businesses are expected to keep a log of individual transfers covered by a season ticket for audit purposes.

18. A waste transfer note is currently not required for non-hazardous waste if the waste holder does not change on the transfer of waste e.g. the waste is moved to other premises belonging to the same business. However, under the Duty of Care Codes of Practice for managing controlled waste businesses are expected to keep a record of internal transfers for audit purposes.

Hazardous waste

19. Waste legislation requires hazardous waste producers, carriers, brokers, dealers, permitted/authorised treatment sites and some exempt waste sites to keep certain records relating to the production, transport and management of hazardous waste¹⁶. Currently, moving hazardous waste involves a similar transfer of information to moving non-hazardous waste, albeit with more information required for hazardous waste movements¹⁷.

20. Details of the waste moved must be recorded on '**consignment notes**'. These must be completed for all movements of hazardous waste including movements from one premise to another within the same business. The only two exceptions where a consignment note is not needed are where domestic hazardous waste (other than asbestos waste) is removed from a domestic household, and waste is imported or exported under international waste shipment controls¹⁸.

21. Businesses that handle hazardous waste are required to use consignment notes and obtain a hazardous waste code from SEPA to put on their consignment note.

22. Amendments made to the Waste Framework Directive in 2018¹⁹ require records of hazardous waste movements to be made available to the relevant regulator through a digital registry. Therefore, a new IT service is required to enable businesses to submit records of hazardous waste movements into a central system. Businesses need to digitally record and submit the quantity and nature of materials and products resulting from re-use, recycling, or other recovery of hazardous waste.

¹⁵ [EDOC Online](#)

¹⁶ [The Special Waste Regulations 1996](#)

¹⁷ Examples of additional information required are: details of where waste will be taken, details of the process which has given rise to the waste, chemical component details and UN classification numbers.

¹⁸ This is controlled by separate legislation involving equivalent notes - The Transfrontier Shipment of Waste Regulations 2007.

¹⁹The EU Waste Framework Directive (Directive 2008/98/EC) was amended by Directive (EU) 2018/851 to require EU member states to set up a digital registry for hazardous waste to record the data on hazardous waste which persons carrying out authorised waste management activities were required to record, covering its quantity, origin, treatment, and destination.

23. The EU POPs Regulation also requires member states to apply these requirements, to submit records relating to the production, transport and management of hazardous waste, to waste containing POPs (which may be either hazardous or non-hazardous) ²⁰.

“Green List” waste movements (non-hazardous waste that is imported/exported abroad)

24. An ‘Annex VII’ document must be completed and travel with “Green List” waste at all times. This must contain information regarding who has arranged the shipment of the waste, who is transporting it, as well as information about the waste’s description (including required identification codes) and details of where it is being taken. In Scotland Annex VII forms for waste exports must be submitted to SEPA in advance of the movement taking place.

25. The EU is currently developing its own digital waste tracking systems for exports (the Digital Waste Shipment System or DIWASS). The digitalisation of waste shipment procedures is one of the key objectives of the Regulation (EU) 2024/1157 of the European Parliament and of the Council on shipments of waste which was adopted by the EU in April 2024. Under the new EU system operators who are exporting waste to countries within or via the EU will be required to submit information that is currently contained on ‘Annex VII’ from May 2026. This will directly apply to exporters in Northern Ireland and will be available for movements between GB and EU at some point in the future. Between May 2026 and April 2027 Northern Ireland based exporters will need to enter information onto the EU system directly.

26. A single UK-wide DWT system from 2027 will mean uniform collection of information across all four nations, with the possibility of information being shared between the UK and EU systems. This will ensure NI can easily comply with EU requirements and reduce administrative burden for exporters who would otherwise have to deal with two systems.

2.3 Objective and rationale

27. Existing regulations and supporting digital infrastructure do not enable waste to be easily and consistently tracked from the point of production to end fate.

28. Multiple IT systems collect specific elements of Waste Tracking data²¹, but large amounts of data are either not collected or not collated centrally. Some data are paper-based and other data are captured digitally (Table 2). Some data are managed by private contractors, whilst other data are managed by Government or the regulatory agencies. There are separate services for household waste, commercial waste, hazardous waste and international waste shipments. As government requirements have changed over time, various add-ons and separate databases have been developed in isolation. Therefore, the overall picture is of a fragmented set of systems that do not ‘talk’ to each other.

²⁰ Regulation (EU) No 2019/1021 of the European Parliament and of the Council of 20 June 2019 on persistent organic pollutants is now assimilated law. Article 7 was amended by The Persistent Organic Pollutant (Amendment) (EU Exit) Regulations 2020 to require the Scottish Ministers to take measures to ensure the control and traceability of waste containing POPs.

²¹ For example, [wastedataflow](#), [National Packaging Waste Database](#), and [digital Duty of Care](#)

Table 2 - How businesses currently keep records for waste transfers, movements, and shipments in Scotland²²

Record Type	Non-hazardous waste	Hazardous waste	Green List waste
Both paper and digital records	69%	74%	63%
Paper records only	15%	13%	17%
Digital records only	16%	13%	20%

29. Many of the existing digital services available for businesses to record non-hazardous waste transactions are voluntary. As a result, the use of these services is very low. EDOC (a non-mandatory service for commercial waste transfers) had just over 11,000 registered users when it was discontinued in 2021, most of which were not regular or active users. This compares to the millions of businesses that are estimated to be carrying out non-hazardous waste transactions across the UK.

30. The lack of a central digital service for recording waste movements/transfers presents several problems:

- Up-to-date information is not available to allow the efficient and effective regulation of waste.
- There is opportunity to commit waste crime. Waste can easily be ‘lost’ or deliberately misclassified, and regulators cannot easily gather or interrogate the information needed in order to investigate waste crime.
- There is a lack of reliable information for infrastructure planning and investment.
- Data on waste movements are fragmented across systems, preventing effective sharing between industry, regulators and government and reducing the efficiency of compliance activity. Industry lacks information on products from waste that could be used to reduce raw material costs, for example, and producers cannot easily check how their waste has been treated.
- Policymakers do not have sufficient data to monitor the effectiveness of interventions and identify opportunities to move towards a circular economy.
- It is more difficult and time consuming for producers of waste to comply with their duty of care.

31. In order to move towards a more circular economy, and effectively regulate and manage waste, the DWT system will track waste being produced and where it goes. Data will provide a clearer picture of what materials, products and packaging are moving through the economy, which are being recycled and reused, and how much ends up in landfill, incineration or being exported. This requires the DWT system to capture:

- What the waste is.
- Who produces waste.
- Who is responsible for the waste at any point in the journey (including treatment).
- How the waste is treated.
- Where it ends up, and in what form.
- The description of the recyclate.
- Any products or materials that have been made from waste.

²² Estimates based on a 2021 questionnaire to the Waste Tracking user panel. The Waste Tracking User Panel has around 1200 members representing waste producers, carriers, brokers, dealers, waste site operators, local authorities and regulators from across the UK, 450 of which operate in Scotland.

32. There are gaps in our knowledge for all the above, particularly with regards to commercial and industrial wastes, construction and demolition waste, and how waste is treated at a small number of exempt sites²³.

2.4 Rationale for Intervention

33. Being able to track waste and resources will transform the way that waste is regulated, and provide the information that agencies need to prioritise regulatory activities, tackle waste crime and support a shift to a circular economy.

34. The key objectives of the implementation of a digital waste tracking system are to:
- **Integrate and simplify** recording of all waste transactions and treatment details – bringing together separate systems covering commercial, household, and hazardous waste and linking this to other waste systems (waste carriers, permitting etc.).
 - **Improve the quality and accuracy of data** on waste transactions by ensuring the right data are captured at each point in the waste chain to meet diverse user needs.
 - **Realise the full value of the data** captured by making it easily accessible and usable (e.g. facilitate strategic decision-making for all parties).
 - Realise efficiencies and resource savings and remove risks associated with existing legacy systems.
 - **Reduce the amount of waste crime committed in the UK.**
 - **Monitor performance** against targets.
 - Ensure that waste tracking data **supports key government policies, strategies and regulatory activities.**

Information inefficiencies

35. Tracking the UK's annual approximate 190Mt of waste²⁴ – what the waste is, where it comes from, where it goes to, and what is done to it – is vital to helping businesses, regulators and policy makers understand how they can maximise resource efficiency and support strategic goals.

36. Access to timely information on waste movements would help legitimate businesses to identify opportunities for cost savings and more sustainable routes for their waste. In addition, waste producers are often not confident that they have met the requirements of the duty of care²⁵ as, in most cases, they do not know with certainty what has happened to their waste.

37. Current data on waste movements is incomplete, inconsistent, and not shared in real time. The absence of a single, standardised system prevents regulators from accessing accurate, timely information to monitor compliance, plan infrastructure, and evaluate progress towards circular economy goals.

²³ Waste exemptions allow waste operations considered low risk to be carried out according to general rules, without the need to apply for a waste management licence/permit. In Scotland, many exempt sites are subject to the rules regarding consignment and waste transfer notes.

²⁴ [UK statistics on waste - GOV.UK](https://gov.uk/statistics-on-waste)

²⁵ [Duty of care: code of practice for managing controlled waste - gov.scot](https://gov.scot/government/consultations/duty-of-care-code-of-practice-for-managing-controlled-waste)

38. Timely information would also allow regulators to prioritise their interventions and make better use of the resources they have – increasing efficiency and effectiveness.

39. The current system reflects a wider coordination failure within the waste sector. Multiple unlinked data systems prevent information from flowing efficiently between waste producers, carriers and regulators, creating gaps in reporting and oversight. Without a unified approach, individual actors lack the information and incentive needed to coordinate data sharing, leading to inefficiencies, and reduced oversight of the waste chain. Where voluntary participation depends on a contribution from all stakeholders, waste companies have limited incentive to comply unless others do the same. Without a mandatory waste tracking system for all, legitimate operators front the costs of participation, whilst illegal and non-compliant operators can free ride on the lack of a centralised system.

40. The information failure and coordination failures occurring in the market result in multiple negative externalities and unfair competition.

41. Digital Waste Tracking will deliver these foundational data and transparency improvements, providing the single, consistent data source needed to support evidence-based regulation and circular economy policy.

Social and Environmental negative externalities

42. Under existing waste regulations there are significant negative externalities arising because of criminal activity in the waste industry. Negative externalities are a market failure, when economic activities give rise to costs that are not reflected in market prices. Externalities in this case consist of the negative environmental impacts, risk to human health, and disamenity effects.

43. Negative externalities stem from disposing of waste in a non-optimal manner (e.g., not recycling, disposing of hazardous waste unsafely and fly-tipping). Operators do this to avoid the private costs associated with the correct disposal of waste, for example, paying landfill tax. However, in doing so, there are costs to society and the environment – including carbon emissions, the release of harmful chemicals, the release of foul odours, the pollution of surface or ground water, noise and dust from vehicle movements or on-site operations, and safety risks from fires.

44. A Waste Tracking system will reduce the amount of ‘waste crime’ that is committed in the UK by reducing the incentive for waste operators to act illegally on the basis that they are more likely to be caught committing crimes. Specifically, mandating that digital records of waste transactions are uploaded into a central system will enable regulators to identify when waste ‘goes missing’ and/or when the description of waste changes. In addition, once waste is added to the system (and is being ‘tracked’), any subsequent omissions in the data trail will raise an alert to the regulator. This intelligence will support regulators to carry out more targeted monitoring of compliance and provide useful evidence to effectively enforce against criminal activity.

45. Being able to track timely data on waste movements to regulated sites would mean that interventions to prevent waste crime could be proactive, rather than reactive. For example, when a site receives waste that it is not permitted to accept, or is nearing its maximum capacity, regulators could respond accordingly. Data on site activities is currently submitted to the agencies in quarterly returns – potentially up to three months

after a given waste movement – so little value can be extracted from the available information.

46. The Independent Serious and Organised Waste Crime Review in England²⁶ highlighted that the lack of digital record-keeping in the waste industry is frequently exploited by organised criminals, as it provides ample opportunity to hide evidence of the systematic mishandling of waste. This report recommended that to better address the problems we face, mandatory electronic (digital) tracking of waste should be introduced at the earliest opportunity.

Economic inefficiencies

47. Not only do illegal operators directly generate negative externalities, they also compromise fair competition and impede resource efficiency by undercutting compliant businesses that seek to recycle or recover resources and feed them back into the economy. The main economic costs are lost business revenues to the legitimate waste sector (which can hinder investment and employment opportunities), loss of taxation that would have been paid by businesses operating legitimately, and costs to the environment from the non-optimal handling of resources. In 2018/19, it was estimated that criminal activity related to waste management cost England £924m²⁷; an estimate is not available for Scotland.

Enabling future policy

48. As a large-scale digital transformation programme, a portion of the value of DWT derives from improvements in capability that improved data will enable for future government policies, government functions and market actors. DWT is a foundational enabler, provided underlying digital, data and system infrastructure required for a wide range of current and future waste, environmental and regulatory reforms to function effectively. These enabling benefits are critical to delivering long-term value but cannot be easily quantified or monetised.

²⁶ [Independent Review into Serious and Organised Crime in the waste sector, November 2018](#)

²⁷ [Counting the cost of UK Waste Crime, 2021, commissioned by the Environmental Services Association and written by Eunomia](#). The specific costs monetised include the cost of illegal waste sites, illegal burning, fly-tipping, misclassification and fraud, illegal exports of waste, serious breaches of waste permits and exemptions and local authority and EA enforcement activities.

3. Consultation

3.1 Within Government

49. The development of a UK-wide waste tracking system requires a joint approach, while respecting devolved powers. The four governments (Scottish, UK, Welsh and Northern Irish Governments) and environmental regulators (SEPA, the Environment Agency, Natural Resources Wales and the Northern Irish Environment Agency) have been working closely to develop a waste tracking that works for all stakeholders.

50. The views and requirements of local authority stakeholders have also been elicited through the local authority representatives who were part of the Waste Tracking User Panel (which included 17 Scottish local authorities and 63 others from across the UK), and through wider Scottish Government structures such as the Scottish Government – Local Government Steering Group for the Circular Economy.

3.2 Public Consultation

51. A formal UK-wide consultation was conducted from January 2022 to April 2022²⁸ to present and seek thoughts on :

- Accessing the data on the waste tracking system
- Fees and charges
- Exemptions and alternative requirements for digitally excluded persons
- Offences and sanctions

52. A total of 713 responses to the consultation were received, and a four-nations Government Response published in October 2023²⁹. The feedback was used to review and refine the proposals and shape the digital design of the waste tracking service.

3.3 Business

53. A Waste Tracking User Panel (1200 stakeholders with 450 operating across Scotland) was consulted throughout the process of considering and developing a prototype system for digital waste tracking. This panel included a range of business stakeholders from across the waste sector, as well as wider sectors. Engagement with the user panel took place through questionnaires, surveys, interviews, user research workshops and discussions, and written feedback as well as usability testing of prototypes. Feedback from the user panel has informed the partial and final BRIA and development of the waste tracking system.

54. To help software developers and waste receivers prepare for the mandatory changes to the reporting of waste movements, the digital waste tracking system is undergoing beta testing. A private beta commenced in November 2025, which tests the service with a select group of users to:

- help software developers and waste receivers prepare for the mandatory changes to the reporting of waste movements

²⁸ [Introduction of mandatory digital waste tracking - Defra - Citizen Space](#)

²⁹ [Government response - GOV.UK](#)

- give software developers (including third-party and internal development teams) as much time as possible to integrate their products and systems with the Receipt of Waste Application Programming Interface (API)
- test that our APIs, processes and documentation meet the needs of waste receivers and software developers
- ensure the data we collect meets the needs of waste regulators
- test and refine our registration, onboarding and support processes

55. The private beta phase will be followed by a public beta, commencing April 2026, to allow all users to access the service on a voluntary basis and further refine the service ahead of its mandatory introduction.

4. Options

4.1 Outlining the options

56. In the initial stages of the Waste Tracking project, non-regulatory options for tracking waste were considered. These included communication campaigns and free training to promote the use of digitally recording waste movements/transfers in IT systems.

57. Non-regulatory options have not been presented in the options appraisal as we do not believe that they can meet the policy objectives, and would not offer the same net benefits. We expect voluntary digital tracking to have low uptake, and a majority of companies will continue to track in their current ways (non digital). Additionally, it will not provide any standardisation or full digitalisation so can give rise to additional costs to standardise data for use, which can increase the error rate of the data, and fail to meet policy objectives.

58. For example, communication campaigns have been disregarded as a suitable option given widespread non-compliance and the cost to some businesses of transitioning to digital recording of data. Communication campaigns alone are unlikely to have the desired impact of bringing all businesses into digitally recording their waste movements/transfers. Even in the case of a well-received communication campaign and high take up of training, we are unable to guarantee that everyone will submit their data through existing channels.

59. Effective non-regulatory options would rely on all businesses voluntarily recording their data in a digital format (and using unique ID codes to identify each movement of waste from producer to receiving site). As described above, there are already several voluntary IT systems that can be used to record waste data, but insufficient uptake of these systems has prevailed. Even if a significant number of businesses voluntarily complied with digital recording (and unique ID codes) but a relatively small number of operators did not voluntarily participate, then the whole system would be undermined and the potential benefits to businesses, governments and regulators would quickly diminish. This is because non-participation from a small number of operators would create 'breaks' in data which would hinder the utility of the dataset.

60. In addition, non-participation is more likely to be carried out by illegal operators that are motivated by the perceived private benefits of illegal activity such as avoiding legitimate disposal and treatment costs. Without these operators reporting data, voluntary initiatives will not be able to deliver a reduction in waste crime, which is one of the key objectives of tracking waste.

61. This highlights the underlying coordination failure in the sector, where voluntary participation depends on collective effort, but individual actors have limited incentive to comply unless others do the same. In the absence of mandatory requirements, legitimate operators bear the costs of participation while illegal or disengaged operators can exploit the systems weaknesses, benefiting from poor oversight without contributing data.

62. A long list of 11 potential options was created and considered against six critical success factors (delivers legislative & regulatory requirements, affordability, effectiveness of data collected, burden on industry, achievability, and supplier availability; see UK Impact Assessment for full details). Of the 11 options, a baseline and two regulatory proposals

were shortlisted, and presented in this Impact Assessment. Table 3 below summarises the differences between the three options. These are:

- **Option 1 (baseline):** The baseline represents a ‘do minimum’ option. Waste operators will be mandated only to digitally record and submit data on movements of hazardous waste and Persistent and Organic Pollutants (POPs) waste.
- **Option 2:** Implement a mandatory digital Waste Tracking service that requires all permitted receiving sites to submit data on all waste received at their sites in near real time.
- **Option 3 (Preferred Option):** Implement a mandatory digital Waste Tracking service for all waste.

Table 3 – Summary of Waste Tracking options

Option	Waste in-scope of regulatory change	Central system for Hazardous waste and POPs waste digital records	Central system for Non-Hazardous waste digital records
Option 1 (baseline)	Hazardous waste and waste only	Yes – hazardous waste and POPs waste transactions to be digitally recorded in a central system.	No – no change to non-hazardous waste recording.
Option 2	All waste	Yes – hazardous waste and POPs waste transactions to be digitally recorded in a central system.	Yes – non-hazardous waste transactions will need to be recorded digitally, but only by the receivers of waste (subset of the market)
Option 3 (preferred option)	All waste	Yes – hazardous waste and POPs waste transactions to be digitally recorded in a central system.	Yes – non-hazardous waste transactions will be digitally recorded within a central tracking service.

4.2 Description of Options

Option 1: Do minimum (baseline)

63. In the absence of a central Waste Tracking service for all waste, the four nations would be required to meet existing requirements to introduce measures to digitally track

hazardous waste³⁰ and waste containing persistent organic pollutants (POPs)³¹. The four nations would therefore need to develop a new IT service to enable all records of hazardous waste movements and waste containing POPs to be made available to regulators via a coordinated digital registry. The costs and benefits associated with this POPs and hazardous waste digitalized waste tracking service have therefore been captured in the baseline scenario, and costs for other options are in addition to baseline cost.

64. It is necessary to capture the costs associated with building and running the new IT service to track hazardous waste and waste that contains POPs since these are measures which are required to be introduced.

65. A new Waste Tracking service for all waste would facilitate all of the functions that these services would be built for, and therefore these IT services would not need to be separately operated if a Waste Tracking service for all waste is implemented. The new service(s) must track hazardous waste (and materials and products produced from hazardous waste), and waste that contains POPs (that may be hazardous or non-hazardous waste).

66. These new IT systems are expected to be built over a 3-year period (2026-2028) in such a way that meets current, and potential future, regulatory requirements. The digital tracking of hazardous waste is expected to result in some benefits compared to the current services that are in use to capture hazardous waste data (typically Excel and xml documents sent via email).

67. However, a new Hazardous and POPs Waste Tracking service will not effectively track and monitor all waste from production to disposal, as there will be significant gaps in the types of waste covered by these services, most notably a large proportion of non-hazardous commercial and industrial waste and waste exported under green list controls³². As a result, these new IT services will not deliver the benefits that we expect a centralised Waste Tracking service for all waste to deliver.

Option 2: Digital Waste Tracking service that requires all permitted receiving sites to submit data on all waste received at their sites in near real time

68. Under this option, all those involved in operating a permitted waste receiving site³³ would be required to record individual movements and transfers of waste into their waste site using the digital service. Businesses would have two options for how to record waste movements, and would be required to record movements on the service within two working days of a waste movement taking place.

³⁰ The EU Waste Framework Directive (Directive 2008/98/EC) was amended by Directive (EU) 2018/851 to require EU member states to set up a digital registry for hazardous waste to record the data on hazardous waste which persons carrying out authorised waste management activities were required to record, covering its quantity, origin, treatment, and destination.

³¹

Regulation (EU) No 2019/1021 of the European Parliament and of the Council of 20 June 2019 on persistent organic pollutants, as it forms part of domestic law on and after Transition Period completion day

³² [UK Government Guidance - Waste: Export and Import](#)

³³ In Scotland this refers to operators that receive controlled waste at a permitted facility, excluding household waste and recycling centres

69. Businesses would be able to integrate directly with the API to upload data from their own waste data software. Following registration via the Digital Waste Tracking onboarding portal they will be provided their API credentials which will be added to their software to safely and securely authenticate them to send waste data (push) or update (put) waste records should change occur. This would mean that as soon as businesses recorded waste movements on their own internal systems it could immediately be transferred to the Waste Tracking service.

70. For businesses that don't already have their own waste management software or chose not to initially invest in new software for compliance, there would also be a temporary 12-month fallback option that is based on a secondary data submission. Users of the fallback option would register via the online portal as above and receive their API credentials to use with their native spreadsheet software. They will be able to download a spreadsheet example based on their own spreadsheet software (GoogleDocs, Excel or other free options) which will demonstrate not only the data fields and format that they would need to submit but how they would use their own credentials to manage authentication when submitting their waste movements. They would input data directly into a secondary submission method (or copy across from their own records), then define their command so their waste data is then uploaded to the API.

71. Private beta started with waste software vendors & developers in November 2025 with waste receivers following on once those API connections in their software is in place. It is expected that registration for the public beta of the Waste Tracking service will commence in early 2026. Use of the new system will be mandatory for permitted receiving sites from October 2026 in England, Wales and Northern Ireland, and January 2027 in Scotland³⁴. Businesses will be required to pay a service charge to cover the maintenance and build costs of the service.

72. Option 2 would deliver only a partial version of the intended policy outcomes. By requiring data submission solely from permitted receiving site, it would improve the consistency of information at the end of the waste chain but would not provide full visibility of movements from producers through carriers to disposal.

73. As a result, Option 2 would not significantly reduce waste crime, address data gaps earlier in the chain, or deliver the wider resource efficiency and market fairness benefits expected under the preferred Option 3.

Option 3 (Preferred Option): Digital Waste Tracking service for all waste

74. Under Option 3 a mandatory Digital Waste Tracking service for all waste will be created³⁵. It will provide a means for businesses to record all waste movements and transfers in one central service and will enable the effective tracking of waste through the

³⁴ A later commencement date is required in Scotland to allow for the delegation of certain functions associated with operating the digital waste tracking system, accounting for the impact of Scottish Parliament elections.

³⁵ Mandating that digital records of all waste movements and transfers are held and submitted by obligated businesses is an alternative scenario to the baseline – a new Waste Tracking service for all waste, rather than just hazardous waste and POPs waste. Local Authority Household Waste and Recycling Centres are excluded from recording waste received.

economy. All actors in the waste sector will be onboarded and required to submit information on waste movements, production and treatment.

75. The Waste Tracking service will be an IT service that will replace the current requirement for written waste transfer notes (for non-hazardous waste), consignee returns (for hazardous waste), waste site returns and Annex VII forms for green list waste imports and exports. The service will be developed with the requirement to record and submit information on hazardous waste and the requirement to trace waste containing POPs in mind, to ensure that these existing requirements are met.

76. For the purposes of this analysis we have assumed that there will be both a direct from software API option and a temporary backup option for 12 months that does not require businesses to have existing waste management software, per Option 2.

77. Businesses will be financially responsible for covering the costs of running the service. This includes ongoing costs of paying a service charge for the maintenance and running of the service, and the cost for new software for those that don't have existing software.

78. In contrast to Option 2, Option 3 introduces a fully end to end digital tracking system covering all actors involved in the movement of the waste, enabling accessible oversight, more effective enforcement, and a comprehensive dataset to support circular economy objectives. We would also expect to realise a reduction in waste crime due to this. The distinction between waste receivers only (Option 2), and all waste companies (Option 3), explains why Option 2 delivers limited benefits and Option 3 is required to achieve the full set of policy outcomes.

5. Summary of costs and benefits associated with each option

79. The implementation of a mandatory digital waste tracking system is being developed on a four nations basis. Costs and benefits across all four nations have been assessed on a UK-wide basis, and are set out in this Business and Regulatory Impact assessment, as well as the final UK Impact Assessment.

80. Summary figures in this chapter are scaled to Scotland, based on population share³⁶. Detailed costs and benefits associated with each option are presented as figures across the UK. This is because aggregating data to a UK level is likely to provide a more reasonable estimate of total costs and benefits for this policy, since:

- The waste movements across the UK are highly complex and often not limited to a single nation;
- many businesses operate in multiple nations of the UK;
- much of the data is not available on a sufficient scale for individual nations to draw meaningful conclusions.

81. The Net Present Value (NPV) of the preferred option (Option 3) for a Digital Waste Tracking service for all waste is estimated at £188.1m across the UK over a 15 year period (2026-2040). Scaling to Scotland based on population share, the NPV in Scotland is estimated to be £15.0m³⁷. This does not include the non-monetised benefits and costs. A breakdown of monetised costs and benefits for Scotland and across the UK is set out in Tables 4-7.

82. We have used an appraisal period of 15-years rather than the standard 10-years for this impact assessment. We expect that the Waste Tracking system will have a long lifespan - longer than traditional 'off the shelf' IT systems or those based on bespoke hardware or software. The Waste Tracking service will be developed in line with the Cabinet Office's Open Standards Principles, which means the system will be built to support flexibility and future change. This is reflected in the capital costs in the early years, and maintenance costs running over the 15 year appraisal period. The system is also being developed based on user needs through user research, and these needs will be reviewed when the system is in use, which will help promote longevity of the system³⁸,

83. In 2025, the DWT project was rescoped and a new supplier appointed. The costs and benefits prior to this are not included in the appraisal as they are sunk costs. Existing requirements to deliver a waste tracking service for Persistent Organic Pollutants POPs waste and hazardous waste are considered as Option 1 and taken as a baseline. Option 2 and 3 represent additional costs and benefits on top of this baseline.

³⁶ The population share for Scotland is taken as 8.0% of the total UK population, [Estimates of the population for the UK, England, Wales, Scotland, and Northern Ireland - Office for National Statistics](#)

³⁷ The population share for Scotland is taken as 8.0% of the total UK population, [Estimates of the population for the UK, England, Wales, Scotland, and Northern Ireland - Office for National Statistics](#)

³⁸ [Policy Paper: Open Standards principles](#)

Table 4: Costs of all options, discounted and undiscounted (£m, 2026 prices, 15y appraisal period from 2026-2040), across the UK. All figures for Option 2 and 3 are relative to the baseline.

Cost	Option 1 Baseline (Undiscounted)	Option 1 Baseline (Discounted)	Option 2 (Undiscounted)	Option 2 (Discounted)	Option 3 (Undiscounted)	Option 3 (Discounted)
CDEL	2.63	2.60	1.89	1.92	10.51	10.39
RDEL	6.11	4.86	8.06	6.32	24.46	21.29
Service Charge Cost	0	0	16.73	13.46	38.25	30.70
Transition Costs	5.83	5.49	2.09	2.03	22.78	21.42
Business Familiarisation costs	0.55	0.54	0	0	0	0
Software costs	19.73	15.47	74.05	57.9	743.67	571.53
TOTAL £m	34.94	28.96	102.82	81.63	839.66	655.33

CDEL, RDEL costs to government. All other costs to business. Optimism bias included in all figures except service charges.

Table 5: Costs of all options, discounted and undiscounted (£m, 2026 prices, 15y appraisal period from 2026-2040), scaled to Scotland based on population share. All figures for Option 2 and 3 are relative to the baseline.

Cost	Option 1 Baseline (Undiscounted)	Option 1 Baseline (Discounted)	Option 2 (Undiscounted)	Option 2 (Discounted)	Option 3 (Undiscounted)	Option 3 (Discounted)
CDEL	0.21	0.21	0.15	0.15	0.84	0.83
RDEL	0.49	0.39	0.64	0.51	1.96	1.70
Service Charge Cost	0	0	1.34	1.08	3.06	2.46
Transition Costs	0.47	0.44	0.17	0.16	1.82	1.71
Business Familiarisation costs	0.04	0.04	0	0	0	0
Software costs	1.58	1.24	5.92	4.63	59.49	45.72
TOTAL £m	2.80	2.32	8.23	6.53	67.17	52.43

CDEL, RDEL costs to government. All other costs to business. Optimism bias included in all figures except service charges.

Table 6: Benefits of all options, discounted and undiscounted (£m, 2026 prices, 15y appraisal period from 2026-2040) across the UK. All figures for Option 2 and 3 are relative to the baseline.

Benefit	Option 1 Baseline (Undiscounted)	Option 1 Baseline (Discounted)	Option 2 (Undiscounted)	Option 2 (Discounted)	Option 3 (Undiscounted)	Option 3 (Discounted)
Reduced crime (business)	0	0	0	0	462.27	353.96
Time saving to business: not needing to submit returns (exempt sites)	0	0	0	0	1.03	0.78
Time saving to business: not needing to submit returns (permitted sites)	0	0	0	0	136.07	102.79
Reduced waste crime (Gov)	0	0	0	0	456.27	349.37
Service charge income (Gov)	0	0	16.73	13.46	38.25	30.70
Environmental benefits from reduced crime/disamenity	0	0	0	0	17.26	13.22
TOTAL £m	0	0	16.73	13.46	1,111.15	850.82

Table 7: Benefits of all options, discounted and undiscounted (£m, 2026 prices, 15y appraisal period from 2026-2040) scaled to Scotland based on population share. All figures for Option 2 and 3 are relative to the baseline.

Benefit	Option 1 Baseline (Undiscounted)	Option 1 Baseline (Discounted)	Option 2 (Undiscounted)	Option 2 (Discounted)	Option 3 (Undiscounted)	Option 3 (Discounted)
Reduced crime (business)	0	0	0	0	36.98	28.32
Time saving to business: not needing to submit returns (exempt sites)	0	0	0	0	0.08	0.06
Time saving to business: not needing to submit returns (permitted sites)	0	0	0	0	10.89	8.22
Reduced waste crime (Gov)	0	0	0	0	36.50	27.95
Service charge income (Gov)	-	-	1.34	1.08	3.06	2.46
Environmental benefits from reduced crime/disamenity	0	0-	0	0	1.38	1.06
TOTAL £m	0	0	1.34	1.08	88.89	68.07

84. There are no monetised benefits for Options 1 and 2 because both deliver only limited improvements that cannot be robustly quantified. Option 1 focuses solely on meeting existing obligations for hazardous and POPs waste tracking, which affects a small subset of operators and provides minimal change to overall waste crime or efficiency. Option 2 only captures data from permitted receiving sites, leaving major gaps in the waste chain and limiting its impact on reducing illegal activity or generating measurable savings. Regulators have stated that mandatory quarterly returns would not be removed for Option 2 as waste returns currently require information about both inputs of waste into sites and outputs from sites. Option 2 would only provide half of the data required so waste returns would likely continue

Non-monetised costs

85. Non-monetised costs under Options 2 and 3 primarily relate to compliance monitoring and additional transition burdens. Regulators may incur additional costs for overseeing compliance with new digital requirements, which could be recovered through fees but remain uncertain. Businesses, particularly small and micro operators, may face additional burdens beyond those costed, such as managing data security concerns.

Non-monetised Benefits

86. Non-monetised benefits of Digital Waste Tracking include improved data quality, timeliness, and accessibility, enabling regulators to target enforcement more effectively and reduce compliance risks. The system will streamline processes, remove inefficiencies and reduce administrative burdens for businesses and government, while supporting better policy development and infrastructure planning. It will also enhance transparency across the waste chain, strengthen market fairness by reducing opportunities for illegal operators, and act as a foundational enabler for future reforms such as Extended Producer Responsibility and circular economy initiatives. Wider societal and environmental benefits include environmental improvements, improved resource efficiency, and greater security of critical raw materials, alongside positive impacts on public health and community wellbeing through reductions in waste crime and associated disamenity effects.

6. Option 1: Baseline

87. This option will not facilitate the commitments made by the four nations to mandate the digital recording of waste movements. The problems that a Waste Tracking service is looking to address will therefore remain present.

88. There are costs associated with the baseline, because the government is already required to introduce digital tracking for hazardous waste and waste containing persistent organic pollutants (POPs). Delivering these commitments necessitates building a new IT system, onboarding affected businesses, including familiarisation and running costs. Therefore, the baseline reflects the minimum cost of compliance with existing requirements, rather than a 'do nothing' scenario, which is not an option due to existing requirements for digital tracking for hazardous waste and waste containing persistent organic pollutants. Costs for Options 2 and 3 account for the additional costs to businesses on top of the baseline.

6.1 Costs to Government: IT development and set up costs

89. There will be costs incurred in the baseline scenario associated with building a new IT system; a new Waste Tracking system for Hazardous Waste and POPs waste. The cost of building the Waste Tracking service for hazardous waste and POPs waste is estimated to be a one off CDEL cost of £2.6m and ongoing RDEL cost of £6.1m over the appraisal period, incurred across the UK. This estimate is based on the apportioned costs of building the full Waste Tracking service for all waste – including IT development, system setup and agency integration costs. The total baseline IT development and set up costs are summarised in Table 8.

90. We anticipate the cost of this option to be much lower than the costs for the preferred option since we will be making use of existing platforms such as Gov.UK forms and customising them which would mean a baseline option would cost significantly less than the preferred option. Based on conversations with service delivery team, the expected cost of this option to be 20% of the cost of DWT, including contingency spend.

91. An optimism bias of 15% has been applied to cost estimates in the baseline. This is to reflect uncertainty about delivery costs, and to account for overestimation. This is consistent and applied across the whole impact assessment.

Table 8: Summary of discounted and undiscounted baseline UK IT development costs for government, £m, 2026 prices

Costs	2026	2027	2028	2029-40	Total
CDEL Hazardous Waste and POPs Waste Tracking system (new) Discounted	1.75	0.85	0	0	2.60
CDEL Hazardous Waste and POPs Waste Tracking system (new) Undiscounted	1.75	0.88	0	0	2.63
RDEL Hazardous Waste and POPs Waste Tracking system (new) Discounted	0.41	0.39	0.38	3.68	4.86
RDEL Hazardous Waste and POPs Waste Tracking system (new) Undiscounted	0.41	0.41	0.41	4.89	6.11

6.2 Cost to Business: Transition costs

92. The baseline service would require hazardous waste consignors to submit additional information in their hazardous waste and POP returns through an updated IT service. The costs will be lower than those of the preferred option and have been taken based on an estimate of 20% of the sites in scope of the preferred option.

93. We have broken the transition costs for business into familiarisation costs and a transition cost to implement the new reporting method and software (see Table 9). Familiarisation over a two-year period (2026-2027) is predicted to cost £0.5m and transition cost is £5.8m (2026-2030).

Table 9: Summary of baseline transition costs for businesses across the UK, £m, 2026

Costs	2026	2027	2028	2029	2030	2030-40	Total
Familiarisation Cost - Undiscounted	0.28	0.28	0	0	0	0	0.55
Familiarisation Cost - Discounted	0.28	0.27	0	0	0	0	0.54
Transition Cost - Undiscounted	0.28	2.88	1.15	0.89	0.63	0	5.83
Transition Cost - Discounted	0.28	2.78	1.08	0.80	0.55	0	5.49

6.3 Cost to Business: IT service running and management costs

94. Businesses will have to take on maintenance and running costs of the new IT Service to allow them to record hazardous and POPs waste. This totals £19.73m over the appraisal period (£15.4m discounted) across the UK.

6.4 Benefits

95. The requirement to implement digital tracking for hazardous waste and POPs waste has meant that the baseline scenario of this impact assessment is different to the current situation ('do nothing' scenario). It is therefore important that the benefits associated with implementing hazardous waste and POPs waste tracking are understood before presenting the additional benefits associated with implementing a Waste Tracking system for all waste.

96. Option 1 (digital tracking for hazardous and POPs waste only) shares some high level mechanisms with Option 2 and 3, but benefits under Option 1 cannot be treated as a proportionate subset of those estimated for wider waste tracking.

97. This is because the monetised benefits in Option 3 are driven primarily by end-to-end visibility across the whole waste chain and across all waste types, which enables systematic reductions in waste crime (misdescription, illegal sites, fly-tipping and illegal exports). These effects rely on linking data from producers, carriers, brokers, dealers and receivers, allowing regulators to detect anomalies, trace non-compliance, and deter waste crime at multiple points in the chain.

98. In contrast, hazardous and POPs waste represent a small subset of total waste, where baseline compliance is already relatively high and enforcement activity is already targeted (in comparison with all waste). Introducing digital tracking for this subset alone

does not generate the same disruption to waste crime and other factors leading to the benefits seen in Option 3.

99. Hazardous and POPs waste tracking does not provide visibility over non-hazardous waste flows, where the majority of misdescription, fly-tipping and illegal activity occurs. Any effects on waste crime or compliance are expected to be small, limited to specific cases, and not widespread across the waste system.

100. There is no robust empirical evidence basis for scaling down the Option 3 benefits to represent Option 1. Applying a simple proportion would risk overstating benefits and would not be a representative figure. There are currently insufficient data on (e.g. the volume of) hazardous and POPs waste, and on how operators and regulators will change their behaviour once digital tracking for this waste is introduced. Without this evidence, it is not possible to reliably quantify benefits listed below. Assumptions used to estimate Option 3 benefits use a stronger evidence base and research looking into intervention on all waste. Therefore, Option 1 benefits remain qualitative due to high uncertainty.

101. Implementing a digital tracking service for hazardous waste and POPs waste alone will result in:

- **Increased income for regulators.** The mandatory digital tracking of hazardous waste and POPs waste will result in increased compliance with the hazardous waste regime and hence an increase in income through fees³⁹. This is not a transfer from business to regulators as it is a cost which businesses are currently not having to pay despite requirements to have measures for digital tracking. As per Green Book guidance, bringing activity into compliance should not be a monetised economic cost.
- **Increased landfill tax receipts.** Misclassification of waste is typically carried out to describe waste as being non-hazardous, rather than hazardous, in order to benefit from paying the lower rate of landfill tax at £3/tonne, rather than £94.15/tonne⁴⁰. Digital tracking of hazardous waste will make such misdescription more difficult as changes in the description of waste will be highlighted to the regulators.
- **Reduced illegal waste exports.** It is illegal to export hazardous waste to non-OECD countries, but illegal exports can be an attractive option for waste operators, as waste disposal in non-OECD countries tends to be cheaper due to less stringent environmental regulations. Digital tracking of hazardous waste will likely deter illegal exports of waste as regulators will more easily be able to identify operators involved in such criminal activity.
- **Improved knowledge of material flows.** It is expected that hazardous waste treatment operators will have to digitally record valuable secondary materials created during hazardous waste treatment. This would enable the information held to be more accessible to regulators and businesses. In addition, regulators will have improved access to data for cross-border material flows.
- **Improved compliance monitoring.** The new hazardous waste and POPs Waste Tracking service will help regulators to have more streamlined record keeping of hazardous waste and POPs waste which will facilitate easier referencing, operational research and investigations of activities. This will also allow for greater

³⁹ A Waste Tracking system for hazardous waste will negate the need for **formal consignment returns**, instead collecting data through the digital system, businesses handling hazardous waste will still need to pay for the running of the hazardous waste regime – likely to be similar to the current consignment fee system – more compliance will mean higher fees.

⁴⁰ [SLFT rates and accounting periods](#)

visibility and transparency on operators' activities with regards to hazardous waste and POPs waste. Improved record keeping could reduce waste crime, improve efficiency, fill data gaps, and improve information on the availability of underutilised waste materials. This will lead to improved use of public money.

- **IT cost savings to the regulators.** The regulators operate several IT services to manage Hazardous Waste data and returns. It is expected that the Waste Tracking service for Hazardous and POPs waste will supersede these services and therefore there will be savings associated with no longer paying for the running and maintenance of such services.
- **Reduced administration costs for regulators.** There may be time savings to regulators from having a central database of hazardous waste returns, rather than reviewing emails and spreadsheets which can be time-consuming.
- **Improved data for policy decision making.** Collecting data will allow government to implement better targeted policies and report on progress against specific targets.

7. Option 2: Digital Waste Tracking system for waste receiving sites.

102. Under this option, those operating a permitted waste receiving site are required to record individual movements and transfers of waste into their waste site using the digital service provided. Costs and benefits of this option are in addition to the baseline.

7.1 Costs to Government: IT development and set up costs

103. The costs to government under Option 2 are the capital and ongoing costs of building and running the waste tracking service. These costs are first incurred in 2026, and capital build costs stop being incurred after 2027 meaning there are only running and maintenance costs from 2028 onwards. Costs are summarised in Table 10.

104. All costs will be covered by the users' service charge, so this cost to government is offset by future service charge income. The service charge has been included in the analysis as a cost to business.

105. A 15% optimism bias has been applied to reflect the risk that costs may be underestimated. A lower optimism bias reflects the increased level of cost certainty at this stage of policy development, as the digital service design has been explored in detailed breakdown of required resources whilst undergoing private beta and continued conversations with IT providers.

Table 10: CDEL (Capital) and RDEL (Resource) costs to government in addition to the baseline (£m), 2026 prices, across the UK

Costs	2026	2027	2028	2029	2030	2031-40	Total
CDEL	2.77	-0.88	0	0	0	0	1.89
RDEL	-0.11	0.71	0.60	0.60	0.60	5.67	8.06
CDEL (Discounted)	2.77	-0.85	0	0	0	0	1.92
RDEL (Discounted)	-0.11	0.68	0.56	0.54	0.52	4.13	6.32

7.2 Cost to Business: Service Charge (Transfer to Government)

106. The costs of building and running the service are initially uncured by government and recorded as a public sector cost (CDEL and RDEL). These costs are recovered from businesses through a service charge, which is recorded as a cost to business and an equal benefit to government (see Table 11). The service charge is treated as a transfer, while the underlying cost of delivering the service is counted once. The service charge has been calculated by dividing the total recoverable cost by the estimated number of users and spreading the cost over 15 years.

107. The build costs of the service are amortised over a 10 year period, meaning the upfront development costs are recovered gradually through the service charge. It is expected that there will continue to be a service charge to cover the maintenance costs of the service beyond the amortisation period, but that it will be reduced as it will only be covering the cost of running the service rather than building the service. This avoids the need for the programme to secure funding repeatedly through future spending rounds and ensures that the service remains financially sustainable over the full appraisal period.

Table 11: Service charge cost, £m, 2026 prices, across the UK

Costs	2026	2027	2028	2029	2030	2031-40	Total
Undiscounted	0.66	1.31	1.31	1.31	1.31	10.81	16.73
Discounted	0.66	1.27	1.23	1.19	1.15	7.98	13.46

7.3 Cost to Business: Transition costs

108. There will be transition costs for all receiving waste sites to record their waste data on the new digital waste tracking platform. This is due to the requirement proposed under Option 2 for receiving waste businesses to record their waste movements and transfers digitally. Waste sites will still need to comply with their current duty of care requirements⁴¹ albeit using digital rather than paper systems. The transition costs may include familiarisation, training and new on-site technology costs (e.g. IT). In total we expect these transition costs to amount to £2.09m over 4 years across the UK (2026-2029).

109. This transition cost to waste sites was estimated through analysing responses to surveys shared with a sample of waste companies. Based on survey results, we applied the proportions of paper, spreadsheet and software users to the total number of receiving sites and carriers, brokers or dealers (CBDs) provided by regulators. This allowed us to allocate business across the different upload methods and estimate the time required for set-up and familiarisation (Tables 12 - 14). We estimate that there are 117,853 CBDs and 11,765 receiving sites in scope across the UK.

Table 12: Number of expected hours for businesses to transition to Software API

Training / Familiarisation		Hours of Set Up	
From paper to software	8	From paper to software	6
Spreadsheet to software	4	Spreadsheet to software	2
From software to software	2	From software to software	0
Transition to temporary 12-month secondary submission method			
Paper to secondary	6	Paper to secondary	6
Spreadsheet to secondary	2	Spreadsheet to secondary	2
Software to secondary	4	Software to secondary	2
Secondary Method to Software			
All companies	4	All companies	2

Table 13: Number of expected hours for businesses to transition to temporary 12-month secondary submission method

Training / Familiarisation		Hours of Set Up	
Paper to secondary	6	Paper to secondary	6
Spreadsheet to secondary	2	Spreadsheet to secondary	2
Software to secondary	4	Software to secondary	2

Table 14: Number of expected hours for businesses to transition to secondary method to software

Training / Familiarisation		Hours of Set Up	
All companies	4	All companies	2

⁴¹ Waste sites must make sure that a unique code has been applied to the waste, and will need to share the details of the waste movement/transfer with the party that previously handled the waste and the party where the waste is moved to.

110. The number of hours businesses are likely to spend on set up and familiarisation of the software API are based on HMRC's Making Tax Digital transition, which we consider a comparable digital onboarding process. Businesses that initially opt to use the temporary secondary submission method will incur an additional transition cost when they later move onto full software integration after the first year.

111. To estimate costs, we multiplied the relevant number of firms by the expected familiarisation hours and applied the mean waste management administrative hourly wage of £21.48 (including a 22% uplift to account for non-wage costs)⁴². We expect total discounted transition cost to receiving sites to be £2.03m across the UK.

7.4 Cost to Business: Software

112. Under Option 2, only permitted receiving sites are required to use digital systems to submit waste movement data. Businesses already using commercial waste management software will be able to integrate directly via the API at no additional software cost. However, operators without existing compatible systems will need to purchase new software or upgrade their current tools to meet digital requirements. These software costs are expected to be recurring annual or monthly license fees charged by software vendors.

113. To estimate these ongoing costs, we applied the total number of receiving sites in scope (as provided by regulators) and assumed that only those without existing software would face additional expenditure.

114. Because market pricing for DWT software is not yet available, we used HMRC's Making Tax Digital cost assumptions as a proxy. They estimated an average annual software cost of £158 per year for a similar digital transition. Given the uncertainty around future DWT software pricing and recognising that the market is smaller compared to those that would be using tax software, we applied a 400% optimism bias, resulting in an estimated annual cost to business of £632 per year.

115. The higher optimism bias reflects the limited evidence available, the likelihood that software developers will have fewer users over which to spread development costs, and the possibility that bespoke waste tracking functionality will be priced higher than standard accounting software.

116. By making DWT a mandatory requirement, we are creating a clear commercial opportunity that will attract a wider range of software vendors into the market. As more software vendors participate and compete for this expanded customer base, prices will be driven down, for example as seen in the Making Tax Digital market. We expect the cost of DWT software to be below market value of existing waste management software.

117. The software expenditure represents a commercial transaction between waste companies and software providers, covering access to and maintenance of the digital tool. We predict software costs for receivers to be £74m (undiscounted), over the appraisal period across the UK (see Table 15).

⁴²[Earnings and hours worked, by industry and occupation: ASHE Table 29 - Office for National Statistics](#)

Table 15: Software costs, £m, 2026 prices, across the UK

Costs	2026	2027	2028	2029	2030	2031-40	Total
Undiscounted	0.64	5.24	5.24	5.24	5.24	52.44	74.05
Discounted	0.64	5.07	4.89	4.73	4.57	38.00	57.90

7.5 Benefits to Government: Service Charge (Transfer from Business to Government)

118. The full cost of building and maintaining the Digital Waste Tracking service will be recovered from users through a service charge. This creates a saving for government, as the costs that would otherwise fall to the public sector are instead funded by businesses. This is estimated to be £17.26m (undiscounted) across the UK, with the same cost profile as in Table 9.

8. Option 3 (Preferred option): Digital Waste Tracking service for all waste

119. Under Option 3 a mandatory digital Waste Tracking service for all waste will be created. It will provide a means for businesses to record all waste movements and transfers in one central service and will enable the effective tracking of waste through the economy. All actors in the waste sector will be onboarded and required to submit information on waste movements, production and treatment. Costs and benefits are in addition to the baseline.

120. Option 3 will be delivered on a phased basis, starting with waste receiving sites. The Digital Waste Tracking (Scotland) Regulations 2026 cover only this first phase. Analysis set out below applies to full implementation of digital Waste Tracking service for all waste.

8.1 Costs to Government

121. The costs to government under Option 3 are the capital and ongoing costs of building and maintaining the service. Most of these costs are recoverable through the service charge for users. Build costs are expected to be higher than Option 2. This is because this option applies to all waste companies, not just receivers. Similarly to Option 2, there will be a temporary secondary data submission method for approx. 12 months.

122. There will be a CDEL transition cost to build and implement the new waste tracking service which will cost £10.5m (£10.3m discounted) over a 2-year period (2026-2027),. Maintaining the service over the appraisal period also incurs an RDEL cost of £24.46m (£21.29m discounted) across the UK.

8.2 Cost to Business: Service Charge (Transfer to Government)

123. As with Option 2, the ongoing running and management costs of a Waste Tracking service for all waste will be met by users of the service through an annual service charge. However, we expect that the running and management costs of a service for all waste businesses will be higher for a system that records data on all waste.

124. The build and running costs under a Waste Tracking system for all users will be spread between more businesses (an additional 117,853 sites) than a system for permitted receiving sites only (11,765 sites), resulting in a lower 'per business' cost. As with Option 2, after year 10 of the service the full build cost will have been amortised, resulting in a lower service charge for users from years 11-15 of the appraisal period across the UK (£3.3m till 2035, then £1.87m till 2040-undiscounted).

8.3 Cost to Business: Transition costs

125. Under Option 3, there will be transition costs for all permitted receiving sites and all carriers, brokers and dealers (CBDs), to record their waste data on the new Digital Waste Tracking platform. This is because Option 3 requires all businesses that produce, transport or manage waste to digitally record and submit their waste movements, rather than only receiving sites under Option 2.

126. The same methodology was used to calculate transition costs in Option 3 as Option 2. This includes HMRC Making Tax Digital assumptions for number of hours taken for set up and familiarisation, the number of receivers/CBDs provided by regulators and ONS hourly rate for waste management admin staff. These costs are expected to be higher than in Option 2 because the number of businesses in scope is significantly greater (Table 16).

Table 16: Estimated number of sites in scope (UK-wide)

Record Keeping Journey	Receiving Sites	CBDs
Software to Secondary	1,498	15,008
Paper to Software	852	8,536
Paper to Secondary	2,269	22,731
Software to Software	4,744	47,526
Spreadsheet to Secondary	2401	24,052

127. Businesses that initially opt to use the temporary secondary submission method will incur an additional transition cost when they later move onto full software integration after the first year (Table 17). These have been accounted for in cost estimates. In total, transition costs under Option 3 account to £2.09m (£2.03m discounted) for receiving sites and £20.68m (£19.39m discounted) for CBDs, across the UK over a 5-year period (2026-2030).

Table 17 – Transition costs to businesses during the transition period in comparison to baseline Option 1, includes both receiving and CBD– best estimate, 2026 prices

Year, Costs (£m)	2026	2027	2028	2029	2030	Total
Undiscounted	0.83	11.25	4.62	3.57	2.51	22.78
Discounted	0.83	10.87	4.31	3.22	2.19	21.42

8.4 Cost to Business: Software

128. As with Option 2, businesses will need access to waste management software in order to comply with DWT service. Some operators already use commercial software to manage waste records, but those who do not will need to purchase software or upgrade their existing systems. These software costs are expected to be recurring (monthly or annual license fees charged by software vendors). Digitally excluded persons may submit records to the Regulator via an alternative, non-digital route (see Section 15).

129. To estimate these ongoing costs, we applied the total number of receiving sites and CBDs (as provided by regulators) and assumed that only businesses who have existing software and moving to the software API option, will not have to pay for software. The same methodology was applied as for Option 2.

130. We estimate that the total discounted cost of software to receivers and CBDs will be £571.5m, £743.6m undiscounted across the UK (Table 18).

Table 18: Software costs Option 3, £m, 2026 prices, across the UK

Year, Costs (£m)	2026	2027	2028	2029	2030	2031-40	Total
Undiscounted	0.28	10.24	56.39	56.39	56.39	564.00	743.67
Discounted	0.28	9.89	52.64	50.85	49.14	408.74	571.53

8.5 Benefits to Government: Tax revenues resulting from reduced waste crime

131. Option 3 will offer significant benefits to society, regulators, businesses and the governments. These benefits include increased efficiency within the agencies, savings to businesses from recording data digitally and reduced time spent on submitting data returns, and savings to central government from reduced costs associated with building and running alternative IT solutions. All parties will also benefit from reduced waste crime.

132. Research and estimated costs (based on data in England only) from the Environmental Service Association have been drawn upon to improve our understanding of the scope for beneficial outcomes to different parties from reducing waste crime, and to help monetise some of the expected impacts of a central Digital Waste Tracking system for all waste. We have made a series of assumptions about the expected impact of reduced waste crime, developed in conjunction with the four nation regulators.

133. Digital Waste Tracking is expected to reduce several types of waste crime by increasing transparency, improving traceability and enabling more intelligence led intervention. As more waste is diverted from illicit channels into legitimate treatment facilities, tax receipts that were previously lost due to criminal activity return to the public sector (see UK Impact Assessment for further details).

134. Table 19 provides a summary of benefits to government from reduced waste crime. The information below explains how increased tax revenue has been estimated for each type of waste crime. In each case, tax revenue that should already have been received in the absence of waste crime. We expect these benefits to begin to be realised from 2028.

135. This is a transfer cost from businesses to government, but given that this cost should have been being paid by business under the baseline, we have excluded the equivalent monetised costs to businesses in the calculation of the NPV.

Table 19: Waste crime benefits to government , Option 3, £m, 2026 prices, across the UK

Benefits, Year (£m)	2026/7	2028	2029	2030	2031	2032-40	Total
Undiscounted	0	35.1	35.1	35.1	35.1	315.88	456.27
Discounted	0	32.76	31.65	30.58	29.55	224.81	349.37

Landfill tax

136. Misclassification of waste can occur at any point in the waste management chain – either accidentally or deliberately. The financial implications of misclassification can be significant, for instance, waste classified as ‘inactive’⁴³ is eligible for the lower rate of Landfill Tax, which, at £3 per tonne, is substantially lower than the standard rate of tax of £94.15 per tonne⁴⁴.

⁴³ Inactive waste covers most materials used in a building's fabric as well as earth excavated for foundations. Most forms of concrete, brick, glass, soil, clay and gravel are classified as inactive.

⁴⁴ [SLFT rates and accounting periods](#)

137. It is expected that Waste Tracking for all waste under Option 3 will make it easier for regulators to identify misdescription. It will remove at least some, if not all, of the need for time intensive waste stream audits and the scanning of paper waste transfer notes on which misdescription work is currently based. Waste Tracking will enable better insight of waste being rejected at disposal sites due to misdescription and regulators will be able to follow up with the parties involved much more effectively as a result of the improved information they will have from the Waste Tracking service.

138. To estimate additional landfill tax revenue expected from reduced misclassification of waste we have developed three estimates (low, central and high) largely based on published evidence and tax gap analysis.

139. We calculated a low annual estimated benefit of £15m per year, central estimate of £26.45m per year, and high estimate of £27.7m per year across the UK. The central estimate, uplifted to 2026 prices, is used in the headline results. The low and high estimates are presented as sensitivity bounds. For further detail see the UK Impact Assessment.

Reduction in Illegal waste sites and waste permit breaches

140. Criminal activity can be perpetrated by individuals or organisations through a breach of an environmental permit or the operation of an illegal waste site. Examples include deliberately accepting too much waste, storing waste in an inappropriate manner or accepting waste that is not allowed under a certain permit.

141. By mandating that waste operators digitally record and submit their waste movements and transfers, the Waste Tracking service will make it harder for waste operators to run, or support, illegal sites (including waste sites breaching their permit conditions). In addition, a Digital Waste Tracking system for all waste will enable regulators to build a more complete picture of waste production at sites that do not hold environmental permits. This would enable regulators to carry out data analysis of entire sectors, and identify anomalous sites that are worthy of further investigation.

142. We expect that with a central Waste Tracking system in place, some waste that would have been handled on illegal sites will instead be handled by authorised facilities in the legitimate market – offering benefits to businesses through increased profit and therefore the government through increased taxation (VAT, corporation tax and landfill tax) and the regulator through more cost-efficient enforcement⁴⁵. Only public sector benefits are captured in this section.

143. In the absence of specific evidence on the impact that a Digital Waste Tracking service could have on illegal waste sites, we have reviewed outcomes from targeted interventions to reduce the number of illegal waste sites instead. A national digital waste tracking system has not previously operated in the UK, and therefore no direct empirical evidence exists on its impacts. Targeted intervention evaluations provide the closest available evidence base. This approach has enabled us to present a realistic minimum

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The Waste Tracking service will provide intelligence and evidence to assist the regulators with compliance monitoring and targeted enforcement activity.

benefit that the government could expect to incur from reducing the number of illegal waste sites as a result of implementing a central Waste Tracking service.

144. We calculated a low annual estimated benefit of £0.79m per year and high estimate of £2.29m per year across the UK. The central estimate used in this impact assessment is the average of the low and high estimates, uplifted to 2026 prices.

Reduction in illegal waste exports

145. Whilst some wastes can be exported legally for recycling and recovery, it is illegal in almost all cases to export untreated waste from the UK for disposal⁴⁶. Understanding the scale of illegal waste exports is extremely difficult. Current data are unreliable and incomplete across the UK..

146. Waste Tracking will enable intelligence-led enforcement which we expect will deter operators from illegally exporting waste. In the absence of specific evidence on the impact that a Digital Waste Tracking service could have on illegal waste exports, we have reviewed targeted interventions to reduce illegal waste exports instead.

147. We calculated a low annual estimated benefit of £0.58m per year and high estimate of £0.72m per year across the UK. The central estimate used in this impact assessment is the average of the low and high estimates, uplifted to 2026 prices. There may be further benefits to the public sector from reduced illegal waste exports in the form of reduced repatriation costs. Waste Tracking will reduce the likelihood of illegal waste exports occurring in the first instance, and the regulator will have increased intelligence to identify the illegal operator(s) involved and to ensure that the repatriation costs are recuperated from the offending operator(s).

Reduction in fly-tipping

148. Fly-tipping is a wide-ranging offence, defined as the illegal deposit of household, industrial, commercial, or other 'controlled' waste without an appropriate waste management authorisation. In many instances it is an opportunistic, one-off occurrence, with perpetrators seeking to avoid waste treatment or disposal costs.

149. The Waste Tracking service will be able to directly address the fly-tipping of commercial waste, arising from construction, demolition, excavation, and other commercial activity. This is because all commercial waste will be tracked from where it is produced to where it is disposed of.

150. We calculated a low annual estimated benefit of £2.61m per year and high estimate of £8.14m per year across the UK. The central estimate used in this impact assessment is the average of the low and high estimates, uplifted to 2026 prices.

8.6 Benefits to Business: Reduction in waste crime

151. The benefits to businesses from reduced waste crime are based on the same sources described above (see Table 20). These savings to businesses are deemed to be

⁴⁶ The Transfrontier Shipment of Waste Regulations 2007 define the procedures, offences and penalties relating to the export of waste from the UK.

'indirect' on the basis that the additional profit to legitimate businesses is dependent on illegal businesses leaving the industry (freeing up the waste to be handled by a legitimate operator) or moving their business into compliance. To transition to operating legitimately or to accept waste that was previously handled illegally may require some changes to business activities and/or infrastructure. On this basis, the benefit may not be immediate and therefore we consider the benefit to be indirect.

Table 20: Waste crime benefits to business, Option 3, £m, 2026 prices, across the UK

Benefits, Year (£m)	2026/7	2028	2029	2030	2031	2032-40	Total
Undiscounted	0	35.56	35.56	35.56	35.56	320.03	462.27
Discounted	0	33.19	32.07	30.99	29.94	227.77	353.96

Reduction in illegal waste sites and breaches of permits

152. Reduced illegal waste sites and breaches of waste permits will result in increased profit for legitimate operators. Illegal operators avoid key costs, such as landfill tax, permit fees, and compliance requirements, which allows them to undercut compliant businesses. By improving traceability and making non-compliant activities harder to conceal, Digital Waste Tracking reduces the viability of illegal operations and shifts more waste into legitimate market. As a result, authorised operators gain additional waste volumes and face less unfair price competition, leading to higher revenues and improved profitability across the compliant sector.

153. The methodology for estimating the number of illegal waste sites closed and the annual volume of activity affected is identical to the approach used in the public sector benefits section. We calculated a low annual estimated benefit of £0.001m per year and high estimate of £0.012m per year across the UK. The central estimate used in this impact assessment is the average of the low and high estimates.

Reduction in flytipping

154. Reducing commercial fly-tipping is expected to increase profits for legitimate operators. When businesses or contractors avoid disposal costs by illegally dumping waste, compliant operators lose potential revenue from lawful collection, treatment and disposal of waste. By improving traceability and making it harder for waste to disappear from the system, Digital Waste Tracking reduces opportunities for fly-tipping. As more commercial waste is routed through authorised facilities instead of being dumped illegally, legitimate operators benefit from higher waste volumes and increased income.

155. The private sector benefits from reduced fly tipping are estimated using the same underlying assumptions as the public benefits. We calculated a low annual estimated benefit of £14.21m per year and high estimate of £44.29m per year across the UK. The central estimate used in this impact assessment is the average of the low and high estimates, uplifted to 2026 prices.

8.7 Benefits to Business: Savings from no longer needing to submit waste returns

156. We expect that there will be savings to waste operators from no longer having to submit waste returns. Under Option 3, regulators will remove quarterly site returns from

2028 and the Digital Waste Tracking service would capture end-to-end data on waste movements, including both inputs and outputs from waste sites. This provides the same information currently collected from these quarterly returns, allowing those returns to be removed by regulators. In contrast Option 2 only captures data on waste received at sites and does not provide visibility on waste movements or outputs, meaning waste returns would still be required and cannot be removed under that option. This has been discussed with regulators.

157. To estimate this saving, we engaged with the Waste Tracking user panel. We asked the panel how long they currently spend submitting permitted site returns and waste exemption returns and how often they submit these. The responses were analysed and significant outliers were removed.

158. Using the median wage for workers in waste disposal (£20.72, from the Annualised Survey of Hours and Earnings⁴⁷) and inflating this by 1.5% per annum to project wage rates from 2023 onwards, and then inflating this by 22% to include non-wage costs, we obtained the estimated savings from no longer needing to submit Permitted and non-hazardous waste exempt site returns (see Table 21).

Table 21: Time savings to business, Option 3, £m, 2026 prices

Benefits, Year (£m)	2026/7	2028	2029	2030	2031	2032-40	Total
Permitted Sites-Undiscounted	0	2.78	11.11	11.11	11.11	99.97	136.07
Exempt Sites-Undiscounted	0	0.02	0.08	0.08	0.08	0.75	1.03
Permitted Sites-Discounted	0	2.59	10.02	9.68	9.35	71.15	102.79
Exempt Sites-Discounted	0	0.02	0.08	0.07	0.07	0.54	0.78

8.8 Benefits to society and the environment

Reductions in waste crime

159. Illegal waste sites can blight local communities through the release of foul odours, pollution of surface or ground water, noise and dust from vehicle movements or on-site operations, or smoke from fires⁴⁸. Benefits associated with a reduction in disamenity are summarised in Table 22.

Table 22: Disamenity Benefits, Option 3, £m, 2026 prices, across the UK

Benefits, Year (£m)	2026/7	2028	2029	2030	2031	2032-40	Total
Undiscounted	0	1.33	1.33	1.33	1.33	11.95	17.26
Discounted	0	1.24	1.20	1.16	1.12	8.51	13.22

160. Illegal Sites. We calculated a low annual estimated benefit of £0.65m per year and high estimate of £1.89m per year across the UK associated with a reduction in illegal waste sites. The central estimate used in this impact assessment is the average of the low and high estimates.

⁴⁷ [Annual Survey of Hours and Earnings \(ASHE\)](#) median 2020 wage for "Private, Waste disposal and environmental services managers".

⁴⁸ [ESA: Rethinking Waste Crime](#)

161. Flytipping. The ESA's Rethinking Waste Crime report⁴⁹ estimates that fly-tipping has an annual cost to wider society of £16.8m (2020 prices, UK-wide cost) from carbon impacts. Based on the same underlying assumptions used in the public and private methodology, we calculated a low annual estimated benefit of £0.09m per year and high estimate of £0.27m per year across the UK. The central estimate used in this impact assessment is the average of the low and high estimates.

⁴⁹ [ESA: Rethinking Waste Crime](#)

9. Non-monetised costs (Options 2 and 3)

162. Not all costs associated with Digital Waste Tracking can be monetised, but should be considered alongside those that we have been able to monetise.

9.1 Compliance monitoring costs (chargeable to industry)

163. Currently, the costs of compliance monitoring of operators that handle hazardous waste is chargeable to operators through the payment of consignment fees. As part of the proposals for a Waste Tracking service for all waste types, regulators would also be able to recover the costs associated with monitoring the compliance of operators that handle non-hazardous waste. The functions that would be in-scope of cost recovery are yet to be confirmed. The Scottish Government is working closely with SEPA, the other nations and regulators to establish these functions and an associated cost estimate.

9.2 Transition costs to producers of waste

164. Transition costs for producers of waste could include the time cost of staff familiarising themselves with the new regulations and the time cost of training staff to effectively comply with the regulations. Transition costs have been monetised where producers also act as waste carriers, brokers or dealers (CBDs), as these businesses are required to create and submit DWT records as the arranger of waste movement. However, we have not separately monetised transition costs for producers who do not act as carriers, brokers or dealers, due to uncertainty over the total number of waste producers in scope, and uncertainty over how many producers would choose to enter DWT records themselves rather than relying on waste carrier or broker.

165. Under the DWT policy, the legal responsibility for creating the waste tracking record sits with the person arranging the waste movement, which will typically be the carrier or broker, not the waste producer. As a result, most producers are expected to incur minimal additional transition costs, limited primarily to understanding the requirements and receiving a DWT record reference from their waste contractor. Any additional transition costs faced by producers who voluntarily choose to enter data themselves are therefore expected to be small and case specific, and there is insufficient evidence to robustly quantify these at this stage.

9.3 Transition costs to exempt waste sites

166. Many exempt waste sites will incur transition costs to comply with the requirements to digitally record details about the waste they receive under Option 3. The transition costs are likely to be similar to those that we assume will be incurred by permitted waste sites in Option 2, and include staff training costs, familiarisation costs, customer engagement, changes to current IT services and the provision of any on-site technology. We have not been able to accurately estimate the costs to these businesses.

167. The transition costs to exempt waste sites will differ significantly between individual sites depending on how much waste they handle and their current use of IT services. Unlike permitted sites, exempt sites are not required to pay to register and we cannot reliably determine how many exempt sites are actually active. Without an accurate count of active sites, it is difficult to produce a defensible cost estimate.

10. Non-monetised benefits (Options 2 and 3)

168. Some benefits associated with Digital Waste Tracking are difficult to monetise because they arise from improvements in information, transparency and regulatory capability, rather than from direct behavioural changes that can be confidently quantified. However, this does not detract from the value of these benefits, and they should be considered alongside those that we have been able to monetise.

169. Enabling benefits such as more accurate and timely data, improved regulatory targeting, better evidence for policy development, strengthened compliance monitoring and reduced operational inefficiencies, all depend heavily on how government, regulators and business choose to use the improved data and technological capability. The scale and timing of these impacts attributed to DWT are uncertain and cannot be quantified accurately.

170. Additionally, some other benefits relate to avoided harms (e.g. avoided environmental damage, avoided regulatory failure), which are inherently challenging to forecast without strong empirical evidence. As a result, these impacts are captured qualitatively as unmonetisable enabling benefits rather than quantified estimates.

171. The benefits outlined below are relevant to both Option 2 and Option 3. However, the magnitude of each benefit is expected to be significantly greater under Option 3.

172. The main non-monetised benefits are:

- **DWT as a foundational data and technology enabler.** DWT provides enabling benefits arising from improved data and technology capabilities that are currently not possible under fragmented, paper-based or inconsistent data systems. This includes greater data coverage, better quality and more timely data, digital integration and scalability, improvements to regulation and compliance, and improved insights for policy development.
- **A safer, cleaner environment through reduced greenhouse gas emissions.** By providing better data on the volume, composition and destination of waste, opportunities to reduce greenhouse gas emissions could be more easily identified. Such opportunities could include diverting waste from landfill or incineration and/or reducing energy-intensive resource extraction.
- **Increased gate fee revenue.** A gate fee is the fee levied on a quantity of waste received at a waste processing facility. The fee differs depending on the composition of waste. Digital Waste Tracking is likely to result in fewer incidents of operators attempting to reduce their gate fee charges by misdescribing their waste.
- **Resource efficiency.** By digitising data, businesses/regulators will improve their understanding of the type and quantity of waste generated and this will enable businesses and regulators to identify high-value opportunities that increase resource productivity. For example, by facilitating improved data on the composition and destination of waste that could be repurposed, there could be a reduction in the amount of avoidable waste sent to landfill or incineration.
- **Security of supply of critical raw materials.** By increasing our understanding of where we are 'losing' critical raw materials as waste, we can carry out targeted interventions to divert these materials to recycling and reuse.
- **Compliance with duty of care.** Waste producers will likely be better informed about what has happened to their waste and this may increase their confidence that they are legally compliant with the duty of care regulation.

173. Under Option 3, there will also be a non-monetised benefit of improved competition within the waste sector . Illegal waste operators tend to impede competition by undercutting compliant businesses. Under Option 3, DWT is expected to prevent non-compliant waste operators from entering or remaining in the sector, in turn increasing the proportion of waste that is handled legally. The reduction in unfair competition and legitimate business' increased access to waste may result in greater investment within the sector, for example, through increased labour force or capital investments.

11. Scottish firms Impact Test

175. The Waste Tracking User Panel has been used to engage with stakeholders to understand their requirements for a digital system, the potential impacts of a digital system and to test prototype digital services.

176. The user panel consists of around 1200 stakeholders, of which, 465 users operate in Scotland. The Scottish Stakeholders on the User Panel represented:

- 91 businesses with 1-10 employees (micro-businesses),
- 151 businesses with 11-250 (small and medium enterprises (SMEs), and
- 201 with 250+ employees (macro-businesses)
- SEPA
- Local authorities (17 of the 32 Scottish local authorities represented)

177. Businesses affected include waste producers (e.g. commercial and industrial businesses) and the waste industry (e.g. waste carriers, brokers and dealers and waste treatment sites). SEPA data suggest that approx. 1% of UK-wide users will be registered in Scotland⁵⁰. The expected monetary impacts on these businesses is set out in Sections 5-8.

12. Competition Assessment

178. The key impact on competition will be encouraging a more level playing field within the waste industry and supporting legitimate businesses. We expect that the Waste Tracking system will move a significant proportion of illegally handled waste to being handled legally. This shift will offer opportunities to legitimate businesses, in terms of increased access to waste from which businesses can profit, and in turn improved opportunities to invest in their business through increased labour force or capital investments as a result of having greater scope for profit. A more level playing field should also improve efficiency within the sector.

179. Only operators who can afford to comply with Digital Waste Tracking will stay in the market. As such, increased investment and running costs may be an economic barrier to entry to some. However, this intervention has been carefully designed to prevent illegal and non-compliant waste operators from entering or staying in the waste sector, whilst still enabling compliant businesses to operate by ensuring costs of compliance are set at a reasonable level.

180. By addressing underlying information and coordination failures in the waste sector, Digital Waste Tracking will create a shared, reliable data source across the waste chain. This transparency will help legitimate businesses better understand waste flows, identify cost-saving or recycling opportunities, and compete fairly. It will also improve coordination between regulators and industry, reducing duplication and inefficiencies. Together, these effects should support a more efficient and competitive market, where compliant operators can thrive and investment is directed toward legitimate activity.

⁵⁰ Unpublished data

13. Consumer assessment

181. No impact on consumers is expected as a result of this policy.

14. Test Run of Business Forms

182. This policy intends to mandate the use of a digital service to report waste movements. The development of a prototype service has been informed through regular user testing and feedback through the Waste Tracking User Panel.

183. A private beta commenced in November 2025 to help software developers and waste receivers prepare and test the new system. The private beta phase will be followed by a public beta, commencing April 2026, to allow all users to access the service on a voluntary basis and further refine the service ahead of its mandatory introduction.

15. Digital Impact Test

184. This policy intends to mandate the use of a digital service to track waste movements. We recognise that some individuals, either working within businesses or as sole traders may be digitally excluded, for example, due to religious beliefs or lack of digital connectivity.

185. Digitally excluded persons will be exempted from the use of the Digital Waste Tracking System. They will instead be required to create written records and submit information to SEPA on quarterly basis. Data will be able to be submitted via a non-digital route for any digitally excluded persons. We would expect the proportion of individuals who are digitally excluded and who would need to interact with this system to be very low.

16. Legal Aid Impact Test

186. No impact on Legal Aid is expected.

17. Implementation and delivery plan

187. The Digital Waste Tracking system will be delivered on a phased basis, starting with waste receiving sites inputting data about all waste they receive. This includes waste containing persistent organic pollutants (POPs). This first phase will commence in January 2027 in Scotland (the equivalent phase one regulations will commence in October 2026 in England, Wales and Northern Ireland)⁵¹.

188. Further expansion of the service to other operators is planned from April 2027. The Scottish Government will work closely with the UK government and other devolved administrations to set out a timetable for implementation.

⁵¹ A later commencement date is required in Scotland to allow for the delegation of certain functions associated with operating the digital waste tracking system, accounting for the impact of Scottish Parliament elections.

18. Enforcement, Sanctions and Monitoring

189. In Scotland, SEPA will be the enforcing body for the mandatory use of a digital waste tracking system. Offences which are created under the Digital Waste Tracking (Scotland) Regulations 2026 will be added to the “relevant offences” in the Environmental Regulation (Enforcement Measures) (Scotland) Order 2015 in advance of the 2026 Regulations coming into force, providing SEPA with the relevant powers to impose civil sanctions in relation to any offences under the 2026 Regulations.

190. A person who commits an offence under the 2026 Regulations (by failing to comply with the requirements of those regulations) will be liable:

- on conviction on indictment, to a fine,
- on summary conviction, to a fine not exceeding the statutory maximum.

191. There are also provisions incorporated relating to offences by bodies corporate and offences by Scottish partnerships, or unincorporated associations, setting out the circumstances in which individuals of such an entity may also be guilty of the offence in addition to that entity. Similar offences will also be reflected in the equivalent regulations of the other three nations of the UK, and enforced by the equivalent regulator.

192. The impact of the Waste Tracking policy will be monitored on an ongoing basis and the regulatory measures will be evaluated in a UK-wide post implementation review (PIR). The PIR will aim to analyse data captured through the Waste Tracking service, and data gathered through stakeholder engagement and calls for evidence to assess:

- **The impact of Waste Tracking on waste crime.** The specific data we will look to gather to support the PIR will be the estimated number, and scale, of illegal waste sites, illegal waste exports and waste operators in operation following the implementation of the reform. We will also review the amount of different wastes that are reported (trends in hazardous waste and non-hazardous waste) and data on waste landfilled under different tax rates to understand the benefits of a Waste Tracking service in reducing misclassification of waste.
- **The impact of Waste Tracking on legitimate businesses.** We are interested in the impact on legitimate businesses, specifically how much additional tonnage of waste they handle following the implementation of the reform, the number of new businesses joining the market, the extent of time savings incurred as a result of the policy, and any additional cost burdens that operators may have incurred.
- **Diversion of materials away from landfill/incineration and the improvement in the supply of critical raw materials.** We will review the flows of material that end up in landfill/incineration and that are sent for recycling/reuse following the implementation of Waste Tracking, and compare this to historical data.
- **Efficiency savings for regulators.** We will engage with the regulators to understand the extent to which they have benefited from efficiency savings as a result of holding waste data digitally (and in a central system for Option 3).

193. The evaluation will be designed to address the following questions:

- Outcomes: What difference (if any) did the measures make?

- Mechanisms, Contexts and Attribution: Why did observed changes occur?
- How were the activities delivered, and what can we learn?
- Economic evaluation: Did the benefits justify the costs?

19. Summary

194. Digital Waste Tracking will replace paper-based and inconsistent systems with a streamlined digital service, reducing opportunities for waste crime and improving compliance. It will enable faster, data driven enforcement, and support fairer competition and stronger environmental performance through better tracking and oversight.

195. The Digital Waste Tracking service helps meet the objectives of multiple key government strategies across the UK by providing the data and the means to use that data. This goes beyond waste sector focused strategies into areas including climate change, economic productivity and growth and tackling crime.

196. The implementation of a Waste Tracking system will also support our work to tackle climate change and move towards a circular economy by:

- providing data to monitor progress towards key targets, including waste prevention by sector.
- providing better data on the volume, composition and destination of 'waste' to help identify opportunities to reduce greenhouse gas emissions
- providing the data that businesses need to maximise resource utilisation and to identify and develop more efficient processes and products.
- providing better data on the movement of all waste allowing us to monitor progress against current and future targets and track material flows more efficiently.
- providing timely, more detailed and complete data and information on the generation and management of waste materials to support robust decision making in areas such as policy, regulation, planning and investment.

20. Recommendation

197. Option 3 is the preferred option, which will be delivered on a phased basis, starting with waste receiving sites. This option provides the best value for money for the taxpayer while achieving the policy aims and intended effects. Options 1 and 2 are not preferred because the current detrimental impacts incurred by the natural environment, local communities and legitimate businesses would not be sufficiently addressed.

21. Declaration and publication

198. 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 will be assessed with the support of businesses in Scotland.

Signed:

A handwritten signature in black ink, appearing to read 'Gillian Martin', with a stylized flourish at the end.

Date: 08/01/2026

Minister's name: Gillian Martin MSP

Minister's title: Cabinet Secretary for Climate Action and Energy

Scottish Government Contact point: Russell Bain, Deputy Director Circular Economy



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