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5 June 2024

Dear Edward Mountain MSP,

## **EXTENDED PRODUCER RESPONSIBILITY FOR PACKAGING EU EXIT LEGISLATION – PROTOCOL WITH SCOTTISH PARLIAMENT**

I am writing to you regarding extended producer responsibility (EPR) for packaging, which the Scottish Government is introducing, along with the other UK governments, from April 2025. Packaging EPR will require producers of products to pay the full net cost of managing their packaging at end of life, creating a source of funding to local authorities to provide efficient and effective household packaging collection and disposal services and placing financial responsibility on the producer in line with the “polluter pays” principle.

The Scottish Government has been working closely with the UK Government, the Welsh Government, and the Department of Agriculture, Environment, and Rural Affairs in Northern Ireland to implement packaging EPR and develop the necessary legislation in the form of a UK statutory instrument.

I am therefore writing to you in relation to the protocol on obtaining the approval of the Scottish Parliament to proposals by the Scottish Ministers to consent to the making of UK secondary legislation affecting devolved areas arising from EU Exit.

That protocol, as agreed between the Scottish Government and Parliament, accompanied the letter from the then Cabinet Secretary for Government Business and Constitutional Relations, Michael Russell MSP, to the Conveners of the Finance & Constitution and Delegated Powers and Law Reform Committees on 4 November 2020 and replaced the previous protocol that was put in place in 2018.

I attach a Type 1 notification which sets out the details of the SI which the UK Government proposes to make and the reasons why I am content that Scottish devolved matters are to

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See [www.lobbying.scot](http://www.lobbying.scot)

be included in this SI. Usually at this stage of a notification the SI is not in the public domain. However, in this case the draft SI has been notified to the WTO and the EU, and the draft is therefore in the public domain. The notification contains a link to the draft SI as notified. This draft may be subject to further minor changes and we will, in accordance with the protocol, advise you when the final SI is laid and advise you as to whether the final SI is in keeping with the terms of this notification (and the draft notified to the WTO/EU).

Lord Douglas-Miller's letter of 17 May 2024 requesting consent to this SI indicated the UK Government's intention of laying on 5 September. UKG has asked us to continue with the consent process for the SI; however, given the Prime Minister's recent announcement of a general election, the laying date is expected to slip beyond the intended date. I understand that the SI needs to be laid by late October to come into force by 1 January 2025.

I am copying this letter to the Convener of the Delegated Powers and Law Reform Committee.

I look forward to hearing from you by 5 September 2024.

Yours sincerely



**GILLIAN MARTIN**

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## **NOTIFICATION TO THE SCOTTISH PARLIAMENT**

The Producer Responsibility Obligations (Packaging and Packaging Waste) Regulations 2024

### **Is the notification Type 1 or Type 2?**

This is a Type 1 notification.

### **Brief overview of the SI (including reserved provision)**

The SI is the Producer Responsibility Obligations (Packaging and Packaging Waste) Regulations 2024.

These regulations establish extended producer responsibility (EPR) for packaging.

Packaging EPR will require producers of products to pay the full net cost of managing their packaging at end of life, creating a source of funding to local authorities to provide efficient and effective household packaging collection and disposal services, and placing financial responsibility on the producer in line with the “polluter pays” principle.

The instrument aligns with European Parliament and Council Directive 94/62/EC of 20 December 1994 on packaging and packaging waste as last amended by Directive (EU) 2018/852 of the European Parliament and of the Council (the Packaging Waste Directive).

The instrument initially consequentially amends the Producer Responsibility Obligations (Packaging Waste) Regulations 2007, then revokes these regulations on 1 January 2026 (along with the equivalent legislation applicable to Northern Ireland). The 2007 Regulations are assimilated law as they implemented, in part, the Packaging Waste Directive in Scotland, England and Wales.

The instrument also makes minor consequential amendments to the Waste Batteries and Accumulators Regulations 2009 which are assimilated law (having partially implemented Directive 2006/66/EC on batteries and accumulators and waste batteries and accumulators) to update references to the 2007 Regulations to refer to the this instrument.

In addition, it revokes the Packaging Waste (Data Reporting) (Scotland) Regulations 2023 and its associated amendments, as well as the equivalent instruments in the rest of the UK. These were required as part of the implementation of packaging EPR, but will no longer be necessary in 2026 as a result of this instrument coming into force which imposes its own data collection and reporting requirements. Those regulations are not assimilated law.

In keeping with the 2007 Regulations this instrument is a UK-wide instrument, which allows for consistency in regulation across the whole of the UK, and also for a single scheme administrator which will enable the collection and distribution of disposal costs across the UK. It is intended to be laid in the UK Parliament on 5

September 2024 and come into force on 1 January 2025.<sup>1</sup> Development of the EPR scheme and these regulations which underpin it was a four-nation programme.

The draft instrument was notified to the WTO under the terms of the Technical Barriers to Trade Agreement,<sup>2</sup> and also to the EU Commission under the terms of the Technical Standards Directive, both on 1 May 2024.<sup>3</sup> The draft instrument as notified is available on the WTO website.<sup>4</sup>

## **Details of the provisions that Scottish Ministers are being asked to consent to.**

### **Summary of the proposals**

The purpose of the provisions is to establish an extended producer responsibility (EPR) scheme for packaging and packaging waste. Packaging EPR will require producers of products to pay the full net cost of managing their household packaging at end of life. These payments will be made to a scheme administrator appointed by the four governments of the UK acting jointly. The scheme administrator will distribute these monies to local authorities to cover their full net costs of operating efficient and effective disposal services for household packaging waste. A summary of the effect of the provisions, broken down by Part, follows.

#### *Part 1*

This Part makes various general provisions, including definitions of different packaging categories (which align with those in the Packaging Waste Directive), household packaging, producers and other key terms.

Packaging that is a scheme article for the purposes of an operational Deposit Return Scheme (DRS) is exempt from the regulations. Until 1 January 2028, drinks containers (excluding those made of glass) are exempt from certain obligations under the regulations, including disposal costs, recyclability assessments, and the requirement to provide recycling information; they are subject to data collection and reporting obligations and recycling obligations. From that date, if there is no operational DRS in any part of the UK, the exclusions for drinks containers will fall away so that drinks containers will be subject to all of the obligations in the Regulations. Packaging which is reused or exported is also exempt.

Part 1 also provides that the Scottish Ministers are the appropriate authority in relation to Scotland, and the appropriate agency is the Scottish Environment Protection Agency (SEPA).

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<sup>1</sup> Lord Douglas-Miller's letter of 17 May 2024 requesting consent to this SI indicated the UK Government's intention of laying on 5 September. UKG has asked us to continue with the consent process for the SI; however, given the Prime Minister's recent announcement of a general election, the laying date is expected to slip beyond the intended date. The SI needs to be laid by late October to come into force by 1 January 2025.

<sup>2</sup> <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/G/TBTN24/GBR87.pdf&Open=True>

<sup>3</sup> <https://technical-regulation-information-system.ec.europa.eu/en/notification/25848>

<sup>4</sup> [https://members.wto.org/crnattachments/2024/TBT/GBR/24\\_02787\\_00\\_e.pdf](https://members.wto.org/crnattachments/2024/TBT/GBR/24_02787_00_e.pdf)

## *Part 2*

This Part specifies the obligations on producers based upon type and size of producer. Producers with more than £2m turnover and 50 tonnes of packaging placed on market per annum are large producers, and those who are below one or both of those thresholds, but with more than £1m turnover and 25 tonnes of packaging placed on market per annum, are small producers and must collect and report data on the packaging that they place on the market.

Small producers, and large producers who are exclusively sellers, must register, collect data on the packaging they place on the market and report these data to the environmental regulator (SEPA for Scotland).

Large producers, with the exception of sellers, must, in addition, meet and confirm compliance with recycling obligations, and where applicable, must also pay local authorities' disposal costs (see part 6). Recycling obligations are met by the purchase of PRNs (packaging waste recycling notes) and PERNs (packaging waste export recycling notes) which represent a certain amount of waste that has been recycled.

Part 2 also requires producers to determine, and keep records in relation to, the recyclability of packaging that they produce, and mark this packaging with a recyclability label including the phrase "Recycle/Do Not Recycle" and the "swoosh" symbol with or without a strike through as appropriate, as well as recycling instructions. Producers must apply to the environmental regulator each year for registration. Registration may be cancelled where the producer or scheme fails to comply with its obligations under packaging EPR.

## *Parts 3-5*

These Parts provide that producers may join a scheme to discharge the obligations referred to in Part 2; that is, their registration, reporting and recycling obligations. The scheme then carries out these obligations on behalf of its members.

## *Part 6*

This Part addresses disposal costs; that is, the costs (subject to certain qualifications) incurred by local authorities in relation to the collection and disposal of household packaging waste. It provides for large producers who supply household packaging to pay their share, by tonnage of each packaging material, of local authorities' cost of operating an efficient and effective collection service. Producers must also pay their share of the scheme administrator's operating costs. From 2026 onwards, the scheme administrator must modulate these fees to incentivise producers to make more-sustainable packaging choices.

Part 6 also provides for a scheme administrator to calculate, collect and distribute disposal costs under the Regulations. The scheme administrator is to be appointed jointly by the four UK administrations. The four administrations, also acting jointly, may cancel the appointment. The four administrations may, in certain

circumstances, give directions to the scheme administrator with which it must comply, subject to certain conditions—these may be given by an individual administration where they concern only one nation of the UK, or by the four administrations acting jointly.

Part 6 further provides for what is meant by “efficient and effective” disposal costs. The scheme administrator will calculate the cost of each local authority providing an “efficient” collection service (i.e. keeping its costs as low as reasonably possible). It must then deduct the expected income to the local authority from the sale of the recyclate collected, giving the “net efficient disposal cost” for the authority. It may then deduct up to 20% of the net efficient disposal cost where it considers that the local authority is not providing an “effective” collection service for packaging waste. In determining what is efficient and effective the scheme administrator is to take into account factors including population density, accessibility, and levels of deprivation in the LA area.

### *Part 7*

This Part requires reprocessors and exporters of packaging waste to apply to the environmental regulators for registration and allows the application to be refused if they are not a “fit and proper person” to operate such a facility, e.g. because they have previously been convicted of a relevant offence. It imposes record-keeping and reporting obligations on registered reprocessors and exporters. Reprocessors and exporters of packaging waste provide producers with evidence of having met their recycling obligations through the sale of PRNs (packaging waste recycling notes) and PERNs (packaging waste export recycling notes).

### *Remaining Parts*

- Part 8 sets out how the regulations are to be applied to corporate groups, licensors, and pub operating businesses.
- Part 9 provides for an appeal route for:
  - Producers unhappy with a regulatory decision taken by SEPA (they may appeal to the Scottish Ministers);
  - Local authorities or producers unhappy with their estimated disposal costs or, in the case of producers, annual administration fees (they may appeal to the sheriff).
- Parts 10-12 outline SEPA’s enforcement obligations as the appropriate agency for Scotland, and those of the scheme administrator and those of the labelling authority in relation to recyclability assessments and labelling. It also creates a range of offences for failing to comply with the regulations and provide for a range of enforcement powers (those of SEPA largely align to those in the Environment Act 1995). It creates a range of civil sanctions, although this is mostly not applicable to SEPA, who have civil sanction powers by way of the Environmental Regulation (Enforcement Measures) Order 2015. Offences under these Regulations will be added later to the 2015 Order.

The SI does not confer powers to legislate on either UK or Scottish Ministers.

## **EU alignment**

The Packaging Waste Directive (94/62/EC) aims to improve the quality of the environment by preventing and reducing the impact of packaging and packaging waste on the environment. It covers all packaging placed on the European market and all packaging waste. To meet these objectives, it requires member states to take measures, such as extended producer responsibility schemes, targets, or deposit return schemes to prevent the generation of packaging waste and to incentivise the development of less environmentally harmful packaging based on the "polluter pays" principle. Additionally, it sets overall and material-specific recycling and recovery targets for packaging waste.

The Packaging Waste Directive was originally implemented by the Producer Responsibility (Packaging Waste) Regulations 1997 and the Packaging (Essential Requirements) Regulations 2003. The 1997 Regulations were subsequently replaced by the Producer Responsibility (Packaging Waste) Regulations 2007 (the "2007 regulations") which continued to implement the Packaging Waste Directive. The 2007 regulations provide for a UK-wide producer responsibility scheme for packaging and annual targets, which has over time, become unfit for purpose.

This SI will replace the 2007 regulations and provide for extended producer responsibility for packaging as described above. In so doing it will continue to align with the Packaging Waste Directive by providing for an extended producer responsibility scheme which not only sets recycling targets (which meet or exceed those in the Packaging Directive), but also makes producers responsible for the costs associated with the disposal of their packaging waste with funds being dispersed to local authorities. Additionally, it incentivises the use of refillable packaging and more recyclable packaging, and ensures consistency of labelling. In sum, this instrument continues to align fully with the Packaging Directive.

### **Does the SI relate to a common framework or other scheme?**

The Scottish Government has been working closely with the UK Government, Welsh Government, and Department of Agriculture, Environment, and Rural Affairs in Northern Ireland on design and delivery of packaging EPR. There is a dedicated programme structure with decision-making representation from all four governments. This structure sits within the Resources and Waste Common Framework and any issues may be escalated to this Common Framework for resolution.

### **Summary of stakeholder engagement/consultation**

Along with the other UK governments, we have carried out two consultations on the proposals for packaging EPR. The first ran from February-May 2019 and received 679 responses.<sup>5</sup> The second ran from March-June 2021 and received 1,241 responses.<sup>6</sup> The four governments published our response to the second

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<sup>5</sup> <https://consult.defra.gov.uk/extended-producer-responsibility/consultation-on-reforming-the-uk-packaging-produce/>

<sup>6</sup> <https://consult.defra.gov.uk/extended-producer-responsibility/extended-producer-responsibility-for-packaging/>

consultation on 26 March 2022, setting out our policy intentions for packaging EPR.<sup>7</sup>

As part of the development of this SI, the four governments jointly consulted on the text of an earlier draft of the SI. This consultation ran from July-October 2023.<sup>8</sup>

### **A note of other impact assessments**

The Scottish Government has published the following impact assessments:

- A partial Equality Impact Assessment;<sup>9</sup>
- A partial Fairer Scotland Duty Assessment;<sup>10</sup>
- A partial Island Communities Impact Assessment;<sup>11</sup>
- A partial Business and Regulatory Impact Assessment;<sup>12</sup>
- An updated BRIA (for a piece of supporting legislation).<sup>13</sup>

We have produced a final EQIA, FSDA, and ICIA, and are in the process of publishing these. Copies are attached. Given the four-nations nature of the policy, updating the BRIA is dependent on the UK Government publishing its final impact assessment. We are confident that the assessment will not materially change from that set out in the updated BRIA linked to above, but as and when Defra's analysis is available, we will consider whether there is any material change requiring us to revisit the consent process and will inform Parliament if so.

### **Summary of reasons for Scottish Ministers' proposing to consent to UK Ministers legislation**

The benefits of packaging EPR are significant and support delivery of our net-zero and circular-economy objectives. In particular, it will rightly place on producers the financial responsibility for managing their packaging waste at end-of-life, creating a funding stream to local authorities estimated at £1.2bn per annum UK-wide.

Packaging EPR will also incentivise businesses to reduce excess packaging, to design and use packaging that is easily recyclable, and encourage the use of reusable and refillable packaging. The adoption of a clear "Recycle/Do not recycle" label will make it easier for people to know how to recycle their packaging.

The Scottish Government considers that a UK SI is necessary in this case. This is

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<sup>7</sup> <https://www.gov.uk/government/consultations/packaging-and-packaging-waste-introducing-extended-producer-responsibility>

<sup>8</sup> <https://consult.defra.gov.uk/extended-producer-responsibility-team/consultation-on-the-draft-producer-responsibility/>

<sup>9</sup> <https://www.gov.scot/publications/reforming-uk-packaging-producer-responsibility-system-partial-egia/>

<sup>10</sup> <https://www.gov.scot/publications/reforming-uk-packaging-producer-responsibility-system-fairer-scotland-duty-assessment/>

<sup>11</sup> <https://www.gov.scot/publications/reforming-uk-packaging-producer-responsibility-system-partial-island-communities-screening-assessment/>

<sup>12</sup> <https://www.gov.scot/publications/reforming-uk-packaging-producer-responsibility-system-bria/>

<sup>13</sup> <https://www.gov.scot/publications/reforming-uk-packaging-producer-responsibility-system-partial-business-regulatory-impact-assessment-bria/>



partly because certain specific aspects are reserved (in particular, packaging labelling requirements) and partly because a single UK scheme administrator would not have been possible within the limits of the regulation-making powers in the Environment Act 2021 if each of the UK nations had made separate but parallel sets of regulations. A UK-wide scheme for packaging EPR continues with the current approach in the Producer Responsibility (Packaging Waste) regulations 2007 with which producers and regulators are familiar.

### **Intended laying date (if known) of instruments likely to arise**

Lord Douglas-Miller's letter of 17 May 2024 requesting consent to this SI indicated the UK Government's intention of laying on 5 September. UKG has asked us to continue with the consent process for the SI; however, given the Prime Minister's recent announcement of a general election, the laying date is expected to slip beyond the intended date. The SI needs to be laid by late October to come into force by 1 January 2025.

### **If the Scottish Parliament does not have 28 days to scrutinise Scottish Minister's proposal to consent, why not?**

Not applicable; the Scottish Parliament has 28 days to scrutinise this proposal..

### **Information about any time dependency associated with the proposal**

The instrument must come into force by 1 January 2025 to enable delivery of packaging EPR by April 2025.

### **Are there any broader governance issues in relation to this proposal, and how will these be regulated and monitored post-withdrawal?**

As set out above, the four governments have established a programme structure to oversee delivery of packaging EPR, with any issues escalated to the Resources and Waste Common Framework for resolution.

### **Any significant financial implications?**

No major financial implications for the Scottish Government. SEPA will face certain costs associated with its duties as regulator. These will be largely recoverable via a fee chargeable to producers (as set out in schedule 1 of the SI). Where SEPA faces any non-recoverable costs these will be considered with SEPA through its normal budget-setting process.

Local authorities will receive from producers the full net costs of operating an efficient and effective disposal service for household packaging waste. This is estimated at £1.2bn per annum UK-wide.

Costs to business are set out in the BRIA; see above.

# **Extended Producer Responsibility for Packaging**

**Equality Impact Assessment  
June 2024**



Scottish Government  
Riaghaltas na h-Alba  
gov.scot

## Executive Summary

1. This Equality Impact Assessment (EQIA) has been carried out to identify potential impacts resulting from the introduction of extended producer responsibility (EPR) for packaging.
2. This EQIA accompanies the draft regulations to establish packaging EPR and assesses the final scheme design as set out in these regulations.<sup>1</sup>
3. This EQIA has considered the potential positive and negative impacts of introducing packaging EPR on each of the protected characteristics. The analysis suggests that the proposals could have a more significant impact across the Age, Disability and Race characteristic groups. The provisions and how they may impact on people across the protected characteristics are set out under Key Findings. Factors investigated in relation to other protected characteristics do not appear, at this stage, to raise significant equality-related issues.
4. It is important to note that the protected characteristics are not independent of each other, and some people may be affected by complex and interconnected issues related to disadvantage at any one time. It is also recognised that this intersectionality also applies to those experiencing socio-economic disadvantage, as highlighted in the Fairer Scotland Duty Assessment and Island Communities Impact Assessment.
5. Given the importance of assessing the impact on each of the protected characteristics, the Scottish Government has considered the proposal against the needs of the general equality duty as set out in section 149 of the Equality Act 2010.<sup>2</sup> This has allowed for consideration of whether the measure could constitute direct and/or indirect discrimination.
6. Specifically, the EQIA considers impacts on equalities groups based on the three tests it is required to address:
  - Does this policy eliminate discrimination for each of the 9 protected characteristics (PCs)? If not is the discrimination justifiable? Can it be mitigated?
  - Does this policy advance equality of opportunity for PC groups?
  - Does this policy foster good community relations between people of PC groups?
7. A policy measure may positively impact on one or more of the protected characteristics, while having a disproportionately negative impact on others. Where any negative impacts are identified, amendments will be sought to mitigate or eliminate these. As the Public Sector Equality Duty (PSED) is not

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<sup>1</sup> [https://members.wto.org/crnattachments/2024/TBT/GBR/24\\_02787\\_00\\_e.pdf](https://members.wto.org/crnattachments/2024/TBT/GBR/24_02787_00_e.pdf)

<sup>2</sup> <https://www.legislation.gov.uk/ukpga/2010/15/section/149>

solely about addressing negative impacts, consideration has also been given to support a positive duty to promote equality.

8. This EQIA has not identified anything which would have a direct negative impact on any of the protected characteristic groups at this time.
9. The evidence gathered and reviewed indicates that overall, packaging EPR will have a positive impact on equality by providing greater access to services and inclusive communications. Therefore, it is not considered that any changes to the policy should be made at this stage.

## Background

10. Over 10 million tonnes of packaging waste are produced every year in the UK. A substantial share of this ends up in landfill, though almost two-thirds of it could be recovered, meaning that there are avoidable environmental costs.<sup>3</sup>
11. Extended producer responsibility (EPR) schemes extend producers' responsibility for their products to the post-use phase. This includes financial responsibility and can apply to, for example, the necessary costs of efficient and effective waste management services for the products they place on the market. This incentivises producers to design for key circular-economy outcomes such as reduced consumption of resources, reuse, repair, and recycling.
12. A UK-wide producer responsibility system for packaging has been in place since 1997. It is currently governed by the Producer Responsibility Obligations (Packaging Waste) Regulations 2007 (as amended).<sup>4</sup> Under these regulations, organisations which produce or fill packaging or sell packaged goods are obligated to contribute towards the cost of recycling and recovery of this packaging. The objectives of this system are to:
  - Reduce the amount of packaging produced;
  - Reduce the amount of packaging waste going to landfill; and
  - Increase the amount of packaging waste that is recycled and recovered.
13. Businesses currently prove they have met their recycling obligations through the purchase of Packaging Waste Recycling Notes (PRNs) and/or Packaging Waste Export Recycling Notes (PERNs) which are sold by accredited reprocessors or exporters. Obligated businesses must buy sufficient PRNs/PERNs to offset their obligations, in line with the 'polluter pays' principle.<sup>5</sup> PRNs and PERNs act as evidence that an equivalent amount of similar packaging has been recycled.
14. The current producer responsibility system for packaging has helped drive recycling while keeping the cost to businesses low. However, it does not give

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<sup>3</sup> <https://www.sepa.org.uk/regulations/waste/packaging-waste/>

<sup>4</sup> <https://www.legislation.gov.uk/ukxi/2007/871/contents/made>

<sup>5</sup> Obligated businesses are those who place more than 50 tonnes of packaging and have a turnover of more than £2 million per year.

packaging producers full financial responsibility for the end-of-life management of their packaging or any of the environmental externalities created.

15. It is estimated that the current system covers only around 10% of the total cost of managing post-use packaging waste,<sup>6</sup> which means that most of the cost is borne by local authorities, other public authorities and businesses who consume packaged goods. Additionally, there is significant fluctuation of revenue raised through PRNs. The current system therefore does not meet the polluter-pays principle or provide sufficient financial stability to encourage investment in infrastructure to meet environmental objectives.

16. Other issues highlighted within previous public consultation proposals are:<sup>7,8,9</sup>

- Concerns over system transparency, including the fate of materials and producer visibility of PRN fee use.
- An uneven playing field for domestic reprocessing due to an over-reliance on export markets.
- Limited direct consumer communications to encourage recycling.
- A lack of producer incentive to design for greater recyclability or reuse, as the price of PRNs is not linked to recyclability or environmental impacts of materials. This means that materials are often reprocessed into much lower-value goods or lost to landfill or incineration after just one use.
- A lack of granularity in data reported by producers, as this currently only includes the type of material and does not include the packaging or polymer type.

17. Therefore, the Scottish Government is introducing EPR for packaging along with the other governments of the UK. The four governments are working to deliver a single UK-wide scheme that reflects local needs and priorities.

18. The objectives of the new scheme are:

- Producers are responsible for the full net cost of managing their packaging efficiently and effectively at end-of-life;
- Unnecessary packaging is avoided;
- More reuseable packaging is used, replacing single-use;
- More packaging is designed to be recyclable;
- The Recycling rate of packaging placed on the market increases to 76% by 2030;
- The quality of packaging materials presented for recycling improves and is more widely used in higher-value secondary applications.

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<sup>6</sup> <https://publications.parliament.uk/pa/cm201719/cmselect/cmenvaud/339/339.pdf>, para 38, December 2017, last accessed 7th May 2024

<sup>7</sup> <https://consult.defra.gov.uk/extended-producer-responsibility/consultation-on-reforming-the-uk-packaging-produce/>, 2019, Defra, last accessed 7th May 2024

<sup>8</sup> <https://consult.defra.gov.uk/extended-producer-responsibility/extended-producer-responsibility-for-packaging/>, 2021, Defra, last accessed 7th May 2024

<sup>9</sup> <https://consult.defra.gov.uk/packaging-extended-producer-responsibility/reforms-to-the-prn-and-pern-systems/>, 2022, Defra, last accessed 7th May 2024

19. The regulations place obligations on actors across the packaging supply chain. Producers, as defined in the regulations, will be required to:

- Fund the full net costs of efficient and effective waste management services for household packaging. These costs will be allocated to producers based on their share of each packaging material type placed on market each year. From 2026 onwards, fees will be 'modulated' based on environmental factors such as recyclability to incentivise more sustainable use of packaging.
- Meet packaging recycling targets through the purchase of evidence notes from accredited reprocessors and exporters. The evidence requirement will be based on the total tonnage of packaging producers place on the market and national recycling targets.
- Report data on the packaging they place on the market.
- Label all packaging as recyclable or non-recyclable to help householders correctly dispose of packaging after use. Guidance will be published to ensure labelling is used in a standardised way and is legible and understandable for individuals. This requirement will take effect from 2027.

20. Producers' precise obligations will depend on factors including their turnover and the tonnage of packaging they place on the market each year. See the Business and Regulatory Impact Assessment (BRIA) for further details.<sup>10</sup>

21. The fees raised from producers will fund:

- The full net costs of efficient and effective local authority household packaging waste collection and disposal services;
- Information provision for members of the public and businesses on the reuse of packaging, recovery (including recycling and disposal) of packaging waste, and prevention of packaging litter; and
- The operating costs of a scheme administrator which oversees the scheme and is responsible for meeting the stated outcomes.

22. Providers of household recycling and waste services will be funded for efficient and effective household waste collection and disposal services. This will take into account factors specific to local areas, such as rurality, levels of deprivation, and policies on waste management in each nation.

23. The scheme administrator will be a public body, tasked with ensuring the efficient and effective delivery of the scheme, including guidance for all actors on their roles and responsibilities, financial payments to local authorities and meeting the scheme outcomes and targets.

24. Producers' costs are estimated to total approximately £1.7 billion each year for the UK wide-scheme. An estimated £1.2 billion of this relates to household packaging recycling and waste services (£800 million for household recycling

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<sup>10</sup> <https://www.gov.scot/publications/reforming-uk-packaging-producer-responsibility-system-partial-business-regulatory-impact-assessment-bria/>

services and recycling centres; £300 million for household residual waste).<sup>11</sup> In addition, producers will contribute an estimated £300 million through purchase of evidence notes, and £100 million in administrative costs for the Scheme Administrator, communications and regulatory activities.<sup>12</sup>

25. The policy is focussed on businesses, rather than individuals, but has the potential to impact on all individuals and households in Scotland as it concerns packaging in all forms. It is a UK-wide policy. This policy change can be considered to be strategic given the strong links to a wide array of environmental and wider policy objectives for Scottish Government.

## Policy Alignment

### Scotland

26. Packaging EPR has strong cross-policy links to Scottish, UK and European legislation and strategic direction.

27. The circular economy contributes directly to the Environment and Economy outcomes under the National Performance Framework. Directly applicable National Indicators include:<sup>13</sup>

- Carbon footprint
- Natural capital
- Greenhouse gas emissions
- Waste generated
- Marine environment
- Biodiversity
- Scotland's reputation
- Perception of local area
- Condition of protected nature sites

28. Resource use and waste generated are recognised as key sources of greenhouse gas generation, and the Scottish Government reports on progress against both territorial and consumption emissions. Packaging EPR will contribute to objectives set out in the Climate Change (Scotland) Act 2009,<sup>14</sup> as amended through the Climate Change (Emissions Reduction Targets)

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<sup>11</sup> Note that the £1.2bn includes c. £100m for managing packaging disposed of in street bins. Along with the other UK governments, we intend to bring forward legislation to address this element of packaging EPR at a later date, to be in force by 2026.

<sup>12</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1063589/epr-consultation-government-response.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1063589/epr-consultation-government-response.pdf) p7

<sup>13</sup> <https://nationalperformance.gov.scot/national-outcomes/explore-national-outcomes>, Scottish Government, last accessed 7<sup>th</sup> May 2024

<sup>14</sup> <https://www.legislation.gov.uk/asp/2009/12/contents>, last accessed 7<sup>th</sup> May 2024

(Scotland) Act 2019,<sup>15</sup> and the Climate Change Plan Update 2018-2032.<sup>16</sup> The legislation establishes a target of achieving net-zero emissions by 2045.

29. In 2015, the Scottish Government committed to the United Nations Sustainable Development Goals. The ambition behind the goals is to end poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda. Packaging EPR will have a positive impact on a number of these goals, most explicitly Goal 12: Responsible Consumption and Production.<sup>17</sup>
30. Scotland is transitioning to a circular economy. In February 2016, *Making things last: A circular economy strategy for Scotland* was published.<sup>18</sup> This overarching strategy integrated the key elements of the *Zero waste plan*<sup>19</sup> and *Safeguarding Scotland's resources*,<sup>20</sup> and built on Scotland's zero-waste and resource efficiency agendas. Preventing waste arising, reusing and recycling products and materials were central requirements to accelerating a circular economy.
31. The Scottish Government implemented Article 5 of the EU Single-Use Plastics Directive (SUPD) on 1<sup>st</sup> June 2022. The regulations introduced market restrictions for single-use plastic cutlery, plates, beverage stirrers, straws and balloon sticks as well as single-use food containers and cups made of expanded polystyrene.
32. The Deposit and Return Scheme Scotland Regulations, passed by the Scottish Parliament in May 2020, aim to help improve the quality and quantity of recycling, reduce litter and achieve Scottish Government climate change targets. DRS is a form of producer responsibility. Until 1 January 2028, drinks containers (excluding those made of glass) are exempt from certain obligations under the regulations, including disposal costs, recyclability assessments, and the requirement to provide recycling information; they are subject to data collection and reporting obligations and recycling obligations. From that date, if there is no operational DRS in any part of the UK, the exclusions for drinks containers will fall away so that drinks containers will be subject to all of the obligations in the Regulations. The four nations have agreed to a revised implementation timeline of October 2027 for an aligned DRS scheme across the UK.
33. The Circular Economy Bill was introduced in June 2023 and is planned to complete its parliamentary passage by the end of June 2024. The bill aims to support Scotland's transition to a zero waste and circular economy,

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<sup>15</sup> <https://www.legislation.gov.uk/asp/2019/15/contents/enacted>, last accessed 7th May 2024

<sup>16</sup> <https://www.gov.scot/publications/securing-green-recovery-path-net-zero-update-climate-change-plan-20182032/>, 2020, Scottish Government, last accessed 7<sup>th</sup> May 2024

<sup>17</sup> <https://sdgs.un.org/goals>

<sup>18</sup> <https://www.gov.scot/publications/making-things-last-circular-economy-strategy-scotland/>

<sup>19</sup> <https://www.gov.scot/publications/scotlands-zero-waste-plan/>

<sup>20</sup> <https://www.gov.scot/publications/safeguarding-scotlands-resources-blueprint-more-resource-efficient-circular-economy/>



significantly increase reuse and recycling rates, and modernise and improve waste and recycling services.

34. The 2020 update to the Climate Change Plan, and Programme for Government also commit to publication of a Circular Economy and Waste Route Map.<sup>21</sup> An updated draft Circular Economy and Waste Route Map was published for consultation in January 2024. The Route Map is designed to drive progress in three key areas:<sup>22</sup>

- Setting the strategic direction and laying foundations for delivering a system-wide, comprehensive vision for Scotland's circular economy to 2030;
- Setting out priority actions from now to 2030 to accelerate more sustainable use of resources across the waste hierarchy; and
- Reducing emissions associated with resources and waste.

## UK

35. In 2022, the UK Government implemented a new tax on businesses that produce or import plastic packaging with less than 30% recycled content.<sup>23</sup> This aims to incentivise businesses to use recycled materials in the production of plastic packaging, which will create greater demand for recycled inputs and in turn stimulate increased levels of recycling and collection of plastic waste. The Plastic Packaging Tax should complement packaging EPR in providing businesses with the right incentives to design and use plastic packaging that is easier to recycle, driving the overall development of more-sustainable packaging.

## Europe

36. An amendment to the EU Waste Framework Directive 2018 set a 70% packaging recycling target by the end of 2030.<sup>24</sup> The Scottish Government, and our partners in the other UK governments, aim to exceed this target through packaging EPR.

37. In May of 2018 the European Commission's Circular Economy Package was approved. The legislation aims to move supply chains towards a circular economy maintaining the value of products, materials and resources in the economy for as long as possible. This includes more ambitious recycling

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<sup>21</sup> <https://www.gov.scot/publications/securing-green-recovery-path-net-zero-update-climate-change-plan-20182032/pages/11/>, Scottish Government, 2020

<sup>22</sup> <https://www.gov.scot/binaries/content/documents/govscot/publications/consultation-paper/2024/01/scotlands-circular-economy-waste-route-map-2030-consultation/documents/scotlands-circular-economy-waste-route-map-2030-consultation/scotlands-circular-economy-waste-route-map-2030-consultation/govscot%3Adocument/scotlands-circular-economy-waste-route-map-2030-consultation.pdf>, 2024, Scottish Government, last accessed 7<sup>th</sup> May 2024

<sup>23</sup> <https://www.gov.uk/government/publications/introduction-of-plastic-packaging-tax/plastic-packaging-tax>, HMRC, last accessed 7<sup>th</sup> May 2024

<sup>24</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018L0852>, 2018, Official Journal of the European Union, last accessed 7<sup>th</sup> May 2024

targets and full cost recovery of recycling costs from producers. The Scottish Government has committed to meeting or exceeding the EU's environmental standards after leaving the EU.<sup>25</sup> Packaging EPR will contribute to meeting this commitment.

38. A new European Packaging and Packaging Waste Regulation is close to adoption, which includes packaging reduction targets, places restrictions on the use of certain plastic packaging types, sets reuse and refill targets, and requires all packaging (with exemptions) to be recyclable.<sup>26</sup>

## The Scope of the EQIA

39. A preliminary framing workshop was conducted by Zero Waste Scotland and the Scottish Government prior to the public consultation in March 2021. Equalities groups identified a limited number of potential impacts, so a proportional strategy was designed, focussed on desk-based research to source existing data and evidence to assess the potential impacts identified in the framing exercise. A further framing exercise was conducted in March 2022 following publication of the joint government response to the public consultation, which outlined specific scheme components.<sup>27</sup> In December 2023 a further stakeholder workshop was held with Disability Equality Scotland, Dyslexia Scotland and the Scottish Refugee Council. Discussions from this workshop have been used to inform the assessment.

40. Summary of activities:

- **Framing workshop:** Zero Waste Scotland and Scottish Government discussion.
- **Evidence-gathering:** quantitative and qualitative data and evidence were sourced, including evidence from existing large Scotland- and UK-level surveys, primarily in relation to income, food and drink expenditure, and age.
- **Further framing workshop:** Zero Waste Scotland and Scottish Government representatives assessed the potential impacts of the new policy following the publication of the joint government response to the public consultation. This took account of the clarified scheme design and consultation responses relevant to this equality assessment.
- **Consultation:** A final stakeholder workshop (facilitated discussion) was delivered in December 2022, to further explore the impacts of the regulation on protected characteristics. The output from this workshop did not identify any additional issues but did highlight the need for clear and accessible communication so all people can participate fully in the new scheme. Suggestions included simpler and clearer labelling, consideration of print size, use of understood icons and the adoption of braille on packaging to communicate instructions. The discussion on cost

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<sup>25</sup> <https://www.gov.uk/government/publications/circular-economy-package-policy-statement/circular-economy-package-policy-statement>, 2020, last accessed 7<sup>th</sup> May 2024

<sup>26</sup> <https://www.europarl.europa.eu/news/en/press-room/20240419IPR20589/new-eu-rules-to-reduce-reuse-and-recycle-packaging>, 2024, European Parliament, last accessed 7<sup>th</sup> May 2024

<sup>27</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1063589/epr-consultation-government-response.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1063589/epr-consultation-government-response.pdf)

pass-through raised some concerns over transparency and also the pass through of actual packaging costs and not an inflated cost.

## Key Findings

41. The impacts identified through the above process are primarily related to the effects of packaging EPR on local authority household recycling services. Because a primary purpose of packaging EPR is to fund efficient and effective collection services for household packaging waste, this should be a largely positive impact. Another important theme was the impact of mandatory “Recycle/Do not recycle” labelling on particular groups. Again, because the purpose of this change is to increase simplicity and consistency of labelling, this should be a largely positive impact. Consultation responses did not raise any specific potential impacts or evidence in-scope of this assessment.
42. The potential for cost pass-through of the increased costs to producers has been considered as part of the Fairer Scotland Duty Assessment, which notes that the cost increase per product is unlikely to be high enough to change purchasing habits. Cost pass-through could have a disproportionate impact on some people with protected characteristics who may already experience a higher cost of living and have a requirement for certain forms of food packaging for independent living. Greater granularity of data would be required to assess the impacts on specific people, products and packaging formats.
43. This impact assessment includes review of the published evidence available and gathered in relation to the protected characteristics listed within the Equality Act (2010): age, disability, sex, pregnancy and maternity, gender reassignment, sexual orientation, race, and religion or belief.<sup>28</sup>
44. It is important to note that the protected characteristics listed, along with other socio-economic considerations, are not independent of each other and some people may have to deal with complex and interconnected issues related to disadvantage at any one time.
45. The potential issues identified relate specifically to Age, Disability and Race.

## Age

46. All in-scope packaging will be required to be labelled “Recycle” or “Do not recycle” (with certain exceptions including secondary and tertiary packaging which is generally not supplied to the consumer). Guidance will be published to ensure labelling is used in a standardised way, is legible and can be easily understood. Older people may be affected by changes to labelling and consideration must be given for the need for inclusive communications, especially with respect to recyclability labelling. The greater simplicity and consistency of this binary label is expected to help communicate more clearly whether an item of packaging is recyclable.
47. There may be differences in recycling habits across age groups which may

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<sup>28</sup> <https://www.legislation.gov.uk/ukpga/2010/15/contents>

also indicate a need for targeted communications.<sup>29</sup>

48. Local authorities may need to make some changes to their services to ensure that they are efficient and effective. This will depend in part on decision-making by the scheme administrator, which should be clearly communicated to local authorities. They will be required to maximise participation and ensure quality of material collected so it is more likely to be recycled. They will be expected to communicate with households prior to service changes and in a targeted manner to optimise recycling. Older people are less likely to regularly use the internet or access digital media,<sup>30</sup> so inclusive communications beyond digital means will be required to ensure the success of the scheme.
49. All Scottish authorities provide an assisted collection service where households notify them of difficulties presenting containers. It is estimated between 4% and 10% of households receive an assisted uplift in Scotland, varying by local authority.<sup>31</sup> Any changes to current services will need to be communicated to the elderly or to any disabled person who receives an assisted uplift from their local authority. Responsibility for this is with the local authority.
50. Average income may be lower in younger and higher age brackets.<sup>32</sup> As such, any cost pass-through associated with packaging EPR could impact on these individuals more than others. See discussion in the Fairer Scotland Duty Assessment.

## Disability

51. Some disabled people could be disproportionately affected by changes to packaging and recycling services. Instructions provided on packaging, and explanations of household disposal services, will need to be accessible. Those with certain disabilities, such as visual and hearing impairments, dyslexia and other learning difficulties, may require additional communications and considerations to adjust to service changes. Inclusive communication methods will be required including non-digital means.
52. Some individuals may rely on specific packaging formats; for example, pre-prepared foods to maintain independent living. People with certain learning disabilities may be selective eaters or have phases of only being willing to choose from a small selection of foods and drinks. This is often associated with autistic spectrum disorder (ASD). Some people may also accept only processed foods with familiar packaging, or may find it difficult to try new foods or be distressed in some mealtime environments, resulting in food refusal.<sup>33</sup> Fee modulation for non-recyclable packaging materials and formats could impact the availability or cost of specific formats, particularly if packaging was considered unnecessary, or the material was difficult to recycle. This would place a disproportionate impact on some people with protected characteristics.

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<sup>29</sup> <https://www.zerowastescotland.org.uk/resources/consumer-behaviour-reports>

<sup>30</sup> <https://www.gov.scot/publications/scottish-household-survey-2022-key-findings/pages/6/>

<sup>31</sup> Informal discussion with the Waste Managers Network Co-ordinator, February 2022

<sup>32</sup> [https://data.gov.scot/poverty/#Equality\\_analysis](https://data.gov.scot/poverty/#Equality_analysis)

<sup>33</sup> *Eating well: children and adults with learning disabilities, Nutritional and practical guidelines*, the Caroline Walker Trust, 2007

There is a lack of placed-on-the-market data and detailed attribution to the shopping habits and personal requirements of those with protected characteristics. This would require a level of granularity and assessment which is not currently considered proportionate.

53. Average income may be lower in households where people have a limiting condition.<sup>34</sup> Therefore any cost pass-through associated with packaging EPR regulations could affect these individuals, especially considering the increasing cost of living. See discussion in the Fairer Scotland Duty Assessment.
54. Inclusive communications will be an essential component of the packaging EPR scheme design to ensure maximum awareness amongst citizens and allow effective participation in local waste and recycling services.

## **Race**

55. Any changes to services and communications associated with reforms arising from packaging EPR should be made accessible in multiple languages.
56. Average income may be lower in households where people are from ethnic minorities.<sup>35</sup> Therefore any potential cost pass through associated with packaging EPR could impact on these individuals. Impacts on the price of goods are discussed in the Fairer Scotland Assessment.

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<sup>34</sup> [https://data.gov.scot/poverty/#Equality\\_analysis](https://data.gov.scot/poverty/#Equality_analysis)

<sup>35</sup> [https://data.gov.scot/poverty/#Equality\\_analysis](https://data.gov.scot/poverty/#Equality_analysis)

## Stage 2: Data and evidence gathering, involvement and consultation

This section includes the results of the evidence-gathering (including the framing exercise), including qualitative and quantitative data and the source of that information, whether national statistics, surveys or consultations with relevant equality groups.

Characteristic	Evidence gathered and strength/quality of evidence	Source (full reference details in appendix)	Data gaps identified and action taken
AGE	<p><b>Recycling behaviours &amp; perception of climate change</b></p> <p>In surveys of household attitudes and behaviours associated with recycling and waste, older people are more likely to be highly motivated to recycle. 68% of people aged 65+ describe themselves as “wanting to be a really good recycler”, compared to 56% aged 35-64, and 51% aged 18-34. Differences in recycling behaviours and perceptions towards climate change, suggests a requirement for targeted communications for different age groups.</p> <p>Young people are more likely to be very concerned about climate change, with 26% of young adults (aged 16-24) viewing climate</p>	<p>Consumer Behaviour and Attitude Surveys, 2020, Zero Waste Scotland <sup>36</sup></p> <p>Scottish Household Survey 2021 <sup>37</sup></p>	<p>Should be considered as part of the service design at local authority level.</p>

<sup>36</sup> Consumer Behaviour and Attitude Surveys, 2020, Zero Waste Scotland (unpublished)

<sup>37</sup> <https://www.gov.scot/publications/scottish-household-survey-2021-telephone-survey-key-findings/documents/>

	<p>change as an immediate and urgent problem, whereas only 76% of those aged 75+ view it as urgent. However, this age group showed the greatest increase from 69% in 2020 to 76% in 2021.</p> <p>Younger people also claim to be more informed about climate change: almost 70% of 18-24 stated they knew a lot about climate change compared to just 53% of those over 65. The source of information for these age groups differs significantly with social media accounting for 66% of 18-24 year-olds, but just 23% of 65+. Older age groups receive the majority of this information from TV (64%).</p>	Public Engagement with Climate Change in Scotland, 2022 <sup>38</sup>	
	<p><b>Inclusive communications</b></p> <p>If communications are only available via digital means, older adults may not be aware of changes to services to the same extent as younger groups.</p>	Scottish Household Survey, 2022 <sup>39</sup>	

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<sup>38</sup> <https://www.gov.scot/binaries/content/documents/govscot/publications/research-and-analysis/2022/11/public-engagement-climate-change-scotland-2022/documents/public-engagement-climate-change-scotland-2022/public-engagement-climate-change-scotland-2022/govscot%3Adocument/public-engagement-climate-change-scotland-2022.pdf>

<sup>39</sup> <https://www.gov.scot/publications/scottish-household-survey-2022-key-findings/pages/6/>

	<p>Older people are less likely to be internet users: 76% of adults 60+ use the internet compared to 99% of 16-24. This is a significant increase for 60+ from previous years (29% in 2007). Of disabled adults aged 60+, 66% reported using the internet, compared with 81% of non-disabled adults aged 60+.</p> <p>Therefore, there may be a requirement for suitable forms of non-digital communication for older people.</p> <p>Conversely young people are highly likely to use the internet and may therefore benefit from digital communications.</p>		
	<p><b>Poverty</b></p> <p>In 2020-23, 39% of people in households with household heads aged 16-24 were in relative poverty after housing costs. Those aged 55-64 were the next most likely to be in poverty. The age groups in between all had similar poverty rates between 17% and 21%.</p>	<p>Poverty and income inequality in Scotland: 2020-2023, Annual Update<sup>40</sup></p>	<p>See discussion in the Fairer Scotland Duty Assessment.</p>
	<p><b>Disposable Income</b></p>		

<sup>40</sup> [https://data.gov.scot/poverty/#Data\\_source4](https://data.gov.scot/poverty/#Data_source4)



	<p>Average equivalised household disposable income, across the UK, by age group of the chief economic supporter (CES) for 2021/22 was lowest in the 16-24 age group (£27,596 per year). Disposable income for other age groups ranging from £31,085 (65+) to £40,926 (25-34). This shows that the youngest and oldest are most likely to have the least disposable income.</p> <p>Any potential cost pass through associated with the reform could therefore impact on young adults more than other age groups.</p>	Office of National Statistics (2022) - Household disposable income by age group <sup>41</sup>	
<b>Disability</b>	<p><b>Inclusive labelling format and communications</b></p> <p>Labelling and communications associated with packaging EPR should be accessible to visually impaired people and persons with learning disabilities.</p> <p>In Scotland 27% of the population have a long-term physical or mental health condition (1.5 million people). This is above the UK average (24%).</p>	Family Resources Survey, financial year 2022-2023 <sup>42</sup>	Should be considered as part of the service design at local authority level. Labelling requirements on packaging will be picture-based and

<sup>41</sup> <https://www.ons.gov.uk/aboutus/transparencyandgovernance/freedomofinformationfoi/householddisposableincomebyagegroup2022>

<sup>42</sup> <https://www.gov.uk/government/collections/family-resources-survey--2>

	<p>Neurodivergent individuals and individuals with learning disabilities who require communication support often encounter extensive exclusion and disadvantages. Employing inclusive communication is crucial as it acknowledges that diverse individuals use various methods to comprehend and express themselves. The use of inclusive communication is imperative to enable individuals to be aware of and assert their rights, live autonomously, and actively engage in all aspects of life.</p> <p>People with limiting conditions are also less likely to use the internet. In Scotland, 14% of adults aged 34-59 years who have some form of limiting long-term physical or mental health condition, do not use the internet. This increases to 34% for those over 60. This is a significantly higher share than for those who do not have a disability for both adults (2%) and over 60s (19%). This suggests a requirement for suitable forms of non-digital communication.</p>	<p>Learning Disabilities, Autism and Neurodivergence Bill: Consultation, Scottish Government, 2023 <sup>43</sup></p> <p>Scottish Household Survey, 2022 <sup>44</sup></p>	<p>easily recognisable.</p> <p>The Scottish Government will continue to work with the other administrations to ensure inclusive communication methods and channels are considered through policy implementation.</p>
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<sup>43</sup> <http://www.gov.scot/binaries/content/documents/govscot/publications/consultation-paper/2023/12/learning-disabilities-autism-neurodivergence-bill-consultation/documents/learning-disabilities-autism-neurodivergence-bill-consultation/learning-disabilities-autism-neurodivergence-bill-consultation/govscot%3Adocument/learning-disabilities-autism-neurodivergence-bill-consultation.pdf>

<sup>44</sup> <https://www.gov.scot/publications/scottish-household-survey-2022-key-findings/pages/6/>

	<p><b>Poverty</b></p> <p>Scottish national statistics show that 24% of households where a household member is disabled are more likely to be in relative poverty compared to 18% of households where no one is disabled.</p> <p>On average, households with at least one disabled adult or child need an additional £975 a month to have the same standard of living as households where this is not the case. The average extra costs rise to £1,248 per month where there are two disabled adults in the household and at least two children. On average, the extra costs required to enjoy the same standard of living as a non-disabled person equates to 63% of a disabled person's income after housing costs.</p>	<p>Poverty and Income Inequality in Scotland: 2020-2023 Annual Update <sup>45</sup></p> <p>The Disability Price Tag 2023 <sup>46</sup></p>	<p>See discussion in the Fairer Scotland Duty Assessment.</p>
<b>SEX</b>	<p><b>Poverty</b></p> <p>In 2020-23, analysis of poverty rates in Scotland showed 19% of women and 20% of men were in relative poverty after housing costs. Poverty is typically measured at the household level so</p>		<p>See discussion in the Fairer Scotland Duty Assessment.</p>

<sup>45</sup> [https://data.gov.scot/poverty/#Data\\_source](https://data.gov.scot/poverty/#Data_source)

<sup>46</sup> <https://www.scope.org.uk/campaigns/extra-costs/disability-price-tag-2023/>

	<p>families/couples are typically assessed together. For lone-person or single-parent families this can be further analysed.</p> <p>Historically, poverty rates were highest for single mothers, but this has gradually declined to be comparable with other single household types. In 2020-2023, poverty rates were highest among single, childless men (33%). The poverty rate for single, childless women and single mothers was the same at (29%). Estimates for single fathers were not available.</p> <p>Research into poverty in Scotland in 2023 showed that just over 10% of workers in Scotland are locked in persistent low pay (below the real living wage), with 72% of those people being women.</p>	<p>Poverty and income inequality in Scotland: 2020-2023, Annual Update</p> <p>Poverty in Scotland, 2023 <sup>47</sup></p>	<p>This research has identified gaps in the data regarding poverty rates in these groups.</p>
<b>PREGNANCY AND MATERNITY</b>	<p>We are not aware of any relevant existing evidence at this time on pregnancy and maternity in relation to the policy.</p>		<p>No impacts identified.</p>
<b>GENDER REASSIGNMENT</b>	<p>We are not aware of any relevant existing evidence at this time on gender reassignment in relation to the policy.</p>		<p>No impacts identified.</p>

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<sup>47</sup> <https://www.jrf.org.uk/work/poverty-in-scotland-2023>

<b>SEXUAL ORIENTATION</b>	<p><b>Poverty</b></p> <p>The poverty rate has been consistently higher for LGB+ adults compared to straight / heterosexual adults since this category was first assessed in 2011-14.</p> <p>In 2020-23, 25% of LGB+ adults were in poverty, compared to 19% of straight adults and 21% of adults whose sexual orientation was not known.</p>	<p>Poverty and income inequality in Scotland: 2020-2023, Annual Update <sup>48</sup></p>	<p>See discussion in the Fairer Scotland Duty Assessment.</p>
<b>RACE</b>	<p><b>Inclusive communications</b></p> <p>More than 170 languages other than English are spoken in homes across Scotland. In the 2011 Census, 93.8% of people in Scotland aged 3+ stated they could speak, read and write English compared to 75.2% of people born in EU accession countries and 88.8% of people born in the Middle East and Asia.</p>	<p>Scotland's Census, 2011 <sup>49</sup></p>	<p>Should be considered as part of the service design at local authority level. Labelling</p>

<sup>48</sup> [https://data.gov.scot/poverty/#Data\\_source](https://data.gov.scot/poverty/#Data_source)

<sup>49</sup> <https://www.scotlandscensus.gov.uk/census-results/at-a-glance/languages/>

	<p>Polish was the most commonly spoken language in Scotland after English, Scots and Gaelic.</p> <p>The most commonly spoken languages at home other than English and Scots were:</p> <ul style="list-style-type: none"> <li>- Polish (54,186 people)</li> <li>- Urdu (23,394 people)</li> <li>- Punjabi languages (23,150 people)</li> <li>- Chinese languages (16,830 people)</li> <li>- French (14,623 people)</li> </ul> <p>This suggests any changes to services and communications associated with reforms should be made accessible in multiple languages.</p>		<p>requirements on packaging will be picture-based and easily recognisable.</p>
	<p><b>Poverty</b></p>		

	<p>In 2010-23, people from minority ethnic (non-white) groups were more likely to be in relative poverty after housing costs compared to those from the 'White - British' and 'White - Other' groups.</p> <p>The poverty rate was 50% for the 'Asian or Asian British' ethnic groups and 51% for 'Mixed, Black or Black British and Other' ethnic groups. The poverty rate amongst the 'White - Other' group was 22% and that of the 'White - British' group was 18%.</p>	<p>Poverty and income inequality in Scotland: 2020-2023, Annual Update <sup>50</sup></p>	<p>See discussion in the Fairer Scotland Duty Assessment.</p>
	<p><b>Disposable income</b></p> <p>The mean equivalised household disposable income, across the UK, by ethnicity for 2019/21 was lowest in the Black African, Black Caribbean and Black Other ethnic group categories (£31,633 per year). Mixed (£33,886 per year) and Other (£35,916 per year) ethnic groups were the next lowest, with Asian (£36,454 per year) and White (£36,660 per year) having the highest disposable income.</p>	<p>Office for National Statistics - Household disposable income and energy expenditure by ethnicity, 2019-2021<sup>51</sup></p>	<p>See discussion in the Fairer Scotland Duty Assessment.</p>

<sup>50</sup> [https://data.gov.scot/poverty/#Data\\_source](https://data.gov.scot/poverty/#Data_source)

<sup>51</sup>

<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/adhocs/15246averagehouseholddisposableincomeandenergyexpenditurebyethnicitygovernmentregionandsexbreakdownsukfinancialyearsending20192020and2021combined>

	Any potential cost pass-through associated with packaging EPR could therefore impact on Black ethnic minority groups more than other groups.		
<b>RELIGION OR BELIEF</b>	<p><b>Poverty</b></p> <p>In 2017-22, Muslim adults were more likely to be in relative poverty (63%, 40,000 each year) than adults overall (19%), after housing costs were taken into account. For adults belonging to the Church of Scotland, 16% were in relative poverty after housing costs (170,000 adults each year), compared to 19% of Roman Catholic adults (110,000 adults) and adults of other Christian denominations (19%; 60,000 adults).</p> <p>Though this appears to infer a relationship between religion and socio-economic disadvantage, this may be further related to race rather than religion, as detailed above.</p>	Poverty and income inequality in Scotland: 2019-2022, Annual Update <sup>52</sup>	See discussion in the Fairer Scotland Duty Assessment.
<b>MARRIAGE AND CIVIL PARTNERSHIP</b>	The Scottish Government does not require assessment against this protected characteristic unless the policy or practice relates to work, for example HR policies and		N/A

<sup>52</sup> [https://data.gov.scot/poverty/#Equality\\_analysis](https://data.gov.scot/poverty/#Equality_analysis)



	practices. This policy does not relate to work therefore we have not considered it for this EQIA.		
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### Stage 3: Assessing the quality of the impacts and identifying opportunities to promote equality

For this equality impact assessment, the qualitative scoring of the potential impacts (negative, positive and none) have been considered for each of the listed characteristics. This qualitative scoring has been undertaken using the data and evidence available and gathered to date. This is an indicative assessment of the potential impacts at this stage and may be revised in future to reflect updated scheme design.

*Do you think that the policy impacts on people because of their age?*

<b>AGE</b>	<b>Positive</b>	<b>Negative</b>	<b>None</b>	<b>Reasons for your decision</b>
Eliminating unlawful discrimination, harassment and victimisation			<b>x</b>	Packaging EPR should be implemented in such a way that it will not create unlawful discrimination related to this protected characteristic.
Advancing equality of opportunity			<b>x</b>	Packaging EPR should be implemented so that communication is accessible, clear and inclusive, including non-digital routes.
Promoting good relations			<b>x</b>	No evidence identified.

*Do you think that the policy impacts disabled people?*

<b>DISABILITY</b>	<b>Positive</b>	<b>Negative</b>	<b>None</b>	<b>Reasons for your decision</b>
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Eliminating unlawful discrimination, harassment and victimisation			<b>x</b>	Packaging EPR should be implemented in such a way that it will not create unlawful discrimination related to this protected characteristic.
Advancing equality of opportunity			<b>x</b>	Packaging EPR should be implemented so that communication is accessible, clear and inclusive, including non-digital routes. There may be potential for negative impacts on independence for some disabled people if packaging of certain types (for example prepared vegetables or ready meals) became less available as a result of the reform. This should be kept under review.
Promoting good relations			<b>x</b>	No evidence identified.

*Do you think that the policy impacts on men and women in different ways?*

<b>SEX/GENDER</b>	<b>Positive</b>	<b>Negative</b>	<b>None</b>	<b>Reasons for your decision</b>
Eliminating unlawful discrimination, harassment and victimisation			<b>x</b>	Packaging EPR should be implemented in such a way that it will not create unlawful discrimination related to this protected characteristic.
Advancing equality of opportunity			<b>x</b>	No evidence identified.

Promoting good relations			<b>x</b>	No evidence identified.
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*Do you think that the policy impacts on women because of pregnancy and maternity?*

<b>PREGNANCY AND MATERNITY</b>	<b>Positive</b>	<b>Negative</b>	<b>None</b>	<b>Reasons for your decision</b>
Eliminating unlawful discrimination, harassment and victimisation			<b>x</b>	Packaging EPR should be implemented in such a way that it will not create unlawful discrimination related to this protected characteristic.
Advancing equality of opportunity			<b>x</b>	No evidence identified.
Promoting good relations			<b>x</b>	No evidence identified.

*Do you think that the policy impacts on transgender people?*

<b>GENDER REASSIGNMENT</b>	<b>Positive</b>	<b>Negative</b>	<b>None</b>	<b>Reasons for your decision</b>
Eliminating unlawful discrimination, harassment and			<b>x</b>	Packaging EPR should be implemented in such a way that it will not create unlawful discrimination related to this protected

victimisation				characteristic.
Advancing equality of opportunity			<b>x</b>	No evidence identified.
Promoting good relations			<b>x</b>	No evidence identified.

*Do you think that the policy impacts on people because of their sexual orientation?*

<b>SEXUAL ORIENTATION</b>	<b>Positive</b>	<b>Negative</b>	<b>None</b>	<b>Reasons for your decision</b>
Eliminating unlawful discrimination, harassment and victimisation			<b>x</b>	Packaging EPR should be implemented in such a way that it will not create unlawful discrimination related to this protected characteristic.
Advancing equality of opportunity			<b>x</b>	No evidence identified.
Promoting good relations			<b>x</b>	No evidence identified.

*Do you think that the policy impacts on people on the grounds of their race?*

<b>RACE</b>	<b>Positive</b>	<b>Negative</b>	<b>None</b>	<b>Reasons for your decision</b>
Eliminating unlawful discrimination, harassment and victimisation			<b>x</b>	Packaging EPR should be implemented in such a way that it will not create unlawful discrimination related to this protected characteristic.
Advancing equality of opportunity			<b>x</b>	There are possible impacts associated with labelling and packaging types, but no significant impact identified.
Promoting good relations			<b>x</b>	No evidence identified.

*Do you think that the policy impacts on people because of their religion or belief?*

<b>RELIGION OR BELIEF</b>	<b>Positive</b>	<b>Negative</b>	<b>None</b>	<b>Reasons for your decision</b>
Eliminating unlawful discrimination, harassment and victimisation			<b>x</b>	Packaging EPR should be implemented in such a way that it will not create unlawful discrimination related to this protected characteristic.
Advancing equality of opportunity			<b>x</b>	No evidence identified.

Promoting good relations			<b>x</b>	No evidence identified.
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## **Recommendations and Conclusion**

This review has identified possible indirect impacts of packaging EPR. Through the qualitative scoring process, possible negative impacts were identified for age, disability and race but these can be mitigated by inclusive communication methods. The packaging EPR legislation includes communication obligations on the Scheme Administrator. Similarly, local authority services will be assessed in terms of efficiency and effectiveness; communication is a vital component of service design and implementation.

This scoring has been undertaken using the data and evidence available and gathered to date and within the timescale allowed. However, this is an indicative assessment of the potential impacts and may be revised in future to reflect updated scheme design.

There is no evidence within this EQIA that the policy is directly or indirectly discriminatory under the Equality Act 2010.

## **Declaration**

I am satisfied with the equality impact assessment that has been undertaken for packaging EPR and give my authorisation for the results of this assessment to be published on the Scottish Government's website.

**Name:** David McPhee

**Position:** Deputy Director, Producer Responsibility Division

**Authorisation date:** 30 May 2024



# **Extended Producer Responsibility for Packaging**

**Fairer Scotland Duty Assessment  
June 2024**



Scottish Government  
Riaghaltas na h-Alba  
gov.scot

## Aims and expected outcomes of the proposal

1. The Scottish Government, along with the other UK governments, is introducing extended producer responsibility (EPR) for packaging from April 2025.
2. Packaging EPR will require producers of products to pay the full net cost of managing their packaging at end of life, providing a source of funding to local authorities to provide efficient and effective household packaging collection and disposal services, and placing financial responsibility on the producer in line with the “polluter pays” principle. Payments will be made to a scheme administrator appointed by the four governments of the UK acting jointly. The scheme administrator will then distribute these monies to local authorities.
3. This source of funding is estimated at £1.2bn per annum UK-wide.<sup>1</sup> This will increase recycling rates, incentivise more-sustainable use of packaging and help to build a more circular economy in Scotland.

## Background

4. Over 10 million tonnes of packaging waste are produced every year in the UK. A substantial share of this ends up in landfill, though almost two-thirds of it could be recovered, meaning that there are avoidable environmental costs.<sup>2</sup>
5. Extended producer responsibility (EPR) schemes extend producers’ responsibility for their products to the post-use phase. This includes financial responsibility and can apply to, for example, the necessary costs of efficient and effective waste management services for the products they place on the market. This incentivises producers to design for key circular-economy outcomes such as reduced consumption of resources, reuse, repair, and recycling.
6. A UK-wide producer responsibility system for packaging has been in place since 1997. It is currently governed by the Producer Responsibility Obligations (Packaging Waste) Regulations 2007 (as amended).<sup>3</sup> Under these regulations, organisations which produce or fill packaging or sell packaged goods are obligated to contribute towards the cost of recycling and recovery of this packaging. The objectives of this system are to:
  - Reduce the amount of packaging produced;
  - Reduce the amount of packaging waste going to landfill; and
  - Increase the amount of packaging waste that is recycled and recovered.
7. Businesses currently prove they have met their recycling obligations through the purchase of Packaging Waste Recycling Notes (PRNs) and/or Packaging Waste Export Recycling Notes (PERNs) which are sold by accredited reprocessors or exporters. Obligated businesses must buy sufficient

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<sup>1</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1063589/epr-consultation-government-response.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1063589/epr-consultation-government-response.pdf) p7

<sup>2</sup> <https://www.sepa.org.uk/regulations/waste/packaging-waste/>

<sup>3</sup> <https://www.legislation.gov.uk/uksi/2007/871/contents/made>

PRNs/PERNs to offset their obligations, in line with the 'polluter pays' principle.<sup>4</sup> PRNs and PERNs act as evidence that an equivalent amount of similar packaging has been recycled.

8. The current producer responsibility system for packaging has helped drive recycling while keeping the cost to businesses low. However, it does not give packaging producers full financial responsibility for the end-of-life management of their packaging or any of the environmental externalities created.
9. It is estimated that the current system covers only around 10% of the total cost of managing post-use packaging waste,<sup>5</sup> which means that most of the cost is borne by local authorities, other public authorities and businesses who consume packaged goods. Additionally, there is significant fluctuation of revenue raised through PRNs. The current system therefore does not meet the polluter-pays principle or provide sufficient financial stability to encourage investment in infrastructure to meet environmental objectives.
10. Other issues highlighted within previous public consultation proposals are:<sup>6,7,8</sup>
  - Concerns over system transparency, including the fate of materials and producer visibility of PRN fee use.
  - An uneven playing field for domestic reprocessing due to an over-reliance on export markets.
  - Limited direct consumer communications to encourage recycling.
  - A lack of producer incentive to design for greater recyclability or reuse, as the price of PRNs is not linked to recyclability or environmental impacts of materials. This means that materials are often reprocessed into much lower-value goods or lost to landfill or incineration after just one use.
  - A lack of granularity in data reported by producers, as this currently only includes the type of material and does not include the packaging or polymer type.
11. Therefore, the Scottish Government is introducing EPR for packaging along with the other governments of the UK. The four governments are working to deliver a single UK-wide scheme that reflects local needs and priorities.
12. The objectives of the new scheme are:
  - Producers are responsible for the full net cost of managing their packaging efficiently and effectively at end-of-life;
  - Unnecessary packaging is avoided;

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<sup>4</sup> Obligated businesses are those who place more than 50 tonnes of packaging and have a turnover of more than £2 million per year.

<sup>5</sup> <https://publications.parliament.uk/pa/cm201719/cmselect/cmenvaud/339/339.pdf>, para 38, December 2017, last accessed 7th May 2024

<sup>6</sup> <https://consult.defra.gov.uk/extended-producer-responsibility/consultation-on-reforming-the-uk-packaging-produce/>, 2019, Defra, last accessed 7th May 2024

<sup>7</sup> <https://consult.defra.gov.uk/extended-producer-responsibility/extended-producer-responsibility-for-packaging/>, 2021, Defra, last accessed 7th May 2024

<sup>8</sup> <https://consult.defra.gov.uk/packaging-extended-producer-responsibility/reforms-to-the-prn-and-pern-systems/>, 2022, Defra, last accessed 7th May 2024

- More reusable packaging is used, replacing single-use;
  - More packaging is designed to be recyclable;
  - The Recycling rate of packaging placed on the market increases to 76% by 2030;
  - The quality of packaging materials presented for recycling improves and is more widely used in higher-value secondary applications
13. The regulations place obligations on actors across the packaging supply chain. Producers, as defined in the regulations, will be required to:
- Fund the full net costs of efficient and effective waste management services for household packaging. These costs will be allocated to producers based on their share of each packaging material type placed on market each year. From 2026 onwards, fees will be 'modulated' based on environmental factors such as recyclability to incentivise more sustainable use of packaging.
  - Meet packaging recycling targets through the purchase of evidence notes from accredited reprocessors and exporters. The evidence requirement will be based on the total tonnage of packaging producers place on the market and national recycling targets.
  - Report data on the packaging they place on the market.
  - Label all packaging as recyclable or non-recyclable to help householders correctly dispose of packaging after use. Guidance will be published to ensure labelling is used in a standardised way and is legible and understandable for individuals. This requirement will take effect from 2027.
14. Producers' precise obligations will depend on factors including their turnover and the tonnage of packaging they place on the market each year. See the Business and Regulatory Impact Assessment (BRIA) for further details.<sup>9</sup>
15. The fees raised from producers will fund:
- The full net costs of efficient and effective local authority household packaging waste collection and disposal services;
  - Information provision for members of the public and businesses on the reuse of packaging, recovery (including recycling and disposal) of packaging waste, and prevention of packaging litter; and
  - The operating costs of a scheme administrator which oversees the scheme and is responsible for meeting the stated outcomes.
16. Providers of household recycling and waste services will be funded for efficient and effective household waste collection and disposal services. This will take into account factors specific to local areas, such as rurality, levels of deprivation, and policies on waste management in each nation.
17. The scheme administrator will be a public body, tasked with ensuring the efficient and effective delivery of the scheme, including guidance for all actors

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<sup>9</sup> <https://www.gov.scot/publications/reforming-uk-packaging-producer-responsibility-system-partial-business-regulatory-impact-assessment-bria/>

on their roles and responsibilities, financial payments to local authorities and meeting the scheme outcomes and targets.

18. Producers' costs are estimated to total approximately £1.7 billion each year for the UK wide-scheme. An estimated £1.2 billion of this relates to household packaging recycling and waste services (£800 million for household recycling services and recycling centres; £300 million for household residual waste).<sup>10</sup> In addition, producers will contribute an estimated £300 million through purchase of evidence notes, and £100 million in administrative costs for the Scheme Administrator, communications and regulatory activities.<sup>11</sup>
19. The policy is focussed on businesses, rather than individuals, but has the potential to impact on all individuals and households in Scotland as it concerns packaging in all forms. It is a UK-wide policy. This policy change can be considered to be strategic given the strong links to a wide array of environmental and wider policy objectives for Scottish Government.

## Policy Alignment

### Scotland

20. Packaging EPR has strong cross-policy links to Scottish, UK and European legislation and strategic direction.
21. The circular economy contributes directly to the Environment and Economy outcomes under the National Performance Framework. Directly applicable National Indicators include:<sup>12</sup>
  - Carbon footprint
  - Natural capital
  - Greenhouse gas emissions
  - Waste generated
  - Marine environment
  - Biodiversity
  - Scotland's reputation
  - Perception of local area
  - Condition of protected nature sites
22. Resource use and waste generated are recognised as key sources of greenhouse gas generation, and the Scottish Government reports on progress against both territorial and consumption emissions. Packaging EPR will contribute to objectives set out in the Climate Change (Scotland) Act 2009,<sup>13</sup> as amended through the Climate Change (Emissions Reduction Targets)

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<sup>10</sup> Note that the £1.2bn includes c. £100m for managing packaging disposed of in street bins. Along with the other UK governments, we intend to bring forward legislation to address this element of packaging EPR at a later date, to be in force by 2026.

<sup>11</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1063589/epr-consultation-government-response.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1063589/epr-consultation-government-response.pdf) p7

<sup>12</sup> <https://nationalperformance.gov.scot/national-outcomes/explore-national-outcomes>, Scottish Government, last accessed 7<sup>th</sup> May 2024

<sup>13</sup> <https://www.legislation.gov.uk/asp/2009/12/contents>, last accessed 7<sup>th</sup> May 2024

(Scotland) Act 2019,<sup>14</sup> and the Climate Change Plan Update 2018-2032.<sup>15</sup> The legislation establishes a target of achieving net-zero emissions by 2045.

23. In 2015, the Scottish Government committed to the United Nations Sustainable Development Goals. The ambition behind the goals is to end poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda. Packaging EPR will have a positive impact on a number of these goals, most explicitly Goal 12: Responsible Consumption and Production.<sup>16</sup>
24. Scotland is transitioning to a circular economy. In February 2016, *Making things last: A circular economy strategy for Scotland* was published.<sup>17</sup> This overarching strategy integrated the key elements of the *Zero waste plan*<sup>18</sup> and *Safeguarding Scotland's resources*,<sup>19</sup> and built on Scotland's zero-waste and resource efficiency agendas. Preventing waste arising, reusing and recycling products and materials were central requirements to accelerating a circular economy.
25. The Scottish Government implemented Article 5 of the EU Single-Use Plastics Directive (SUPD) on 1<sup>st</sup> June 2022. The regulations introduced market restrictions for single-use plastic cutlery, plates, beverage stirrers, straws and balloon sticks as well as single-use food containers and cups made of expanded polystyrene.
26. The Deposit and Return Scheme Scotland Regulations, passed by the Scottish Parliament in May 2020, aim to help improve the quality and quantity of recycling, reduce litter and achieve Scottish Government climate change targets. DRS is a form of producer responsibility. Until 1 January 2028, drinks containers (excluding those made of glass) are exempt from certain obligations under the regulations, including disposal costs, recyclability assessments, and the requirement to provide recycling information; they are subject to data collection and reporting obligations and recycling obligations. From that date, if there is no operational DRS in any part of the UK, the exclusions for drinks containers will fall away so that drinks containers will be subject to all of the obligations in the Regulations. The four nations have agreed to a revised implementation timeline of October 2027 for an aligned DRS scheme across the UK.
27. The Circular Economy Bill was introduced in June 2023 and is planned to complete its parliamentary passage by the end of June 2024. The bill aims to support Scotland's transition to a zero waste and circular economy, significantly increase reuse and recycling rates, and modernise and improve waste and recycling services.

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<sup>14</sup> <https://www.legislation.gov.uk/asp/2019/15/contents/enacted>, last accessed 7th May 2024

<sup>15</sup> <https://www.gov.scot/publications/securing-green-recovery-path-net-zero-update-climate-change-plan-20182032/>, 2020, Scottish Government, last accessed 7<sup>th</sup> May 2024

<sup>16</sup> <https://sdgs.un.org/goals>

<sup>17</sup> <https://www.gov.scot/publications/making-things-last-circular-economy-strategy-scotland/pages/2/>, Scottish Government, 2016

<sup>18</sup> <https://www.gov.scot/publications/scotlands-zero-waste-plan/>, Scottish Government, 2010

<sup>19</sup> <https://www.gov.scot/publications/safeguarding-scotlands-resources-blueprint-more-resource-efficient-circular-economy/>, Scottish Government, 2013

28. The 2020 update to the Climate Change Plan, and Programme for Government also commit to publication of a Circular Economy and Waste Route Map.<sup>20</sup> An updated draft Circular Economy and Waste Route Map was published for consultation in January 2024. The Route Map is designed to drive progress in three key areas:<sup>21</sup>

- Setting the strategic direction and laying foundations for delivering a system-wide, comprehensive vision for Scotland's circular economy to 2030;
- Setting out priority actions from now to 2030 to accelerate more sustainable use of resources across the waste hierarchy; and
- Reducing emissions associated with resources and waste.

## UK

29. In 2022, the UK Government implemented a new tax on businesses that produce or import plastic packaging with less than 30% recycled content.<sup>22</sup> This aims to incentivise businesses to use recycled materials in the production of plastic packaging, which will create greater demand for recycled inputs and in turn stimulate increased levels of recycling and collection of plastic waste. The Plastic Packaging Tax should complement packaging EPR in providing businesses with the right incentives to design and use plastic packaging that is easier to recycle, driving the overall development of more-sustainable packaging.

## Europe

30. An amendment to the EU Waste Framework Directive 2018 set a 70% packaging recycling target by the end of 2030.<sup>23</sup> The Scottish Government, and our partners in the other UK governments, aim to exceed this target through packaging EPR.

31. In May of 2018 the European Commission's Circular Economy Package was approved. The legislation aims to move supply chains towards a circular economy maintaining the value of products, materials and resources in the economy for as long as possible. This includes more ambitious recycling targets and full cost recovery of recycling costs from producers. The Scottish Government has committed to meeting or exceeding the EU's environmental

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<sup>20</sup> <https://www.gov.scot/publications/safeguarding-scotlands-resources-blueprint-more-resource-efficient-circular-economy/>, Scottish Government, 2020

<sup>21</sup> <https://www.gov.scot/binaries/content/documents/govscot/publications/consultation-paper/2024/01/scotlands-circular-economy-waste-route-map-2030-consultation/documents/scotlands-circular-economy-waste-route-map-2030-consultation/scotlands-circular-economy-waste-route-map-2030-consultation/govscot%3Adocument/scotlands-circular-economy-waste-route-map-2030-consultation.pdf>, 2024, Scottish Government, last accessed 7<sup>th</sup> May 2024

<sup>22</sup> <https://www.gov.uk/government/publications/introduction-of-plastic-packaging-tax/plastic-packaging-tax>, HMRC, last accessed 7<sup>th</sup> May 2024

<sup>23</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018L0852>, 2018, Official Journal of the European Union, last accessed 7<sup>th</sup> May 2024



standards after leaving the EU.<sup>24</sup> Packaging EPR will contribute to meeting this commitment.

32. A new European Packaging and Packaging Waste Regulation is close to adoption, which includes packaging reduction targets, places restrictions on the use of certain plastic packaging types, sets reuse and refill targets, and requires all packaging (with exemptions) to be recyclable.<sup>25</sup>

## Summary of evidence

33. Packaging EPR is intended to apply across the UK and does not specifically target particular groups, geographical locations or sections of society. It is, however, important to ensure that the impact on those who experience socio-economic disadvantage is understood. This may be experienced through low income, low wealth, material deprivation, area deprivation or socio-economic background.
34. An Equality Impact Assessment (EQIA) and Island Communities Impact Assessment (ICIA) have been conducted alongside this Fairer Scotland Duty Assessment (FSDA). A partial BRIA was published alongside supporting legislation in January 2023.<sup>26</sup> The socio-economic outcomes considered in this assessment have links with the potential impacts identified in the EQIA and the ICIA, so this document should be read in conjunction with the other impact assessments.
35. The possible impacts of the proposals on lower-income households have been assessed based on the available evidence. As part of the new scheme, producers will be required to fund efficient and effective services for household recycling and waste services for packaging, as well as funding the operating costs of the scheme administrator. This has the potential to create “cost pass-through”,<sup>27</sup> which would see the cost of this to producers being passed on to the consumer in the retail price of the goods. As set out below, our estimate is that this should be limited.
36. Scoping exercises indicated areas of focus which are listed below and explored further:
  - The price of groceries;
  - The impact on local authority funding;
  - The impact on litter; and
  - The impact on jobs.

## Low incomes, low wealth and material deprivation

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<sup>24</sup> <https://www.gov.uk/government/publications/circular-economy-package-policy-statement/circular-economy-package-policy-statement>, 2020, last accessed 7<sup>th</sup> May 2024

<sup>25</sup> <https://www.europarl.europa.eu/news/en/press-room/20240419IPR20589/new-eu-rules-to-reduce-reuse-and-recycle-packaging>, 2024, European Parliament, last accessed 7<sup>th</sup> May 2024

<sup>26</sup> <https://www.gov.scot/publications/reforming-uk-packaging-producer-responsibility-system-partial-business-regulatory-impact-assessment-bria/>

<sup>27</sup> 'Cost pass-through' describes what happens when a business changes the price of the products or services it sells following a change in the cost of producing them.



37. It is estimated that 21% of Scotland's population, over a million people each year, were living in relative poverty<sup>28</sup> after housing costs in 2020-23.<sup>29</sup> Around a quarter of those in relative poverty are children.<sup>30</sup> The relative poverty rate all across Scotland is slightly higher than in recent years.<sup>31</sup> Increases in the proportion of people living in absolute poverty indicate that prices are rising faster than the incomes of the poorest households.
38. One way in which individuals and households currently pay for the costs of packaging is in the price of groceries. Research by the Office for National Statistics has identified at a UK level that weekly spending on food makes up on average 10.7% of weekly household expenditure. Food accounts for 13.6% of total expenditure for the bottom decile of income distribution, compared to 8.3% for those in the most wealthy 10%. The weekly spend in real terms for the lowest income group (£42.50) is just under two-thirds of that for the highest-income group (£68.80).<sup>32</sup>
39. In Scotland, 9% of households reported that they were not managing well financially, with the proportion being higher for those on benefits (17%).<sup>33</sup> Levels of perceived financial difficulty were also higher in more-deprived areas, as measured by the Scottish Index of Multiple Deprivation, with 20% of households not managing well in the most deprived decile.<sup>34</sup> There are also connections to protected characteristics, with higher poverty rates for some groups, as set out in the following.<sup>35</sup>
40. According to the 2022 household survey, 11% of those aged 16-34 and 12% of 35-59 year-olds said they are not managing well financially.<sup>36</sup> In 2020-23, 39% of people in households with household heads aged 16-24 were in relative poverty after housing costs. Those aged 55-64 were the next most likely to be in poverty. The age groups in between all had similar poverty rates between 17% and 21%.<sup>37</sup>
41. Average equivalised household disposable income, across the UK, by age group of the adult in the household with the highest gross income for 2021/22 was lowest in the 16-24 age group (£27,596 per year), with disposable income for other age groups ranging from £31,085 (65+) to £40,926 (25-34). This shows that the youngest and oldest are most likely to have the least disposable income.<sup>38</sup>

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<sup>28</sup> Relative poverty is defined as: Individuals living in households whose equivalised income is below 60% of UK median income in the same year.

<sup>29</sup> [https://data.gov.scot/poverty/#Equality\\_analysis4](https://data.gov.scot/poverty/#Equality_analysis4)

<sup>30</sup> <https://www.jrf.org.uk/work/poverty-in-scotland-2023>. Joseph Rowntree Foundation (2023)

<sup>31</sup> [https://data.gov.scot/poverty/#Equality\\_analysis](https://data.gov.scot/poverty/#Equality_analysis)

<sup>32</sup> <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/datasets/familyspendingworkbook1detailedexpenditureandtrends>

<sup>33</sup> <https://www.gov.scot/publications/scottish-household-survey-2022-key-findings/pages/5/Data>

<sup>34</sup> <https://www.gov.scot/publications/scottish-household-survey-2022-key-findings/pages/5/>

<sup>35</sup> [https://data.gov.scot/poverty/#Equality\\_analysis](https://data.gov.scot/poverty/#Equality_analysis)

<sup>36</sup> <https://www.gov.scot/publications/scottish-household-survey-2022-key-findings/pages/5/Data>

<sup>37</sup> [https://data.gov.scot/poverty/#Data\\_source](https://data.gov.scot/poverty/#Data_source)

<sup>38</sup> FOI request.

42. Scottish national statistics show that 24% of households where a household member is disabled are in relative poverty compared to 18% of households where no one is disabled.<sup>39</sup>
43. The poverty rate has been consistently higher for LGBT+ adults compared to heterosexual adults since this category was first assessed in 2011-14. In 2020-23, 25% of LGBT+ adults were in poverty, compared to 19% of heterosexual adults and 21% of adults whose sexual orientation was not known.<sup>40</sup>
44. In 2020-23, people from minority ethnic (non-white) groups were more likely to be in relative poverty after housing costs compared to those from the 'White - British' and 'White - Other' groups.<sup>41</sup> The poverty rate was 50% for the 'Asian or Asian British' ethnic groups and 51% for 'Mixed, Black or Black British and Other' ethnic groups. The poverty rate amongst the 'White - Other' group was 22% and that of the 'White - British' group was 18%.
45. The mean equivalised household disposable income, across the UK, by ethnicity for 2019-21 was lowest in the Black African, Black Caribbean and Black Other ethnic group categories (£31,633 per year). Mixed (£33,886 per year) and Other (£35,916 per year) ethnic groups were the next lowest, with Asian (£36,454 per year) and White (£36,660 per year) having the highest disposable income.<sup>42</sup>
46. In 2018-23, Muslim adults were more likely to be in relative poverty (61%, 40,000 each year) than adults overall (19%), after housing costs were taken into account. For adults belonging to the Church of Scotland, 16% were in relative poverty after housing costs (160,000 adults each year), compared to 17% of Roman Catholic adults (90,000 adults) and 21% of adults of other Christian denominations (70,000 adults).<sup>43</sup>
47. There is a disparity between people who rely on benefits and those who rely on earned income. Previous research has identified that households in Scotland relying mainly on benefits were two and a half times more likely to say that they were not managing well financially compared to households relying on earnings.<sup>44</sup>

## Rural Communities

48. Those living in remote rural areas of Scotland also experience higher costs: between 15% and 30% higher to achieve the same standard of living when

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<https://www.ons.gov.uk/aboutus/transparencyandgovernance/freedomofinformationfoi/householddisposableincomebyagegroup2022>

<sup>39</sup> [https://data.gov.scot/poverty/#Data\\_source](https://data.gov.scot/poverty/#Data_source)

<sup>40</sup> [https://data.gov.scot/poverty/#Data\\_source](https://data.gov.scot/poverty/#Data_source)

<sup>41</sup> [https://data.gov.scot/poverty/#Data\\_source](https://data.gov.scot/poverty/#Data_source)

<sup>42</sup> <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/adhocs/15246averagehouseholddisposableincomeandenergyexpenditurebyethnicitygovernmentregionandsexbreakdownsukfinancialyearsending20192020and2021combined>

<sup>43</sup> [https://data.gov.scot/poverty/#Equality\\_analysis](https://data.gov.scot/poverty/#Equality_analysis)

<sup>44</sup> <https://www.gov.scot/publications/scottish-household-survey-2022-key-findings/pages/5/ Data>

compared to those in urban parts of the UK.<sup>45</sup> The budgets that households need to achieve a 'minimum acceptable living standard' in remote rural Scotland are typically 10-40% higher than elsewhere in the UK.<sup>46</sup> The research suggests that this is because of significant additional costs of items such as household goods, food, and clothing, and travel.

49. In deprived areas more generally, there is a more mixed picture about the cost of living, with some evidence pointing towards higher food prices in more deprived areas, whilst other studies found no strong link.<sup>47</sup>
50. It is likely, therefore, that households in remote rural Scotland require a higher income to attain the same minimum living standard as those living elsewhere in the UK.<sup>48</sup> While living in remote rural areas in Scotland incurs additional costs, it is not clear whether there would be any differential impact from packaging EPR.

### **Summary of assessment findings**

51. This Fairer Scotland Duty Assessment has not identified any definitive negative impacts on those who experience socio-economic disadvantage. It suggests that packaging EPR will have minimal impact of inequalities of outcome. However greater granularity is required to assess the possible impacts of the policy on specific demographics due to the number of variables involved. This could be assessed as part of post-implementation monitoring.
52. It should be noted that there is potential overlap between those with protected characteristics considered within the Equality Impact Assessment who are also experiencing socio-economic disadvantage. This can result in individuals experiencing cumulative impacts from the planned policy proposal. Evidence has not been identified at this current time, but we will continue to monitor this as we move through the implementation stage of packaging EPR.
53. For the purposes of this FSDA we have considered the impacts on the price of groceries and impacts on local-authority funding.

### The price of groceries

54. Research carried out by Zero Waste Scotland has indicated that grocery packaging costs the average Scottish household around £250 per year (based

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<sup>45</sup> <https://www.gov.scot/binaries/content/documents/govscot/publications/research-and-analysis/2021/09/cost-remoteness-reflecting-higher-living-costs-remote-rural-scotland-measuring-fuel-poverty/documents/cost-remoteness-reflecting-higher-living-costs-remote-rural-scotland-measuring-fuel-poverty/cost-remoteness-reflecting-higher-living-costs-remote-rural-scotland-measuring-fuel-poverty/govscot%3Adocument/cost-remoteness-reflecting-higher-living-costs-remote-rural-scotland-measuring-fuel-poverty.pdf>

<sup>46</sup> <https://www.hie.co.uk/media/3191/aplusminimumplusincomeplusstandardplusforplusremoteplusruralplusScotlandplus-plussummaryplusandpluskeyplusfindings.pdf>

<sup>47</sup> <http://www.healthscotland.scot/publications/the-nature-and-extent-of-food-poverty-and-insecurity-in-scotland>

<sup>48</sup> <https://www.gov.scot/binaries/content/documents/govscot/publications/research-and-analysis/2021/12/poverty-rural-scotland-review-evidence/documents/poverty-rural-scotland-review-evidence/poverty-rural-scotland-review-evidence/govscot%3Adocument/poverty-rural-scotland-review-evidence.pdf>

on the wholesale price of packaging), 7% of the average annual grocery bill.<sup>49</sup> This cost is not displayed separately, but the packaging is a component of the product being purchased. Assuming that households of the same size consume a similar volume of groceries (with similar quantities of packaging) but comprising items of differing cost, the cost of packaging will be a higher proportion of grocery bills for lower-income households.

55. This policy will require producers to pay the full net cost of managing their packaging at end-of-life. At present, producers pay approximately 10% of the financial cost in the UK, with local authorities paying the majority of the costs for dealing with household waste.<sup>50</sup> If producers are required to pay a greater proportion of the costs, they may pass some or all of the additional costs to the consumer in the price of goods (which incorporate the price of packaging).
56. The UK impact assessment published in March 2022 estimated the cost increase at £40.57 per household per year as a result of packaging EPR being introduced.<sup>51</sup> This equates to an average increase of 78p per household per week. While this represents a low increase per product, the impact assessment did not make an assessment of relative impact on individual products but assumed that the increases will not be significant enough to change purchasing habits. Similarly, the relative impact of cost pass-through for specific household circumstances, based on purchasing habits, has not been assessed due to the large number of variables which impact on both purchasing habits and the extent to which costs are passed to consumers for individual products.
57. The UK impact assessment is currently being updated, although the estimate of costs to producers is not expected to change significantly. We will monitor the results of the updated impact assessment to consider whether this materially affects the picture of cost pass-through.
58. Households currently pay for the management of packaging waste through local taxation to contribute towards the cost of collection, treatment and disposal services. It is not possible to link tax payments by income band to specific services, as tax payments are not hypothecated in this way.
59. Responsibility for setting the level of the fees that producers must pay will rest with the scheme administrator. The final impacts on individual households will depend on decisions made by the scheme administrator regarding fee modulation for specific packaging formats and materials (whereby less-recyclable packaging incurs higher fees while readily recyclable packaging incurs lower fees), individual producer decisions on specific products and market-wide shifts based on the new fee structure and incentives for recyclability.

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<sup>49</sup><https://www.zerowastescotland.org.uk/resources/zero-waste-shopping#:~:text=The%20true%20cost%20of%20packaging,the%20average%20annual%20grocery%20bill.>

<sup>50</sup> <https://publications.parliament.uk/pa/cm201719/cmselect/cmenvaud/339/339.pdf>, para 38, December 2017, last accessed 7th May 2024

<sup>51</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1063588/epr-final-impact-assessment.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1063588/epr-final-impact-assessment.pdf) pp99-100

60. Several factors should mitigate the impact of cost pass-through to some extent:

- Packaging EPR will incentivise producers to remove or redesign unnecessary packaging, which could reduce the packaging costs for some items.
- Consumer purchasing patterns may change to avoid price increases, for example by changing the goods they choose to purchase or moving to the use of reusable packaging.
- Modulated fees will make some packaging types which are not widely recycled or are non-recyclable subject to higher producer charges, but will also reduce the cost for easy-to-recycle packaging.
- There is likely to be significant variation in cost pass-through within and between product ranges placed on the market by producers subject to market conditions described above.

61. As noted above, lower-income households spend a greater proportion of their incomes on food, and this group could be disproportionately affected by any increase in prices. Those on low incomes in remote rural communities may be particularly adversely affected, due to the already higher cost of living.

62. The final cost pass-through rate for specific packaging, if any, will be influenced by the Scheme Administrator's decisions on fee modulation, which should take account of impacts on the type, availability and cost of packaging materials. This could be assessed as part of a post-implementation review of the policy.

#### The impact on local authority funding

63. These proposals mean that producers will be responsible for paying the full net costs of efficient and effective household recycling and waste services for packaging including collection, sorting and disposal. Those costs will include packaging waste collected at the kerbside or deposited at Household Waste Recycling Centres.

64. Local authority payments from the Scheme Administrator will be based on operating efficient and effective services. This will be assessed to take account of an authority's population, demographics and geography to ensure realistic expectations and appropriate costs are determined.

#### The impact on jobs

65. Job creation within Scotland as a direct consequence of packaging EPR is expected to be limited. However, job creation could be driven by producers in response to new obligations which incentivise recyclability of packaging, for example product, packaging and material specialists. Similarly, as the scheme is intended to increase the recycling of packaging, and increase domestic recycling and reprocessing capacity at a UK level, this may generate employment at new or upgraded facilities.

66. Conversely, there is a risk that increased fees for non-recyclable packaging could result in some material-specific manufacturers losing business as

producers move towards more recyclable packaging. However, the scheme is also intended to encourage improved packaging design, through the modulation of fees.

## **Decision**

67. The considerations contained in this document have informed four-nation discussions throughout the policy-development process, including local-authority payment mechanisms, and the regulatory responsibilities of the Scheme Administrator and its functions including fee modulation.
68. At this time, the available evidence suggests that packaging EPR is unlikely to have a significant negative impact on consumers or householders, including individuals on low incomes, low wealth and in material deprivation.
69. No further changes to the policy are proposed, although post-implementation monitoring, review and, where appropriate, intervention will be an important aspect of both the Scheme Administrator's functions and the oversight by the four nations.

## **Authorisation**

**Name:** David McPhee

**Position:** Deputy Director, Producer Responsibility Division

**Authorisation date:** 30 May 2024

# **Extended Producer Responsibility for Packaging**

**Island Communities Impact Assessment  
June 2024**



Scottish Government  
Riaghaltas na h-Alba  
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## Introduction to the Island Communities Impact Assessment Report

1. This Island Communities Impact Assessment (ICIA) has been prepared to accompany draft regulations to establish extended producer responsibility (EPR) for packaging in Scotland and the rest of the UK.
2. It builds on a partial ICIA published at the time of a public consultation on packaging EPR policy.<sup>1</sup> The partial ICIA addressed the first two steps of the ICIA process (see paragraph 7): understanding the policy objectives and outcomes, and data-gathering. This full ICIA addresses the remaining steps: stakeholder consultation and assessment of any differential impacts for island communities.
3. Further information on the process for Island Communities Impact Assessments can be found in the guidance on the Scottish Government website.<sup>2</sup>

## The Islands (Scotland) Act 2018

4. The Islands (Scotland) Act 2018 places a duty on the Scottish Ministers and other relevant public bodies to have regard to island communities in exercising their functions and in the development of legislation.
5. Section 13 of the 2018 Act obliges the Scottish Ministers to prepare an Island Communities Impact Assessment (ICIA) in relation to legislation which, in their opinion, is likely to influence an island community in a way that is significantly different from its effect on other communities in Scotland.
6. Section 13 further states that an ICIA must:
  - 1) Describe the likely significant different effect of the legislation;
  - 2) Assess the extent to which the Scottish Ministers consider that the legislation can be developed in such a manner as to improve or mitigate, for island communities, the outcomes resulting from the legislation; and
  - 3) Set out the financial implications of steps taken under this subsection to mitigate, for island communities, the outcomes resulting from the legislation.
7. The Scottish Government's ICIA guidance sets out four preliminary stages that must be undertaken prior to preparing an ICIA. These are:
  - 1) Developing a clear understanding of the objectives and intended outcomes of the policy, strategy or service including any island needs or impacts.
  - 2) Gathering data, identifying evidence gaps and identifying stakeholders.

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<sup>1</sup> <https://www.gov.scot/publications/reforming-uk-packaging-producer-responsibility-system-partial-business-regulatory-impact-assessment-bria/>

<sup>2</sup> <https://www.gov.scot/publications/island-communities-impact-assessments-guidance-toolkit-2/>



- 3) Consulting with appropriate stakeholders.
  - 4) Assessing whether there are any issues resulting from the proposed policy that are significantly different from those that would be experienced on the mainland, or on other islands.
8. If any significantly different impacts are identified, an ICIA will be required. This document fulfils that requirement.

### **Aim of the policy proposal**

9. The Scottish Government, along with the other UK governments, is introducing extended producer responsibility (EPR) for packaging from April 2025.
10. Packaging EPR will require producers of products to pay the full net cost of managing their packaging at end of life, providing a source of funding to local authorities to provide efficient and effective household packaging collection and disposal services, and placing financial responsibility on the producer in line with the “polluter pays” principle. Payments will be made to a scheme administrator appointed by the four governments of the UK acting jointly. The scheme administrator will then distribute these monies to local authorities.
11. This source of funding is estimated at £1.2bn per annum UK-wide.<sup>3</sup> This will increase recycling rates, incentivise more-sustainable use of packaging and help to build a more circular economy in Scotland.

### **Background**

12. Over 10 million tonnes of packaging waste are produced every year in the UK. A substantial share of this ends up in landfill, though almost two-thirds of it could be recovered, meaning that there are avoidable environmental costs.<sup>4</sup>
13. Extended producer responsibility (EPR) schemes extend producers’ responsibility for their products to the post-use phase. This includes financial responsibility and can apply to, for example, the necessary costs of efficient and effective waste management services for the products they place on the market. This incentivises producers to design for key circular-economy outcomes such as reduced consumption of resources, reuse, repair, and recycling.
14. A UK-wide producer responsibility system for packaging has been in place since 1997. It is currently governed by the Producer Responsibility Obligations (Packaging Waste) Regulations 2007 (as amended).<sup>5</sup> Under these regulations, organisations which produce or fill packaging or sell packaged goods are

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<sup>3</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1063589/epr-consultation-government-response.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1063589/epr-consultation-government-response.pdf) p7

<sup>4</sup> <https://www.sepa.org.uk/regulations/waste/packaging-waste/>

<sup>5</sup> <https://www.legislation.gov.uk/ukxi/2007/871/contents/made>

obligated to contribute towards the cost of recycling and recovery of this packaging. The objectives of this system are to:

- Reduce the amount of packaging produced;
  - Reduce the amount of packaging waste going to landfill; and
  - Increase the amount of packaging waste that is recycled and recovered.
15. Businesses currently prove they have met their recycling obligations through the purchase of Packaging Waste Recycling Notes (PRNs) and/or Packaging Waste Export Recycling Notes (PERNs) which are sold by accredited reprocessors or exporters. Obligated businesses must buy sufficient PRNs/PERNs to offset their obligations, in line with the 'polluter pays' principle.<sup>6</sup> PRNs and PERNs act as evidence that an equivalent amount of similar packaging has been recycled.
16. The current producer responsibility system for packaging has helped drive recycling while keeping the cost to businesses low. However, it does not give packaging producers full financial responsibility for the end-of-life management of their packaging or any of the environmental externalities created.
17. It is estimated that the current system covers only around 10% of the total cost of managing post-use packaging waste,<sup>7</sup> which means that most of the cost is borne by local authorities, other public authorities and businesses who consume packaged goods. Additionally, there is significant fluctuation of revenue raised through PRNs. The current system therefore does not meet the polluter-pays principle or provide sufficient financial stability to encourage investment in infrastructure to meet environmental objectives.
18. Other issues highlighted within previous public consultation proposals are:<sup>8,9,10</sup>
- Concerns over system transparency, including the fate of materials and producer visibility of PRN fee use.
  - An uneven playing field for domestic reprocessing due to an over-reliance on export markets.
  - Limited direct consumer communications to encourage recycling.
  - A lack of producer incentive to design for greater recyclability or reuse, as the price of PRNs is not linked to recyclability or environmental impacts of materials. This means that materials are often reprocessed into much lower-value goods or lost to landfill or incineration after just one use.

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<sup>6</sup> Obligated businesses are those who place more than 50 tonnes of packaging and have a turnover of more than £2 million per year.

<sup>7</sup> <https://publications.parliament.uk/pa/cm201719/cmselect/cmenvaud/339/339.pdf>, para 38, December 2017, last accessed 7th May 2024

<sup>8</sup> <https://consult.defra.gov.uk/extended-producer-responsibility/consultation-on-reforming-the-uk-packaging-produce/>, 2019, Defra, last accessed 7th May 2024

<sup>9</sup> <https://consult.defra.gov.uk/extended-producer-responsibility/extended-producer-responsibility-for-packaging/>, 2021, Defra, last accessed 7th May 2024

<sup>10</sup> <https://consult.defra.gov.uk/packaging-extended-producer-responsibility/reforms-to-the-prn-and-pern-systems/>, 2022, Defra, last accessed 7th May 2024

- A lack of granularity in data reported by producers, as this currently only includes the type of material and does not include the packaging or polymer type.
19. Therefore, the Scottish Government is introducing EPR for packaging along with the other governments of the UK. The four governments are working to deliver a single UK-wide scheme that reflects local needs and priorities.
20. The objectives of the new scheme are:
- Producers are responsible for the full net cost of managing their packaging efficiently and effectively at end-of-life;
  - Unnecessary packaging is avoided;
  - More reuseable packaging is used, replacing single-use;
  - More packaging is designed to be recyclable;
  - The Recycling rate of packaging placed on the market increases to 76% by 2030;
  - The quality of packaging materials presented for recycling improves and is more widely used in higher-value secondary applications
21. The regulations place obligations on actors across the packaging supply chain. Producers, as defined in the regulations, will be required to:
- Fund the full net costs of efficient and effective waste management services for household packaging. These costs will be allocated to producers based on their share of each packaging material type placed on market each year. From 2026 onwards, fees will be ‘modulated’ based on environmental factors such as recyclability to incentivise more sustainable use of packaging.
  - Meet packaging recycling targets through the purchase of evidence notes from accredited reprocessors and exporters. The evidence requirement will be based on the total tonnage of packaging producers place on the market and national recycling targets.
  - Report data on the packaging they place on the market.
  - Label all packaging as recyclable or non-recyclable to help householders correctly dispose of packaging after use. Guidance will be published to ensure labelling is used in a standardised way and is legible and understandable for individuals. This requirement will take effect from 2027.
22. Producers’ precise obligations will depend on factors including their turnover and the tonnage of packaging they place on the market each year. See the Business and Regulatory Impact Assessment (BRIA) for further details.<sup>11</sup>
23. The fees raised from producers will fund:

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<sup>11</sup> <https://www.gov.scot/publications/reforming-uk-packaging-producer-responsibility-system-partial-business-regulatory-impact-assessment-bria/>

- The full net costs of efficient and effective local authority household packaging waste collection and disposal services;
  - Information provision for members of the public and businesses on the reuse of packaging, recovery (including recycling and disposal) of packaging waste, and prevention of packaging litter; and
  - The operating costs of a scheme administrator which oversees the scheme and is responsible for meeting the stated outcomes.
24. Providers of household recycling and waste services will be funded for efficient and effective household waste collection and disposal services. This will take into account factors specific to local areas, such as rurality, levels of deprivation, and policies on waste management in each nation.
25. The scheme administrator will be a public body, tasked with ensuring the efficient and effective delivery of the scheme, including guidance for all actors on their roles and responsibilities, financial payments to local authorities and meeting the scheme outcomes and targets.
26. Producers' costs are estimated to total approximately £1.7 billion each year for the UK wide-scheme. An estimated £1.2 billion of this relates to household packaging recycling and waste services (£800 million for household recycling services and recycling centres; £300 million for household residual waste).<sup>12</sup> In addition, producers will contribute an estimated £300 million through purchase of evidence notes, and £100 million in administrative costs for the Scheme Administrator, communications and regulatory activities.<sup>13</sup>
27. The policy is focussed on businesses, rather than individuals, but has the potential to impact on all individuals and households in Scotland as it concerns packaging in all forms. It is a UK-wide policy. This policy change can be considered to be strategic given the strong links to a wide array of environmental and wider policy objectives for Scottish Government.

## Policy Alignment

### Scotland

28. Packaging EPR has strong cross-policy links to Scottish, UK and European legislation and strategic direction.
29. The circular economy contributes directly to the Environment and Economy outcomes under the National Performance Framework. Directly applicable National Indicators include:<sup>14</sup>

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<sup>12</sup> Note that the £1.2bn includes c. £100m for managing packaging disposed of in street bins. Along with the other UK governments, we intend to bring forward legislation to address this element of packaging EPR at a later date, to be in force by 2026.

<sup>13</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1063589/epr-consultation-government-response.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1063589/epr-consultation-government-response.pdf) p7

<sup>14</sup> <https://nationalperformance.gov.scot/national-outcomes/explore-national-outcomes>, Scottish Government, last accessed 7<sup>th</sup> May 2024

- Carbon footprint
  - Natural capital
  - Greenhouse gas emissions
  - Waste generated
  - Marine environment
  - Biodiversity
  - Scotland's reputation
  - Perception of local area
  - Condition of protected nature sites
30. Resource use and waste generated are recognised as key sources of greenhouse gas generation, and the Scottish Government reports on progress against both territorial and consumption emissions. Packaging EPR will contribute to objectives set out in the Climate Change (Scotland) Act 2009,<sup>15</sup> as amended through the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019,<sup>16</sup> and the Climate Change Plan Update 2018-2032.<sup>17</sup> The legislation establishes a target of achieving net-zero emissions by 2045.
31. In 2015, the Scottish Government committed to the United Nations Sustainable Development Goals. The ambition behind the goals is to end poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda. Packaging EPR will have a positive impact on a number of these goals, most explicitly Goal 12: Responsible Consumption and Production.<sup>18</sup>
32. Scotland is transitioning to a circular economy. In February 2016, *Making things last: A circular economy strategy for Scotland* was published.<sup>19</sup> This overarching strategy integrated the key elements of the *Zero waste plan*<sup>20</sup> and *Safeguarding Scotland's resources*,<sup>21</sup> and built on Scotland's zero-waste and resource efficiency agendas. Preventing waste arising, reusing and recycling products and materials were central requirements to accelerating a circular economy.
33. The Scottish Government implemented Article 5 of the EU Single-Use Plastics Directive (SUPD) on 1<sup>st</sup> June 2022. The regulations introduced market restrictions for single-use plastic cutlery, plates, beverage stirrers, straws and balloon sticks as well as single-use food containers and cups made of expanded polystyrene.

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<sup>15</sup> <https://www.legislation.gov.uk/asp/2009/12/contents>, last accessed 7th May 2024

<sup>16</sup> <https://www.legislation.gov.uk/asp/2019/15/contents/enacted>, last accessed 7th May 2024

<sup>17</sup> <https://www.gov.scot/publications/securing-green-recovery-path-net-zero-update-climate-change-plan-20182032/>, 2020, Scottish Government, last accessed 7<sup>th</sup> May 2024

<sup>18</sup> <https://sdgs.un.org/goals>

<sup>19</sup> <https://www.gov.scot/publications/making-things-last-circular-economy-strategy-scotland/>

<sup>20</sup> <https://www.gov.scot/publications/scotlands-zero-waste-plan/>, Scottish Government, 2010

<sup>21</sup> <https://www.gov.scot/publications/safeguarding-scotlands-resources-blueprint-more-resource-efficient-circular-economy/>, Scottish Government, 2013

34. The Deposit and Return Scheme Scotland Regulations, passed by the Scottish Parliament in May 2020, aim to help improve the quality and quantity of recycling, reduce litter and achieve Scottish Government climate change targets. DRS is a form of producer responsibility. Until 1 January 2028, drinks containers (excluding those made of glass) are exempt from certain obligations under the regulations, including disposal costs, recyclability assessments, and the requirement to provide recycling information; they are subject to data collection and reporting obligations and recycling obligations. From that date, if there is no operational DRS in any part of the UK, the exclusions for drinks containers will fall away so that drinks containers will be subject to all of the obligations in the Regulations. The four nations have agreed to a revised implementation timeline of October 2027 for an aligned DRS scheme across the UK.
35. The Circular Economy Bill was introduced in June 2023 and is planned to complete its parliamentary passage by the end of June 2024. The bill aims to support Scotland's transition to a zero waste and circular economy, significantly increase reuse and recycling rates, and modernise and improve waste and recycling services.
36. The 2020 update to the Climate Change Plan, and Programme for Government also commit to publication of a Circular Economy and Waste Route Map.<sup>22</sup> An updated draft Circular Economy and Waste Route Map was published for consultation in January 2024. The Route Map is designed to drive progress in three key areas:<sup>23</sup>
- Setting the strategic direction and laying foundations for delivering a system-wide, comprehensive vision for Scotland's circular economy to 2030;
  - Setting out priority actions from now to 2030 to accelerate more sustainable use of resources across the waste hierarchy; and
  - Reducing emissions associated with resources and waste.

## UK

37. In 2022, the UK Government implemented a new tax on businesses that produce or import plastic packaging with less than 30% recycled content.<sup>24</sup> This aims to incentivise businesses to use recycled materials in the production of plastic packaging, which will create greater demand for recycled inputs and in turn stimulate increased levels of recycling and collection of plastic waste.

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<sup>22</sup> <https://www.gov.scot/publications/securing-green-recovery-path-net-zero-update-climate-change-plan-20182032/pages/11/>, Scottish Government, 2020

<sup>23</sup> <https://www.gov.scot/binaries/content/documents/govscot/publications/consultation-paper/2024/01/scotlands-circular-economy-waste-route-map-2030-consultation/documents/scotlands-circular-economy-waste-route-map-2030-consultation/scotlands-circular-economy-waste-route-map-2030-consultation/govscot%3Adocument/scotlands-circular-economy-waste-route-map-2030-consultation.pdf>, 2024, Scottish Government, last accessed 7<sup>th</sup> May 2024

<sup>24</sup> <https://www.gov.uk/government/publications/introduction-of-plastic-packaging-tax/plastic-packaging-tax>, HMRC, last accessed 7<sup>th</sup> May 2024



The Plastic Packaging Tax should complement packaging EPR in providing businesses with the right incentives to design and use plastic packaging that is easier to recycle, driving the overall development of more-sustainable packaging.

## Europe

38. An amendment to the EU Waste Framework Directive 2018 set a 70% packaging recycling target by the end of 2030.<sup>25</sup> The Scottish Government, and our partners in the other UK governments, aim to exceed this target through packaging EPR.
39. In May of 2018 the European Commission's Circular Economy Package was approved. The legislation aims to move supply chains towards a circular economy maintaining the value of products, materials and resources in the economy for as long as possible. This includes more ambitious recycling targets and full cost recovery of recycling costs from producers. The Scottish Government has committed to meeting or exceeding the EU's environmental standards after leaving the EU.<sup>26</sup> Packaging EPR will contribute to meeting this commitment.
40. A new European Packaging and Packaging Waste Regulation is close to adoption, which includes packaging reduction targets, places restrictions on the use of certain plastic packaging types, sets reuse and refill targets, and requires all packaging (with exemptions) to be recyclable.<sup>27</sup>

## **Data and Stakeholders**

### Methodology

41. The Scottish Government published an initial Island Communities Screening Assessment in March 2021 to accompany the UK-wide consultation on packaging EPR.<sup>28</sup>
42. The screening assessment identified several potentially significant impacts on islands communities which were to be reassessed when more policy detail was available. These were:
  - Changes to funding for household and household-like packaging waste management will need to take into account the higher cost of services for islands;

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<sup>25</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018L0852>, 2018, Official Journal of the European Union, last accessed 7<sup>th</sup> May 2024

<sup>26</sup> <https://www.gov.uk/government/publications/circular-economy-package-policy-statement/circular-economy-package-policy-statement>, 2020, last accessed 7<sup>th</sup> May 2024

<sup>27</sup> <https://www.europarl.europa.eu/news/en/press-room/20240419IPR20589/new-eu-rules-to-reduce-reuse-and-recycle-packaging>, 2024, European Parliament, last accessed 7<sup>th</sup> May 2024

<sup>28</sup> UK packaging producer responsibility system reform: partial island communities screening assessment

- Storing and transporting collected waste and recycling off-island may impact transport links;
  - Recognition of the requirement for Gaelic communications materials.
43. Since the publication of the screening assessment, two engagement sessions have taken place with island communities stakeholders, including local authorities with responsibilities to island communities, and businesses (and representatives of businesses) who will be affected by the regulations. This comprised an hour-long facilitated session which included a recap of the policy's obligations and discussion of the impacts on island communities, identification of new impacts and gathering new evidence. Four Local authorities attended the first workshop and three for the second.
44. Positive and negative impacts were identified in these events that are out of scope of the Impact Assessment. These fall into two categories:
- 1) Issues where the effect on island communities was not significantly different from that on non-island communities; and
  - 2) Issues which require monitoring of the impacts post-implementation of packaging EPR.
45. The Scottish Government and other UK governments published their joint government response to the packaging EPR consultation in March 2022.<sup>29</sup> This document set out the intended scheme design for packaging EPR. Potential impacts on island communities were reassessed on this basis and appropriate engagement with island stakeholders took place on 5 December 2022. The output from the assessment and engagement has been included in this Island Communities Impact Assessment.
46. It is recognised that some impacts may not affect island communities disproportionately, but islands may require specific solutions as part of scheme implementation that do differ from the mainland.

#### Island Impacts and Mitigation Measures

47. This section describes the impacts identified through the engagement events as having significantly different effects on island communities, either because the impact is unique or because the scale of the impact is significantly larger.
48. The impacts identified were:
- 1) The higher costs of providing recycling and waste services to island communities will need to be fully accounted for within the disposal cost calculation process;
  - 2) The storage and transportation of packaging recycling and waste off-island may require additional transport capacity;
  - 3) Recognition of the need for Gaelic-language materials.

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<sup>29</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1063589/epr-consultation-government-response.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1063589/epr-consultation-government-response.pdf)



## **Impact 1: The higher costs of providing recycling and waste services to island communities will need to be fully accounted for within the disposal cost calculation process**

### *Background*

49. Local authorities are responsible for providing household waste collections and currently pay the net cost of providing this service (the cost of the service minus income received from the sale of materials and charged services). Under packaging EPR, producers will be obligated to pay the full net cost of efficient and effective household packaging waste collection and disposal services. The full net cost of services applies to both materials collected for recycling and residual packaging waste services from households.
50. The disposal cost calculation for local authorities will be based on efficient and effective service provision, accounting for geographic, socio-economic and other relevant factors. The Scheme Administrator will be responsible for the final payment mechanism but will be legally required to account for different operating environments when calculating service payments. This will include factors such as rurality, levels of deprivation, and the accessibility of dwellings within the local authority area.
51. Work undertaken for previous screening assessments under the Islands (Scotland) Act has identified that island authorities face higher costs per capita in collecting, transporting, and disposing of waste.<sup>30</sup> It will be important for the scheme administrator to fully account for this cost differential when considering what constitutes an “efficient” service to avoid island authorities incorrectly being deemed “inefficient”.
52. The 8-fold Scottish Government Urban Rural Classification highlights that the majority of the island authorities have high proportions of their populations in very remote small towns and rural areas.<sup>31</sup>
53. Consultation with island authorities highlighted that the small waste volumes generated on some islands means that collection vehicles and containers may not be filled to capacity on rounds, decreasing the perceived efficiency of services. Some island authorities also noted that they can face challenges with the cost of back-haulage and with ferry capacity during busy periods.
54. The majority of island authorities have recycling rates that are below the Scottish average, in some cases by a substantial margin.<sup>32</sup> Kerbside recycling services are not universal in island communities. Increasing the amount of packaging that is recycled, and ensuring local authorities are adequately funded for this, is one of the aims of the scheme.

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<sup>30</sup> Zero Waste Scotland, unpublished due to commercial sensitivity

<sup>31</sup> <https://www.gov.scot/publications/scottish-government-urban-rural-classification-2020/>

<sup>32</sup> <https://www.sepa.org.uk/media/594043/2020-household-statistics-commentary-final-v2b-002.pdf>

55. Zero Waste Scotland undertook a research exercise with local authorities in 2020 to better understand the costs of waste management, collection and disposal in Scotland. Data collection from rural-inaccessible and rural-accessible councils was prioritised due to the above concerns regarding the future payment calculation. With the exception of Arran, which was included in the rural-accessible classification because most of North Ayrshire's population lives on the mainland, all of the island authorities were included in the rural-inaccessible category.
56. The research indicated that for the rural-inaccessible category, the annual cost per household of providing waste collections is substantially higher than the average cost in Scotland. Although these figures should be treated with caution as they are based on one year's data and calculated using a number of assumptions, they do indicate that there is an island premium in the cost to local authorities of managing household waste. These findings are being incorporated into the design process for the disposal cost calculator to be used by the scheme administrator.

### *Mitigation measures*

57. The packaging EPR regulations require the Scheme Administrator to take account of an authority's circumstances in the payment mechanism, ensuring they are paid appropriate disposal costs for efficient and effective services. As set out above, this includes factors such as rurality, levels of deprivation, and accessibility of dwellings. If correctly implemented, this should ensure that island authorities are fairly treated by the scheme.
58. The packaging EPR regulations also provide for an appeals process which allows authorities to challenge payment amounts. There is therefore a mechanism to address disagreements with modelled costs.
59. Additional costs incurred through the transportation of material off-island, usually by ferry, will be incorporated into the payment calculation as a necessary cost of operating a packaging waste service. See below for discussion on transport capacity.
60. Kerbside recycling services are not universal in island communities due to the remoteness, which may make it more challenging to achieve high recycling rates in a cost-effective manner. The Scheme Administrator will be required to work with authorities to understand barriers to achieving modelled service and performance standards, with mechanisms as above where investment is required. Ensuring local authorities are fully funded to run effective systems is a key aim of packaging EPR.
61. This assessment concludes that the potential disproportionate impacts on island communities are suitably mitigated by the measures outlined above.

**Impact 2: The storage and transportation of packaging recycling and waste off-island may require additional transport capacity.**

## *Background*

62. The aims of packaging EPR include an increase in the recyclability of packaging placed on the market, and a subsequent increase in the amount of packaging collected from recycling. This is not predicted to be new tonnage, rather a shift in material from the residual waste bin into recycling collections. This will be driven by recyclability improvements in some packaging formats which shift to more easily recycled materials, an improvement in communications so households are better informed and more motivated to recycle correctly, and the implementation of service changes that ensure efficient and effective services.
63. The screening report identified storage and transportation of waste and recycling off-island as a potentially significant adverse impact.<sup>33</sup> This is because of the relatively higher cost of building storage facilities on islands, and the constrained capacity on ferries for movement of waste.
64. The feedback gathered suggested that this concern goes beyond capacity on individual ferries, which was identified as an issue for both inter-island and island-mainland ferries. The need to consider disruption and the need for interim storage capacity on the islands were also raised.
65. Figure 1 illustrates the ferry operations in Scotland, both inter-island and island-mainland.

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<sup>33</sup> <https://www.gov.scot/binaries/content/documents/govscot/publications/impact-assessment/2021/03/reforming-uk-packaging-producer-responsibility-system-partial-island-communities-screening-assessment/documents/reforming-uk-packaging-producer-responsibility-system-partial-island-communities-screening-assessment/reforming-uk-packaging-producer-responsibility-system-partial-island-communities-screening-assessment/govscot%3Adocument/reforming-uk-packaging-producer-responsibility-system-partial-island-communities-screening-assessment.pdf>

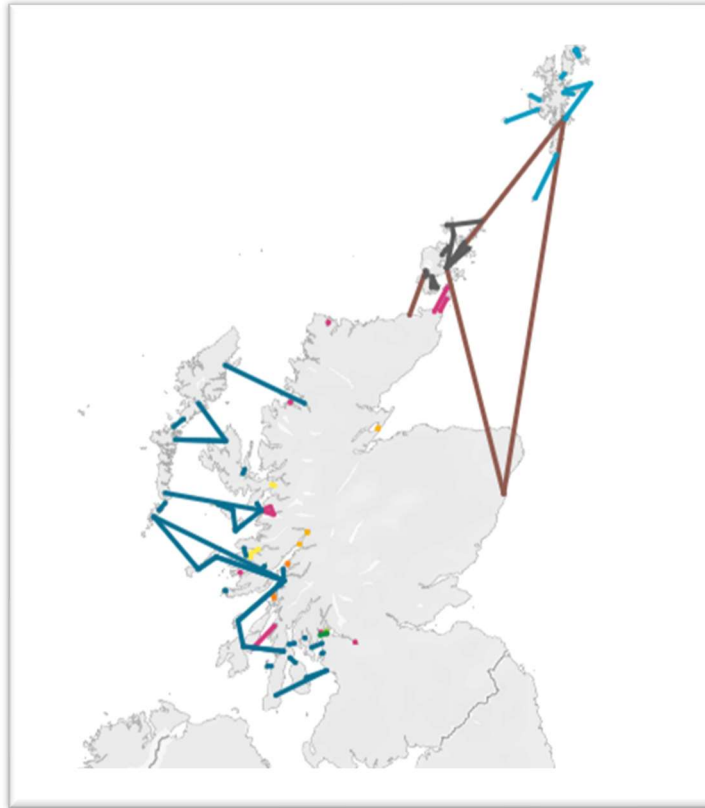


Figure 1: Ferry operations in Scotland (Transport Scotland)<sup>34</sup>

66. Transport Scotland indicated that the total number of routes is difficult to confirm, as there are a number of operators, including local authorities, grant-funded services and commercial operators across Scotland of varying levels of scale, seasonality and publicity. Transport Scotland subsidises almost half of the ferry routes in Scotland (32 of 66). These are mainly covered by two major contracts, Clyde and Hebrides Ferry Services (CHFS) and the Northern Isles Ferry Services (NIFS). As part of the National Transport Plan, the ferries plan (2013-2022)<sup>35</sup> will be replaced by the Islands Connectivity Plan<sup>36</sup> which will set out how ferry services, supported by other transport modes, will be delivered and strengthened, working towards a long-term vision, and supported by clear priorities and defined outcomes.
67. The ICIA undertaken for the introduction of Scotland's Deposit Return Scheme highlighted that ferry capacity was restricted on a small number of routes.<sup>37</sup> If service improvements towards a more efficient and effective service, such as more material segregation, resulted from the changes to packaging EPR, it is likely that more capacity would be needed for recycle collections and less for residual collections. There should be a direct correlation between the reduction in residual waste and increase in recycling.

<sup>34</sup> <https://audit.scot/transport-scotlands-ferry-services>, last accessed 15th May 2024

<sup>35</sup> <https://www.transport.gov.scot/publication/scottish-ferry-services-ferries-plan-2013-2022/>

<sup>36</sup> <https://www.transport.gov.scot/public-transport/ferries/islands-connectivity-plan/>

<sup>37</sup> <https://www.gov.scot/publications/deposit-return-scheme-scotland-islands-communities-impact-assessment/pages/2/>

### *Mitigation measures*

68. The introduction of packaging EPR is not expected to increase the overall amount of waste that will arise in island communities but is expected to change the relative proportions of residual and recycling. It is therefore expected that the relative capacity required for each waste stream will change, with the same, or a slightly reduced, capacity requirement per year.
69. It is worth noting that packaging EPR is also intended to remove unnecessary packaging from entering the market. In that respect, overall waste arisings may reduce.
70. However, the scheme administrator should be mindful of transport capacity, to ensure that there are not unintended consequences for island authorities.

### **Impact 3: Communication materials in Gaelic**

#### *Background*

71. Gaelic is an integral part of Scotland's national identity, cultural heritage and history, and the Scottish Government is committed to the promotion and inclusion of the Gaelic language and speakers where possible.<sup>38</sup>
72. The number of Gaelic speakers in Scotland is significantly higher in island communities compared to mainland Scotland. According to the 2011 census, around 1.1% of the population across Scotland can speak, read or understand Gaelic. This increases to more than 50% in Na h-Eileanan Siar, and around 4-5% in Highland and Argyll & Bute council areas.<sup>39</sup>

#### *Mitigation measures*

73. As service providers and retailers operating in island communities already incorporate Gaelic into their communications, it is expected this would continue to be the case with this proposal without further intervention. It is therefore concluded that no further exploration of provision for Gaelic language communications is required.

### **Conclusion**

74. The stated outcomes of the packaging EPR new scheme are:
  - Producers are responsible for the full net cost of managing their packaging efficiently and effectively at end-of-life;
  - Unnecessary packaging is avoided;
  - More reuseable packaging is used, replacing single-use;

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<sup>38</sup> <https://www.gov.scot/publications/scottish-governments-gaelic-language-plan-2022-2027/pages/4/>

<sup>39</sup> <https://www.gov.scot/publications/scottish-governments-gaelic-language-plan-2022-2027/pages/4/>

- More packaging is designed to be recyclable;
  - The recycling rate of packaging placed on the market increases to 76% by 2030;
  - The quality of packaging materials presented for recycling improves and is more widely used in higher-value secondary applications.
75. The four UK governments are agreed that these outcomes must be delivered for all four nations, including rural areas and the islands, and the scheme has been designed with this in mind.
76. Some of the key elements of the policy design are there to ensure this is realised. In particular:
- 1) Payment mechanisms for household waste services which take account of geography and demographics to ensure the context of services is accounted for in cost calculations;
  - 2) An appeals process whereby service providers can demonstrate reasonable variation from the modelled costs.
77. The process of completing this Island Communities Impact Assessment has ensured specific impacts have suitable mitigations, such as the costs of services and transportation of material off-island being included in disposal cost calculations.
78. The overall impact of packaging EPR on island communities will be positive, supporting the development of a circular economy, acting to address the climate crisis, and reducing the amount of plastic pollution escaping into our natural environment.

## **Authorisation**

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**Authorisation date:** 30 May 2024