

# Circular Economy (Scotland) Bill

---

## Financial Memorandum

### Introduction

1. As required under Rule 9.3.2 of the Parliament's Standing Orders, this Financial Memorandum is published to accompany the Circular Economy (Scotland) Bill, introduced in the Scottish Parliament on 13 June 2023.
2. The following other accompanying documents are published separately:
  - Explanatory Notes (SP Bill 31–EN);
  - a Policy Memorandum (SP Bill 31–PM);
  - a Delegated Powers Memorandum (SP Bill 31–DPM);
  - statements on legislative competence by the Presiding Officer and the Scottish Government (SP Bill 31–LC).
3. This Financial Memorandum has been prepared by the Scottish Government to set out the costs associated with the measures introduced by the Bill. It does not form part of the Bill and has not been endorsed by the Parliament.

### Circular economy strategy

#### Costs on the Scottish Administration

4. The requirement on the Scottish Ministers to prepare and publish a circular economy strategy, regularly report on progress to Parliament and revise the strategy at least every five years can be regarded as work in the normal course of government business that the Scottish Government would expect to be absorbed within existing budgets.

This document relates to the Circular Economy (Scotland) Bill (SP Bill 31) as introduced in the Scottish Parliament on 13 June 2023

5. The Scottish Government expects the resource required to be similar to that required by the recently published Biodiversity Strategy as this is a similar cross-cutting policy that will involve work across directorates and working with stakeholders.<sup>1</sup> Staff resource for the development of the Biodiversity Strategy comprised around 2.5 full-time equivalent posts (FTE) at various management and policy officer levels, amounting to approximately £180,000. Delivering the strategy in future years is estimated at £99,000 per annum based on 1.7 FTE (0.2 C2, 0.5 C1, 0.5 B3, 0.5 B2)<sup>2</sup>. In addition, there will be other costs linked to stakeholder consultation and publication of documents (estimated at approximately £20,000) and there may also be a requirement for additional research, which is not yet known. Overall costs are summarised in Table 1.

Table 1: Cost summary for a circular economy strategy

	<b>Year 1 (£)</b>	<b>Year 2 (£)</b>	<b>Year 3 (£)</b>	<b>Total (£)</b>
Costs on Scottish Administration	180,000 (resource - development) 20,000 (publication)	99,000 (resource – delivery - recurring)	99,000 (resource – delivery - recurring)	<b>398,000</b>
<b>Total</b>	<b>200,000</b>	<b>99,000</b>	<b>99,000</b>	<b>398,000</b>

## Circular economy targets

### Costs on the Scottish Administration

6. The development of statutory circular economy targets would largely be expected to be treated as business as usual and met within existing resources. In terms of preparing the secondary legislation, based on costs associated with publishing the Circular Economy Bill consultation, estimated costs would be around £20,000 for consultation and publication and approximately £67,000 for a total of 1 FTE staff, incorporating policy, analytical and legal support. This figure is informed by estimates of costs for previous regulations, such as those related to Extended Producer Responsibility and the breakdown of how this was estimated is set out in Table 2 below. This figure, rounded to £67,000, is used throughout the Financial Memorandum where regulations are costed.

<sup>1</sup> [Biodiversity strategy to 2045: tackling the nature emergency - gov.scot \(www.gov.scot\)](http://www.gov.scot)

<sup>2</sup> Staff costs are estimated using basic salary plus employer pension cost and employer NI contribution. Salary scales are available at [Our Reward Benefits - Work For Scotland \(work-for-scotland.org\)](http://work-for-scotland.org)

Table 2: Staff costs associated with bringing forward regulations

Role	FTE	Average cost (£)	Partial cost (£)
Policy			
C2	0.05	102,075	5,104
C1	0.2	80,257	16,051
B3	0.25	61,186	15,297
B2	0.25	46,969	11,742
Legal			
C2	0.05	102,075	5,104
C1	0.1	80,257	8,026
Analytical			
B3	0.1	61,186	6,119
<b>Total</b>	<b>1.0</b>		<b>67,443</b>

7. Any targets would also need to be informed by research and costs analysis to develop an appropriate monitoring framework and subsequent monitoring and evaluation activity. Initial research into potential monitoring frameworks has already been commissioned at a cost of £40,000. If further development is required, based on the costs already spent the Scottish Government estimates that this may incur costs in the region of £50,000 - £100,000. It is likely this would occur in the first year after the Bill.

8. The Material Flow Account published annually by Zero Waste Scotland (“ZWS”) has a cost of £35,000. Based on those existing costs, any new requirements for data or monitoring could be expected to be in line with this, estimated at a cost of £35,000 - £100,000 depending on the range and nature of targets that are set. It is likely that such costs would occur in year 2, after the monitoring framework has been developed. Legislative costs detailed above would also be expected to occur in Year 2. A summary of costs is set out in Table 3 below.

Table 3: Cost summary for circular economy targets

	Year 1 (£)	Year 2 (£)	Year 3 (£)	Total (£)
Costs on Scottish Administration	50,000 (research – low estimate)	67,000 (resource - regulations)  20,000 (publication)	35,000 (monitoring – low estimate - recurring)	<b>172,000</b>
<b>Total</b>	<b>50,000</b>	<b>87,000</b>	<b>35,000</b>	<b>172,000</b>

## Restrictions on the disposal of unsold consumer goods

### Costs on the Scottish Administration

9. Any future regulations to impose prohibitions or restrictions on the disposal of unsold consumer goods would need to be underpinned by research to identify implications for specific waste streams and consultation with business. An equivalent French study surveyed 500 establishments across 12 high-consumption product categories. Based on other research projects commissioned by ZWS it is estimated that similar research in Scotland would cost £80,000 - £150,000 over 1-2 years to allow for evidence to be collected and analysed over several seasons where product flows may vary.

10. For developing regulations, based on costs associated with publishing the Circular Economy Bill Consultation estimated costs would be around £20,000 for consultation and publication and £67,000 for a total of 1 FTE staff, incorporating policy, analytical and legal support. This would likely occur in year 2 or 3 following the research outlined in the previous paragraph and stakeholder engagement.

### Costs on other bodies, businesses and individuals

11. It is expected that the restrictions on the disposal of unsold goods will require the Scottish Environment Protection Agency (“SEPA”) to undertake some form of enforcement activity. The details, and therefore the expected cost, of that enforcement activity would be determined by the detail of the regulations. However, based on discussion with SEPA, the Scottish Government is able to provide an indicative range of potential costs.

12. Based on estimates in relation to investigations undertaken under current regulations, and assuming three investigations per year, the Scottish Government estimates a cost in the region of £30,000 per year. A more proactive regulatory regime, including inspecting and auditing practice, would cost around £200,000 per year.

13. Data on costs to business is limited and development of regulations would need to be underpinned by further research and engagement with businesses. Applying a per capita basis to a French study commissioned by Agence de la Transition Ecologique would give a high-level indication that approximately £300m of unsold goods are generated in Scotland each year, and that the amount of these destroyed via landfill and incineration have a total market value of approximately £22m per year.<sup>3</sup>

14. There may be some costs to businesses associated with establishing alternative practices and reporting. In line with the detail set out later in the Financial Memorandum for provisions for reporting on waste and surplus, this could include set-up costs of between £1,000-£20,000 plus ongoing reporting costs of between £204-£1,021 and

---

<sup>3</sup> [Study of the deposits and causes of unsold non-food products and their disposal routes - The ADEME library](#)

This document relates to the Circular Economy (Scotland) Bill (SP Bill 31) as introduced in the Scottish Parliament on 13 June 2023

staff costs of between £567-£1,134. It should be noted that disposal of goods via landfill or incineration comes with average costs of around £125-£180 per tonne for landfill and £90-£110 per tonne for incineration, which would be avoided by businesses and so could result in lower waste disposal costs offsetting other costs. Costs are summarised in Table 4 below.

Table 4: Cost summary for restrictions on the disposal of unsold goods

	<b>Year 1 (£)</b>	<b>Year 2 (£)</b>	<b>Year 3 (£)</b>	<b>Total (£)</b>
Costs on Scottish Administration	40,000 (research - low estimate)	40,000 (research – low estimate)	67,000 (resource – regulations)  20,000 (publication)	<b>167,000</b>
Costs on Other Bodies (SEPA)			30,000 (monitoring – low estimate - recurring)	<b>30,000</b>
<b>Total</b>	<b>40,000</b>	<b>40,000</b>	<b>117,000</b>	<b>197,000</b>
Costs on Other Bodies (Business)			1,000-20,000 set up costs  Reporting costs estimates: 204-1,021 per business headquarters (recurring)  Staff costs estimates: 567-1,134 per premise (recurring)	n/a given number of variables

## Charges for single-use items

### Costs on the Scottish Administration

15. For the power to set a charge for certain throwaway items, Scottish Government resource would be required to design, consult on and manage secondary legislation for introduction of provisions, as well as carrying out impact assessments. It is anticipated these activities would be planned for and resourced as part of business as usual and met within existing resources. Based on similar recent activity, estimated costs would be around £20,000 for consultation and publication and £67,000 for a total of 1 FTE staff, incorporating policy, analytical and legal support. This would sit alongside wider engagement with businesses as part of policy development.

16. The provisions allow regulations to specify that the net proceeds raised by such charges should be applied to the advance of environmental protection or improvement or to any other purposes that may be reasonably regarded as analogous. Consequently, proceeds would not return to the Scottish Administration. For the existing carrier bag charge, by voluntary arrangement with retailers, these proceeds are applied to a range of good causes.<sup>4</sup>

17. In terms of the power to set a charge for certain throwaway items, the intention is that the first set of regulations will apply minimum charges to single-use disposable beverage cups. It is anticipated that additional Scottish Government resource, alongside ZWS support, will be needed to monitor the effectiveness of the charging scheme. It is possible that this work may be contracted out to another organisation but, for the purposes of this Financial Memorandum, it is assumed that an extra Scottish Government policy officer FTE would be required. On average staff costs, this would amount to approximately £47,000 per annum.

### Costs on local authorities

18. In terms of the power to set a charge for certain throwaway items, the intention is that the first set of regulations will apply minimum charges to single-use disposable beverage cups. Using research commissioned by ZWS<sup>5</sup> on behalf of the Scottish Government on the market for single-use cups, it is possible to provide illustrative savings for local authorities as a result of regulations that would apply a minimum charge to single-use disposable cups.

19. It is estimated that around 388 million single-use disposable cups for hot drinks are used in Scotland each year and this could rise to 450 million by 2035. Scotland's current cup use creates 5441.8 tonnes of waste every year, of which 96% is landfilled. Around 1 tonne (or 77,740 cups) of this is littered annually. As a result, in total local authorities in Scotland currently spend approximately £1,164,000 a year on waste

---

<sup>4</sup> [Guidance on the 10p Carrier Bag Charge | Zero Waste Scotland](#)

<sup>5</sup> [Evidence & Insights | Zero Waste Scotland](#)

collection and disposal, as well as around £4,000 on clearing up the cups which have been littered.

20. The research suggests that implementing a minimum charge on single-use disposable cups could lead to a reduction in the number of single-use disposable cups placed on the market by between 15% and 39% each year. Using the 15% and 39% reduction estimates as a lower and upper range, it is possible to estimate the annual savings to local authorities that could result from a reduction in the number these cups placed on the market. These are summarised in Table 5.

Table 5: Estimate of annual savings to local authorities from reduction in the number of single-use disposable cups placed on the market

	Low Reduction (15%)	High Reduction (39%)
Reduction in cup use	58,200,000	151,320,000
Waste Disposal Saving (£)	174,600	453,960
Litter Collection Saving (£)	583	1,516

21. Depending on the approach taken to introduce a minimum charge on single-use cups, there may also be a role for, and associated additional cost to, local authorities in enforcing the regulations. These costings will be subject to the scope of any secondary legislation following further assessment and consultation, and therefore calculated as part of impact assessments undertaken in advance of secondary legislation.

### Costs on other bodies, businesses and individuals

22. In terms of the power to set a charge for certain throwaway items, the intention is that the first set of regulations will apply minimum charges to single-use disposable beverage cups. For single-use disposable beverage cups, the cost to individuals purchasing a drink would be the price of the charge. Individuals can avoid this charge by choosing to use a reusable cup. This price is still to be determined; evidence presented to the Expert Panel on Environmental Charging and Other Measures (EPECOM) suggested a cost-neutral charge of 20-25 pence per cup would be effective in influencing consumers.

23. The costs on businesses will vary, depending on the regulations. It has not been possible to ascertain the level of these costs on businesses at this stage, but full consultation with affected parties would be carried out before the introduction of any environmental charge. The Bill allows for the regulations to set out how the net proceeds raised by the charge are to be ascertained; for example, The Single Use

This document relates to the Circular Economy (Scotland) Bill (SP Bill 31) as introduced in the Scottish Parliament on 13 June 2023

Carrier Bags Charge (Scotland) Regulations 2014 allow for the deduction of “reasonable costs” incurred by the supplier to comply with the regulations.<sup>6</sup>

24. Overall costs, where defined, are set in Table 6. Illustrative savings are set out in Table 7.

Table 6: Cost summary for charges for single use items

	<b>Year 1 (£)</b>	<b>Year 2 (£)</b>	<b>Year 3 (£)</b>	<b>Total (£)</b>
Costs on Scottish Administration	67,000 (resource - regulations)  20,000 (publication)	47,000 (monitoring – recurring)	47,000 (monitoring – recurring)	<b>181,000</b>
Costs on Local Authorities		Enforcement costs subject to design of secondary regulations	Enforcement costs subject to design of secondary regulations	n/a
<b>Total</b>	<b>87,000</b>	<b>47,000</b>	<b>47,000</b>	<b>181,000</b>

Table 7: Savings summary for charges for single use items (illustrative based on single use cups)

	<b>Year 1 (£)</b>	<b>Year 2 (£)</b>	<b>Year 3 (£)</b>	<b>Total (£)</b>
Savings for Local Authorities		175,183 - 455,476 (recurring)	175,183 - 455,476 (recurring)	<b>350,366- 910,952</b>

## Household waste

### Householder’s duty of care

#### Costs on the Scottish Administration

25. In relation to householder’s duty of care, the provisions in the Bill aim to create a more effective enforcement model to tackle flytipping by making failure to comply with householder’s existing duty of care to transfer household waste to an authorised person a criminal offence; and by providing a power to local authorities and other relevant bodies to issue fixed penalty notices for this offence. This provision will amend the

<sup>6</sup> <http://www.legislation.gov.uk/ssi/2014/161/contents/made>.



This document relates to the Circular Economy (Scotland) Bill (SP Bill 31) as introduced in the Scottish Parliament on 13 June 2023

Environmental Protection Act 1990 and therefore will be resourced as part of business as usual. Scottish Courts and Tribunals have indicated they do not expect any significant costs associated with this provision.

### Costs on local authorities

26. The Bill creates a criminal offence for a householder to breach their existing duty of care obligation to secure that any transfer of waste is only to an authorised person or to a person authorised for transport purposes. It will also provide a fixed penalty notice procedure to local authorities as an enforcement tool for this offence. The actual number issued will depend on each litter authority.

27. Based on expert advice from ZWS analysts and litter and flytipping partners, including local authorities, on the costs for enforcement of flytipping fixed penalty notices, it is estimated that this power will require an additional 0.25-0.5 FTE enforcement administration officers (£5,500 - £14,000) per local authority. This range includes pension, National Insurance contributions, etc. In the medium to longer term, there is the potential for payments from fines to help fund the enforcement action so the lower estimate has been used. The Scottish Government does not hold data on the number of flytipping offences and fines, however, local authorities have indicated that, between 2019/20 and 2021/22, 2,467 fixed penalty notices were issued for flytipping offences. At present, there is no consistent approach to flytipping data collection across Scotland, and therefore it would not be possible to capture the number of offences linked to this provision.

### Costs on other bodies, businesses and individuals

28. Costs to individuals would be largely in connection with a flytipping offence where fly-tipped waste is traced back to a particular household. The maximum fine where a person is convicted on summary conviction for a breach of the duty of care is £10,000, or unlimited where the conviction is on indictment. Where a person is issued a fixed penalty notice in relation to this offence, and they choose to accept it, the penalty amount is £200.

29. Overall costs are summarised in table 8 below.

Table 8: Costs associated with householder’s duty of care

	Year 1 (£)	Year 2 (£)	Year 3 (£)	Total (£)
Costs on Local Authorities	5,500 per local authority (low estimate - enforcement recurring)	5,500 per local authority (low estimate - enforcement recurring)	5,500 per local authority (low estimate - enforcement recurring)	<b>16,500 per local authority</b>
Cost on Individuals				<b>200 per fixed penalty notice</b>

## Household waste requirements

### Costs on the Scottish Administration

30. The provisions in the Bill also seek to strengthen local authorities' enforcement powers in relation to household recycling by establishing a new civil penalty regime and fixed penalty notice procedure. Under this regime, local authorities would be able to issue written warnings and civil penalty charges for failures to comply with the requirements in section 46 of the Environmental Protection Act 1990 and, where the behaviour is more serious, issue fixed penalty notices to households for breach of the existing criminal offence in section 46(6) of the Environmental Protection Act 1990. Provision is made for further details to be set out in secondary legislation and guidance.

31. This activity would largely be treated as standard policy work and will be undertaken by the existing teams within the Scottish Government. As with most of the provisions introduced in this Bill there will be costs related to officials' time, for example to design, consult on and manage secondary legislation required for introduction of the provisions, as well as carrying out further impact assessments. It is anticipated that these costs will be met from within existing resources. Based on similar recent activity, estimated costs would be around £20,000 for consultation and publication and £67,000 for a total of 1 FTE staff, incorporating policy, analytical and legal support.

32. Future guidance will also be required for the recycling obligations provision, to ensure the appropriate use of any new powers for local authorities to issue civil penalty charges and fixed penalty notices to households in relation to recycling. The costs of developing guidance will be met within existing Scottish Government resource. Based on costing for the development of recycling duty of care statutory guidance, it is estimated that these costs will be at least £57,000 drawing on 0.9 FTE across policy.

### Costs on local authorities

33. It is not possible at this stage to provide definitive estimates about the extent of any additional costs or benefits to local authorities that would be associated with the introduction of enforcement tools for local authorities in relation to householders' recycling obligations (enforcement of section 46(6) of the Environmental Protection Act 1990). This will depend on the scope and content of any future secondary regulations, and guidance from Ministers to support local authorities in the use of these powers.

34. However, it is expected that there would be both costs and benefits to local authorities in the use of these powers.

35. As a result of the establishment of the new civil penalty regime to enforce existing recycling obligations, local authorities would be able to issue written warnings and penalty charges for failures to comply with the requirements in section 46 of the Environmental Protection Act 1990 and, where the behaviour is more serious, issue fixed penalty notices to households under specified circumstances, to be set out in secondary regulations and further guidance. The maximum current charge for a

This document relates to the Circular Economy (Scotland) Bill (SP Bill 31) as introduced in the Scottish Parliament on 13 June 2023

monetary penalty (civil) in relation to a failure to comply with a section 46 requirement in England is £60 unless otherwise specified by an authority. The amount of a fixed penalty in England or in Wales is £100 unless otherwise specified by an authority. Fines will be defined through regulations, and Scottish Ministers will determine the amount in guidance, informed by further development and consultation.

36. The Scottish Government has assumed that some of the administration of the notices would be undertaken by existing enforcement officers, but it is possible local authorities would require additional resource. Based on initial estimates made by ZWS of local authority costs for enforcement officers, it is estimated that local authorities might require:

- Additional FTE additional enforcement officers (min. 2 per ~150k population) per local authority at £35,000 – £45,000; and
- 1 FTE enforcement admin. officer at £22,000 - £28,000 per local authority.

37. In the development of secondary regulations, data on costs incurred for each notice will be reviewed, with a view to partial or full cost recovery for enforcement.

38. It should be noted that there will also be benefit to local authorities as a result of less contamination of recyclate. There is evidence to suggest that rates of non-participation by householders in separating recyclable waste properly is high. SEPA data shows that just under a fifth of everything put out for recycling by householders is non-recyclable.<sup>7</sup> Contamination makes managing recycling collections more costly and, in extreme cases, can mean the whole load has to be diverted for incineration or landfill. In the UK, the median gate fee for local authorities per tonne of waste sent for Energy from Waste (EfW) is £95. The median gate fee per tonne of waste sent for landfill is £95 (excluding Landfill Tax).<sup>8</sup> The Scottish Landfill Tax rates for 2022/23 are £93.60 per tonne for the standard rate, and £3.15 per tonne for the lower rate.<sup>9</sup> Reducing contamination of recycling would allow local authorities to avoid these costs on materials that would be recycled were it not for contamination caused by non-compliance with household recycling obligations.

39. It is anticipated that the introduction of charges and penalties to strengthen local authorities' enforcement powers in relation to household recycling would act as a deterrent, and that this deterrent would be a large factor in reducing contamination challenges and, therefore, in reducing associated littering, clear-up costs and wider irrevocable contamination of recyclate. There is no estimate for how large this deterrent effect may be, but currently contamination rates, highlighted in the majority of Materials Recovery Facility contracts across the UK, should not exceed 10-15%; beyond this, loads are rejected or charges are imposed.<sup>10</sup>

---

<sup>7</sup> [Recyclate Quality \(sepa.org.uk\)](https://sepa.org.uk)

<sup>8</sup> [Gate Fees 2021/22 report | WRAP](#)

<sup>9</sup> [Scottish Landfill Tax - Taxes - gov.scot \(www.gov.scot\)](https://www.gov.scot)

### Costs on other Bodies, businesses and individuals

40. The main potential cost would be as a result of any civil penalty charge or fixed penalty notice issued under these powers and would affect only a very small number of households. These powers offer local authorities a last resort in case other remedial measures have been unsuccessful and the vast majority of households will be unaffected. It is not possible at this stage to provide definitive estimates about the extent of any additional costs to households that would be associated with the introduction of enforcement tools for local authorities in relation to householder’s recycling duty of care (enforcement of Section 46(6) of the Environmental Protection Act 1990). This will depend on the scope and content of any future secondary regulations, and guidance from Scottish Ministers to support local authorities in the use of these powers.

41. Overall costs are summarised in Table 9 below.

Table 9: Costs associated with household waste requirements

	Year 1 (£)	Year 2 (£)	Year 3 (£)	Total (£)
Costs on Scottish Administration	67,000 (resource - regulations)  20,000 (publication)	57,000 (resource – guidance)		<b>144,000</b>
<b>Total</b>	<b>87,000</b>	<b>57,000</b>		<b>144,000</b>
Cost on Local Authorities			92,000 per local authority (based on 150k population – low estimate - recurring)	<b>92,000 per local authority</b> (based on 150k population – low estimate - recurring)
Cost on Individuals				Cost per penalty charge, to be defined by regulations

### Code of practice on household waste recycling

#### Costs on the Scottish Administration

42. The Scottish Government will be required to develop a new code to underpin household recycling provisions, support its implementation and monitor progress. Support for the implementation and review of the existing Household Recycling Charter and its supporting code of practice is already resourced by the Scottish Government and mainly delivered through ZWS, and this is expected to continue to be the case for the new code. However, it is assumed that extra Scottish Government resource will be required to support the development of the code, which is intended to begin with a co-

This document relates to the Circular Economy (Scotland) Bill (SP Bill 31) as introduced in the Scottish Parliament on 13 June 2023

design process with households and service operators. This is projected at 1.5 additional FTE policy officers (0.5 FTE B3 and 1 FTE B2). On average staff costs, this would amount to approximately £77,000 per annum. Direct costs of the planned co-design process itself are likely to include additional research at an estimated cost of £50,000, as well as stakeholder engagement and associated publication costs, which are expected to be approximately £20,000.

## Costs on local authorities

43. The Bill requires Scottish Ministers to publish a national code that sets out the standards expected of local authorities in carrying out their waste management functions in relation to recycling and reuse.

44. Local authorities already have statutory duties in relation to waste collection and disposal and household recycling, which include preparation and submission of a waste management plan. The Scottish Government's funding to local authorities for these activities is provided within the annual local government finance settlement. There are no ring-fenced allocations and it is for individual local authorities to decide on the actual allocation of funding for waste and recycling. Data indicate that local authorities had net revenue expenditure totalling £622.29 million for waste management, collection and disposal in 2020-21.<sup>11</sup> Separately, the Scottish Government is making available £70 million capital funding over 5 years through the Recycling Improvement Fund for local authorities to apply for funds to support improvements in the quantity and quality of recycling and reuse. Funds have so far been allocated to projects to provide new bins to support collection of multiple types of recycling, to upgrade vehicles or collection technology or to build facilities to sort and process recycling.

45. The indicative budget profile for the 5-year Recycling Improvement Fund, as set out in the capital spending review, are as follows:

- 2021/22: £5.3 million
- 2022/23: £16 million
- 2023/24: £18.6 million
- 2024/25: £15.6 million
- 2025/26: £14.5 million

The Fund, which runs from 2021 to 2026, has so far allocated over £53 million to projects in 17 local authorities.

46. The extent of any additional costs or benefits to local authorities that would be associated with the development and introduction of the future code will depend on the scope and content of the code (which local authorities will help to co-design), the degree to which local authorities' current arrangements align with future requirements,

---

<sup>11</sup> [Supporting documents - Scottish Local Government Finance Statistics \(SLGFS\) 2020-21 - gov.scot \(www.gov.scot\)](https://www.gov.scot/supporting-documents/scottish-local-government-finance-statistics-slgfs-2020-21)

This document relates to the Circular Economy (Scotland) Bill (SP Bill 31) as introduced in the Scottish Parliament on 13 June 2023

and the duration over which the transition to the new arrangements is made. All 32 authorities have signed the existing voluntary Household Recycling Charter and, of these, around a third have services that are already broadly aligned with its associated code of practice.

47. Some projections of costs are possible, informed by experience of developing and implementing the existing Charter, and with local authorities to support alignment with the Charter through service change projects, including those funded through the Recycling Improvement Fund. As part of the development of the current Charter and subsequent implementation planning, ZWS undertook a costing exercise to review the existing kerbside collection services against a more consistent model aligned with statutory guidance. This exercise provided an outline cost for transition and was based on an understanding of current recycling provisions, the expected capital costs of additional container provision across all authorities and the one-off service change costs associated with communication and staffing.

48. ZWS estimate that the cost to enable all 32 Scottish Local Authorities to align with the existing code of practice is approximately £88.4 million. This is based on the cost of improving services in all local authorities to the level that all citizens have access to consistent services for recycling, including paper, card, glass, plastics, metals and food, collected separately where necessary. ZWS estimate that kerbside recycling containers at a total cost of £21 million and communal recycling containers at a total cost of £63 million would be required for local authorities with services not currently aligned to the code of practice to become compliant. These figures include service charges estimated at approximately £2.95 per household for local communication costs, staff training and additional staff to support implementation of the service change. This estimate assumes that local authorities would continue to use existing waste fleet vehicles. Local authorities already incur ongoing costs for maintenance and periodic replacement of capital assets, such as receptacles and fleet vehicles, and these are not included in the estimate above. Though not specifically designed to support decarbonisation of the waste sector, there would be a secondary benefit to these measures in a reduction in emissions. The increased uptake of materials would need to be supported by sufficient materials recovery facilities to sort and process the collected volumes of recycling. Services are currently variable across local authorities, including as a consequence of geographical factors, and not all local authorities have access to comprehensive processing facilities. Future costs are highly dependent on the new code's development. Costs are expected to be offset, to a significant extent, by enhanced funding being delivered through the Extended Producer Responsibility (EPR) scheme for dealing with packaging waste, and support through the Recycling Improvement Fund.

49. Any further projected implementation costs will be considered following a process to co-design the new code with service operators and households, and when developing and consulting on the code. The costs will vary based on the transition period for implementing national code requirements, and how this interacts with contractual commitments and the ability to continue to use existing waste fleet vehicles. A number of local authorities have contractual arrangements with commercial operators to undertake collection, sorting and reprocessing duties. These vary significantly in

This document relates to the Circular Economy (Scotland) Bill (SP Bill 31) as introduced in the Scottish Parliament on 13 June 2023

scope and duration and will be an important consideration in determining the timescale for transition to new arrangements.

50. The Scottish Government intends to develop the new code in partnership with local government and it is, therefore, likely that some Convention of Scottish Local Authorities (“COSLA”) and local authority staff resource will be required to contribute to this work. Costs will be defined further as the national code develops. Additional local authority resource for the development and compliance with a new code is anticipated to be required over two years (2023-2025) and require, at a minimum resource level, one additional 1.0 FTE policy officer per local authority (estimated at £45,000). This estimate will depend heavily on the current model and scope of services in a local authority area, the size of the authority, and the design of the new code. As a result there may be a large range, and it may well be lower or higher from authority to authority.

51. There is potential for future arrangements to generate financial benefits and offsetting savings for local authorities, including by reducing the volume of (and costs of managing) residual waste. Waste composition analysis of household waste suggests there are still very large quantities of waste being thrown away that should have been recycled. Analysis of household kerbside waste in 2014-15 suggested that approximately 60% (or 670,000 tonnes) of kerbside residual waste could have been recycled using typical existing kerbside recycling services. An update to this analysis is being undertaken. Evidence presented to the Zero Waste Taskforce prior to the agreement of the current voluntary Household Recycling Charter also highlighted broader economic and financial benefits that could be realised by enhancing and moving towards a more consistent approach to household recycling. These included: minimising the costs of managing contaminated recycling; increased opportunity for collaborative procurement or shared services between authorities; enabling access to recycling and reprocessing markets in a more cost-effective way; and stimulating possible inward investment to establish domestic reprocessing capacity.

52. Through the introduction of a new code to enable greater consistency in the quality and quantity of recyclate, there are likely to be opportunities for local authorities to increase the potential value of recyclate which is collected. The final Waste Route Map, to be published later this year, will set out measures to build on this evidence, ensuring this is taken into account in the final co-design process outlined above.

53. As noted, the potential financial impact of the new code can only be fully assessed once it is developed. However, if any future mandatory code did incur additional costs for local authorities, this should be viewed in the context of work that the Scottish Government is taking forward, in partnership with the other UK administrations, to introduce EPR schemes across a range of products and materials. EPR is a common tool used internationally to shift the burden of funding collection, recycling, and other end-of-life management of materials onto producers in line with the “polluter pays” principle and could offset some costs. Of particular relevance is packaging EPR, which is intended to be introduced across the UK from 2024 onwards. It will see producers paying local authorities their full net costs of operating efficient and effective collection services for household packaging waste, estimated at £1.2bn per

annum UK-wide.<sup>12</sup> When calculating what is “efficient” and “effective”, national policies on how packaging waste is to be collected, as well as local authorities’ individual circumstances, will be taken into account.

54. In addition, the 2022 consultation on proposals for a Waste Route Map set out a proposal to undertake a review of service charging for waste services, while also considering further measures to support households to reduce waste and recycle more. This review will account for current and future funding availability for household services, including the potential revenue stream from the new packaging EPR scheme.

### Cost on other bodies, businesses and individuals

55. There are unlikely to be direct costs for individuals or businesses in relation to this provision. Commercial customers of any local authority-run commercial waste service may have to adjust their waste collections to align with any new household code. This is unlikely to have significant additional cost, and potentially reduces the cost of their collections if less residual waste is produced. Businesses are already bound by requirements in the Environmental Protection Act 1990 which require that all waste producers (excluding householders) take reasonable steps to present key dry recyclables such as glass, metals, plastics, paper and card (including cardboard) for separate collection.

56. Costs for code of practice are summarised in table 10 below.

Table 10: Costs for code of practice

	Year 1 (£)	Year 2 (£)	Year 3 (£)	Total (£)
Costs on Scottish Administration	38,500 (resource)	38,500 (resource)		<b>147,000</b>
	50,000 (research)	20,000 (stakeholder engagement and publications)		
Costs on Local Authorities	22,500 per local authority (resource)	22,500 per local authority (resource)		<b>45,000 per local authority</b>

<sup>12</sup> This includes costs for household packaging recycling and household waste recycling centres as well as packaging in the residual stream; a Scottish breakdown is not available. See [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.



## Targets for waste collection authorities relating to household waste recycling

### Costs on the Scottish Administration

57. Secondary legislation will be required to support the development and design of any new recycling targets. This activity would largely be treated as standard policy work and will be undertaken by the existing teams within the Scottish Government. As with most of the provisions introduced in this Bill there will be costs associated related to officials' time, for example to design, consult on and manage secondary legislation for introduction of targets, as well as carrying out impact assessments. It is anticipated that these costs will be met from within existing resources. Based on similar recent activity, estimated costs would be around £20,000 for consultation and publication and £67,000 for a total of 1 FTE staff, incorporating policy, analytical and legal support.

### Cost on local authorities

58. The design of any targets will be taken forward through secondary regulations and consultation, in particular with local government. There is therefore limited detail of what any future targets will measure, and the best proxy at this stage would be costs and benefits for transitioning to the current recycling code of practice compliant collections, as a minimum, as set out above under the new code. It is worth noting, however, that alignment to the existing code of practice services is unlikely to fully realise targets, and there may be additional costs and benefits in light of the new code to be developed. As with the code, the Scottish Government would expect to develop the new targets in partnership with local government and it is therefore highly likely that some COSLA and local authority staff resource will be required to contribute to this work. While it is not yet possible to define an estimate for this, this is expected to extend to attending meetings over a defined time period, inputting on design and development requirements and reviewing findings from data and research.

59. Scottish Ministers will be enabled to impose statutory recycling targets upon local authorities with financial penalties if targets are not met. The Scottish Government recognises that further work must be done in partnership with local government to develop an approach to ensure the approaches to setting targets and financial penalties are both achievable and fair. This will be considered as part of target design through secondary regulations, consultation and further impact assessment. Current proposals are that the penalty amount be determined on an individual case basis, as this fine is to be used to create an incentive to meet statutory targets. In Wales, a local authority can be levied with a fine of £200 per tonne of waste by which it falls short of the target amount. Welsh ministers have the power to issue fines at the specified level or to waive them depending on the circumstances, though the amount of the fine is not variable. Issuing a fine is considered to be a last resort, following discussion with the local authority of the factors that contributed to the target being missed and agreeing an improvement plan. Performance targets for 2019-20 were achieved by eighteen of the twenty-two local authorities in Wales. In response, local authorities held discussions with Welsh ministers, and one local authority was set a fine.

This document relates to the Circular Economy (Scotland) Bill (SP Bill 31) as introduced in the Scottish Parliament on 13 June 2023

60. The approach to setting the amount of a penalty in Scotland could take account of a range of factors, including demographics and income of the local authority. This financial penalty should be viewed as a last resort, in the event that a local authority fails to meet a target and then does not take appropriate action to rectify their position. Scottish Ministers would have the power to waive the penalty in negotiation with local authorities regarding the causes for and response to targets not being met.

### Cost to other bodies, businesses and individuals

61. The Bill would provide powers for Scottish Ministers to enforce the targets, through a monitoring role for SEPA, and, if targets are not met, for Scottish Ministers to seek explanation from the local authority and, if deemed appropriate, set financial penalties. Therefore, depending on targets set there is highly likely to be some additional monitoring from SEPA and/or ZWS. Monitoring is already undertaken by these bodies, for example through WasteDataFlow and publication of local authority waste and recycling data, and will be part of the upcoming digital waste tracking system. The Material Flow Account published annually by ZWS has a cost of £35,000. Any new requirements for data or monitoring could be expected to be in line with this and are estimated at a cost of £35,000 - £100,000 per annum depending on the range and nature of targets that are set. A lower estimate is considered more likely.

62. Costs for targets for waste collection authorities are summarised in table 11 below.

Table 11: Summary of costs for targets for local authority recycling

	Year 1 (£)	Year 2 (£)	Year 3 (£)	Total (£)
Costs on Scottish Administration		67,000 (resource - regulations)  20,000 (publication)		<b>87,000</b>
Cost on Other Bodies (SEPA)			35,000 (monitoring – recurring – lower estimate)	<b>35,000</b>
<b>Total</b>		<b>87,000</b>	<b>35,000</b>	<b>122,000</b>

### Littering from vehicles: Civil penalties

#### Costs on the Scottish Administration

63. Scottish Government resource would be required to develop regulations and it is anticipated these would be resourced as part of business as usual. Based on similar recent activity, estimated costs would be around £20,000 for consultation and

This document relates to the Circular Economy (Scotland) Bill (SP Bill 31) as introduced in the Scottish Parliament on 13 June 2023

publication and £67,000 for a total of 1 FTE staff, incorporating policy, analytical and legal support. Scottish Courts and Tribunals have indicated they do not expect any significant costs associated with this provision.

## Costs on local authorities

64. As a result of the establishment of the new civil penalty regime for littering from vehicles, local authorities as litter authorities will be able to issue civil penalty notices to the keepers of the vehicles from which a littering offence is committed. The actual number issued will depend on each litter authority. However, the Scottish Government knows that approximately 12,000 fixed penalty notices for littering were issued in 2010/11 (the latest year that data are available) and that 4% of overall litter tonnage is estimated to be roadside litter. On that basis, the Scottish Government has estimated that a range of 250-750 civil penalty notices for roadside littering may be issued each year, the deterrent effect should see the number of notices decline over time.

65. The Scottish Government has assumed that the administration of the notices would be undertaken by existing enforcement officers. Data from one local authority about how much time enforcement officers spend issuing litter fixed penalty notices, with and without using CCTV cameras, suggests a cost of between £34 and £102 per notice.

66. These costs will be offset by the revenue raised from each notice, which the Scottish Government has assumed will be retained by the litter authority. The current charge for a fixed penalty notice for littering is £80. If the same level were applied for the new regime for littering from vehicles, then the data on costs incurred for each notice suggests that enforcement could be largely self-financing.

67. There is a potential benefit to local authorities as a result of less littering. Around 600 tonnes of litter is found on Scottish roadsides every year, with litter present on over 80% of Scotland's motorways and A-roads.<sup>13</sup> With an estimated clear-up cost of over £800 per tonne, roadside litter poses a significant cost to local authorities (and Trunk-Road Operators).<sup>14</sup>

68. It is anticipated that the introduction of civil penalties for littering from vehicles would act as a deterrent, and that this deterrent would be a large factor in reducing roadside litter and therefore in reducing the associated clear-up costs. There is no estimate for how large this deterrent effect may be, but for every 1% reduction in roadside litter there would be an associated saving of £4,800 through reduced clear-up costs (based on 1% of 600 tonnes at cost of £800 per tonne).

---

<sup>13</sup> <https://www.keepsotlandbeautiful.org/roadside-litter-campaign/>

<sup>14</sup> Based on information from Highways England (<https://www.gov.uk/government/news/6-million-cost-to-collect-litter-on-motorways-bag-and-bin-it-highways-agency-asks-road-users>).

## Costs on other bodies, businesses and individuals

69. As regards littering from vehicles, any costs to individuals or businesses (where the business is the registered keeper of the vehicle) would only be as the result of a littering offence being committed by someone in the vehicle. Based on the current littering penalty regime, an individual or business could be liable for a fixed penalty notice of £80, rising to a maximum fine of £2,500 if resulting in a prosecution for non-payment of the fixed penalty notice. It has been assumed that the processing of payment of any penalty by a business would be absorbed within existing staff resource and therefore would be a negligible cost.

70. Estimated costs for littering from vehicles provisions are captured in 12 below.

Table 12: Summary of costs and income for littering from vehicles

	Year 1 (£)	Year 2 (£)	Year 3 (£)	Total (£)
Costs on Scottish Administration	67,000 (resource - regulations)  20,000 (publication)			<b>87,000</b>
Costs on Local Authorities		34,000 (based on mid-point estimate of 500 notices at £68 costs - recurring)	34,000 (based on mid-point estimate of 500 notices at £68 costs - recurring)	<b>68,000</b>
Costs on individuals				<b>£80 per penalty notice</b>
<b>Total costs</b>	<b>87,000</b>	<b>34,000</b>	<b>34,000</b>	<b>155,000</b>
Income to Local Authorities		40,000 (based on mid-point estimate of 500 notices at £80 - recurring)	40,000 (based on mid-point estimate of 500 notices at £80 - recurring)	<b>80,000</b>
<b>Total income</b>		<b>40,000</b>	<b>40,000</b>	<b>80,000</b>

## Enforcement powers to search and seize vehicles in respect of certain environmental offences

### Costs on the Scottish Administration

71. The Scottish Government is committed to ensuring that Scottish enforcement authorities (SEPA and local authorities) have the necessary powers to enforce environmental law properly and to restrict those illegal activities that hinder and damage the rest of the waste industry in Scotland. Scottish Government resource would be required to develop regulations in relation to the handling of seized vehicles and it is anticipated these would be resourced as part of business as usual. Based on similar recent activity, estimated costs would be around £20,000 for consultation and publication and £67,000 for a total of 1 FTE staff, incorporating policy, analytical and legal support.

### Costs on local authorities

72. As a result of the establishment of powers enabling local authority officers to seize vehicles suspected of being involved in waste crime activities, there will be improved enforcement against flytipping and other waste crime. It is estimated that this power will require an additional 0.25-0.5 FTE enforcement admin. officers (£5,500 - £14,000) per local authority depending on size. This range includes for pension, National Insurance, etc.

73. As with other flytipping measures, it is worth noting that the seizure of vehicles provisions may also prove to be a deterrent that could have a positive impact on the clear-up costs of flytipping. For every 1% reduction in flytipping, there would be a potential saving of around £109,000 in local authority costs.<sup>15</sup> Flytipping is carried out on a much larger scale than “littering” hence the difference in potential savings for every 1% reduction. Also the clearance of flytipping regularly involves the handling of hazardous wastes which require special treatment.

### Costs on other bodies, businesses and individuals

74. Through consultation with SEPA and reference to earlier work done by the Department for Environment Food and Rural Affairs,<sup>16</sup> it is estimated that enforcement officials will spend between 10 hours and 15 hours preparing for and processing each vehicle seizure. This would represent a cost of between £390 and £585 per vehicle.<sup>17</sup> These are presented as a cost to the enforcement authority, but in some cases there

---

<sup>15</sup> Based on information on the total clearance costs associated with fly-tipping. From ‘Scotland’s Litter Problem’ Report ([Scotland’s Litter Problem | Zero Waste Scotland](#))

<sup>16</sup> Consultation on the draft Control of Waste (Dealing with Seized Property) (England and Wales) Regulations 2015 ([https://consult.defra.gov.uk/waste/draft-control-of-waste-dealing-seized-property-reg/supporting\\_documents/Consultation%20Document%20%20Control%20of%20Waste%20Dealing%20with%20Seized%20Property%20England%20and%20Wales%20Regulations%202015.pdf](https://consult.defra.gov.uk/waste/draft-control-of-waste-dealing-seized-property-reg/supporting_documents/Consultation%20Document%20%20Control%20of%20Waste%20Dealing%20with%20Seized%20Property%20England%20and%20Wales%20Regulations%202015.pdf)).

<sup>17</sup> This is based on hourly rate of £38.94 – equivalent to a Scottish Government team leader position, including ASLC and ERNIC.

This document relates to the Circular Economy (Scotland) Bill (SP Bill 31) as introduced in the Scottish Parliament on 13 June 2023

may be a reduced cost through a decrease in the hours spent preparing for the seizure, as there will no longer be a requirement to request a warrant from a sheriff or justice of the peace.

75. Through information received from the UK Environment Agency, the Scottish Government estimates that it will cost between £2,000 and £4,000 to carry out the physical seizure of the vehicle (2019 figures). This includes the cost of collection, storage and disposal by SEPA. These costs may be lower in cases where the vehicle is returned to the owner after investigation.

76. Based on the experience of the Environment Agency, it is estimated that there will be between 1 and 4 vehicle seizures carried out in Scotland every year. Using the mid-point of the above ranges for staff time (£488) and seizure costs (£3000), the total costs of vehicles seizures to the enforcement authorities is estimated to be between £3,488 and £13,952 per annum (2019 figures).

77. It would be up to SEPA to decide how frequently to use the powers, but Scottish Ministers and SEPA believe that the existence of the powers is likely to be as big a driver in the reduction of waste crime as the use of the powers.

78. Through consultation with SEPA, the Scottish Government does not expect them to incur a significant cost for publicising these powers. Any spending on publicising the powers, or the use of these powers, is assumed to be captured within current operational costs.

79. Costs of enforcement powers to search and seize vehicles in respect of certain environmental offences are captured in table 13 below.

Table 13: Summary of costs for seizure of vehicles

	Year 1 (£)	Year 2 (£)	Year 3 (£)	Total (£)
Costs on Scottish Administration		67,000 (resource - regulations) 20,000 (publication)		<b>87,000</b>
Cost on Other Bodies (SEPA)			3,488 (enforcement – recurring – lower estimate)	<b>3,488</b>
<b>Total</b>		<b>87,000</b>	<b>3,488</b>	<b>90,488</b>
Cost on Local Authorities			5,500 per local authority (enforcement recurring – lower estimate)	<b>5,500 per local authority</b>

## Reporting on waste, surpluses, etc.

### Costs on the Scottish Administration

80. Scottish Government resource would be required to develop regulations to impose a reporting requirement and it is anticipated these would be resourced as part of business as usual. Based on similar recent activity, estimated costs would be around £20,000 for consultation and publication and £67,000 for a total of 1 FTE staff, incorporating policy, analytical and legal support.

### Costs on other bodies, businesses and individuals

81. It is expected that the mandatory public reporting of waste and surplus will require SEPA to undertake some form of enforcement activity. The details, and therefore the expected cost, of that enforcement activity would be determined by the detail of the regulations. However, based on discussion with SEPA, it is possible to provide an indicative range of potential costs of between £50,000 per year and £300,000 per year for the core function plus up to £720,000 in set up costs to develop IT systems, production of guidance and communications.

82. The lower estimate in this range of £50,000 assumes an approach limited to food waste only and where food businesses are required only to publish a report on their website. SEPA would raise awareness of the scheme, provide advice on how to complete the reports, check websites and follow up with businesses who fail to publish adequate reports.

83. An approach which covers the above activities but also where reports are submitted to SEPA, and then quality assured / audited, collated and published would represent the higher end of costs to SEPA. A team of three covering advice, data verification, business auditing and enforcement would cost up to £300,000.

84. A requirement for public reporting of food waste and surplus is likely to impose some costs on businesses, although there is also the potential for those businesses to make savings as a result of monitoring their food waste more closely, having a more efficient business model, reducing waste and thereby saving on waste collection and disposal. From a household perspective, evidence from WRAP indicates that every £1 invested in efforts to catalyse household food waste reduction resulted in savings of £250 to households and local authorities.<sup>18</sup>

85. It is not possible at this stage to set out how many businesses will be affected, as the details about how the reporting will operate will be consulted on as part of the development of the secondary regulations and will be subject to a Business and Regulatory Impact Assessment. The Scottish Government would seek to ensure that

---

<sup>18</sup> [The Business Case for Reducing Food Loss and Waste | WRAP](#)

This document relates to the Circular Economy (Scotland) Bill (SP Bill 31) as introduced in the Scottish Parliament on 13 June 2023

any requirements placed on business, and particularly small businesses, are proportionate.

86. It is possible to provide some illustrative estimates of set-up, ongoing reporting and staff costs, based on similar policy proposals in the rest of the UK. Based on information from Department for Environment, Food and Rural Affairs consultation with businesses, it is estimated that large businesses (those with 250 or more employees), of which there are 2,340 in Scotland, could face one-off set-up costs of between £10,000 and £20,000 per business. The estimate for medium-sized businesses (50-249 employees), of which there are 3,835 in Scotland, is between £1,000 and £2,500 per business. These one-off set-up costs include IT cost and staff-training, equipment and communications.

87. Businesses would also face ongoing costs of reporting. It is estimated that a large or medium-sized business would require between 2.5 and 12.5 days of staff time per year for reporting at a headquarter level. Assuming a real living wage cost of £10.90 (2023 values) this would represent an annual cost of between £204 and £1,021 per business.

88. There would also be a staff cost associated for each premise. It is estimated that this would require between 1 and 2 hours per premise per week. Assuming a real living wage cost of £10.90 (2023 values) this would bring a cost of between £567 and £1,134 per premise per year. Further impact assessments would be conducted as part of development of the regulations to ensure smaller businesses are not unduly impacted.

89. Costs associated with reporting on waste and surplus are captured in table 14 below.

Table 14: Summary of costs for reporting on waste and surplus

	Year 1 (£)	Year 2 (£)	Year 3 (£)	Total (£)
Costs on Scottish Administration	67,000 (resource - regulations)  20,000 (publication)			<b>87,000</b>
Costs on Business		1,000-20,000 set-up costs  Reporting costs estimates: 204-1,021 per business headquarters	Reporting costs estimates: 204-1,021 per business headquarters (recurring)	n/a given number of variables



		(recurring) Staff costs estimates: 567-1,134 per premise (recurring)	Staff costs estimates: 567-1,134 per premise (recurring)	
Cost on Other Bodies (SEPA)		720,000 (set up costs – max. estimate depending on regulation requirements)  50,000 (recurring – monitoring – lower estimate)	50,000 (recurring – monitoring – lower estimate)	<b>820,000</b>

### Circular economy public body

90. Following the Office for National Statistics’ recent announcement that it was classifying ZWS as a public sector organisation,<sup>19</sup> the Scottish Government will be working closely with ZWS to ensure the organisation’s legal status and governance arrangements reflect the ONS classification. While there is no explicit reference to a public body on the face of the Bill at introduction, initial consideration of the financial implications has been included here as the Scottish Government intends to introduce amendments at Stage 2 to confer on ZWS the relevant powers and duties which apply to other public bodies.

91. ZWS was established in 2014 as the Scotland’s circular economy delivery body: it receives almost 100% of its funding from the Scottish Government and its operations are based around Scottish Government priorities and programmes.<sup>20</sup> That being the case, the Scottish Government estimates that a change of classification should not represent any material difference to Scottish Government budgets. The Scottish Government will carry out a full due diligence process, working collaboratively with ZWS, to identify any specific financial implications as part of the transition process.

92. The transition in ZWS’s status will allow for governance arrangements consistent with other public bodies to be put in place, meaning that ZWS would formally comply with key public sector legislation and the Scottish Public Finance Manual. At the same time, public body status would allow more opportunity to work towards shared services and efficiencies alongside other relevant public bodies.

<sup>19</sup> [ONS announcement about ZWS classification, 28 April 2023.](#)

<sup>20</sup> [ZWS Annual Accounts 21-22: total income £28.329m, of which £28.047m from Scottish Government](#)

## Summary of potential additional costs / savings arising from the Bill where quantifiable

	Year 1 (£)	Year 2 (£)	Year 3 (£)	Total (£)
<b>Costs on the Scottish Administration</b>				
Circular Economy Strategy	200,000 (resource – development and publication)	99,000 (resource - delivery)	99,000 (resource – delivery)	<b>398,000</b>
Circular Economy Targets	50,000 (research)	87,000 (regulations and publication)	35,000 (monitoring – recurring)	<b>172,000</b>
Restrictions on the disposal of unsold consumer goods	40,000 (research)	40,000 (research)	87,000 (regulations and publication)	<b>167,000</b>
Charges for single-use items	87,000 (regulations and publication)	47,000 (monitoring – recurring)	47,000 (monitoring recurring)	<b>181,000</b>
Household Waste Requirements	87,000 (regulations and publication)	57,000 (resource – guidance)		<b>144,000</b>
Code of practice	88,500 (resource and research)	58,500 (resource, stakeholder engagement and publication)		<b>147,000</b>
Targets for waste collection authorities		87,000 (regulations and publication)		<b>87,000</b>
Littering from vehicles	87,000 (regulations and publication)			<b>87,000</b>

This document relates to the Circular Economy (Scotland) Bill (SP Bill 31) as introduced in the Scottish Parliament on 13 June 2023

Seizure of vehicles		87,000 (regulations and publication)		<b>87,000</b>
Reporting on waste and surplus	87,000 (regulations and publication)			<b>87,000</b>
<b>Total</b>	<b>726,500</b>	<b>562,500</b>	<b>268,000</b>	<b>1,557,000</b>
<b>Costs on Local Authorities</b>				
Charges for Single Use Items		Enforcement costs subject to design of secondary regulations	Enforcement costs subject to design of secondary regulations	n/a
Householder's duty of care	5,500 per local authority (enforcement – low estimate)	5,500 per local authority (enforcement – low estimate)	5,500 per local authority (enforcement – low estimate - recurring)	<b>16,500 per local authority</b>
Household Waste Requirements			92,000 per local authority (based on 150k population – low estimate - recurring)	<b>92,000 per local authority</b> (based on 150k population – low estimate - recurring)
Code of practice	22,500 per local authority (resource)	22,500 per local authority (resource)		<b>45,000 per local authority</b>
Littering from vehicles		34,000 (based on mid-point estimate of 500 notices at £68 costs - recurring)	34,000 (based on mid-point estimate of 500 notices at £68 costs - recurring)	<b>68,000</b>
Seizure of vehicles			5,500 per local authority	<b>5,500 per local authority</b>

This document relates to the Circular Economy (Scotland) Bill (SP Bill 31) as introduced in the Scottish Parliament on 13 June 2023

			(enforcement recurring – lower estimate)	
<b>Total (costs)</b>	<b>28,000</b>	<b>62,000</b>	<b>137,000</b>	<b>227,000 (per local authority other than littering from vehicles)</b>
<b>Savings / income for Local Authorities</b>				
Total (savings single use items)		175,183 - 455,476 potential saving (based on reduced clean-up costs in relation to single use cups)	175,183 – 455,476 potential saving (based on reduced clean-up costs in relation to single use cups)	<b>350,366–910,952</b>
Total (income – littering from vehicles)		40,000	40,000	<b>80,000</b>
<b>Total (savings)</b>		<b>215,183 - 495,476</b>	<b>215,183 – 495,476</b>	<b>430,366 – 990,952</b>
<b>Costs to Other Bodies</b>				
Restrictions on the disposal of unsold consumer goods (SEPA)			30,000 (recurring – monitoring – low estimate)	<b>30,000</b>
Targets for waste collection authorities (SEPA)			35,000 (monitoring – recurring – lower estimate)	<b>35,000</b>

This document relates to the Circular Economy (Scotland) Bill (SP Bill 31) as introduced in the Scottish Parliament on 13 June 2023

Seizure of vehicles (SEPA)			3,488 (enforcement – recurring – lower estimate)	<b>3,488</b>
Reporting on waste and surplus (SEPA)		770,000 (set up costs and monitoring)	50,000 (monitoring – lower estimate - recurring)	<b>820,000</b>
<b>Total</b>		<b>770,000</b>	<b>118,488</b>	<b>888,488</b>
<b>Costs to Individuals</b>				
Householder's duty of care (individuals)				200 per fixed penalty notice
Household waste requirements (individual)				Cost of penalty notice to be defined by regulations
Littering from vehicles (individual)				80 per fixed penalty notice
<b>Total</b>				<b>n/a</b>
<b>Costs to Businesses</b>				
Restrictions on the disposal of unsold consumer goods (businesses)			1,000-20,000 set up costs  Reporting costs estimates: 204-1,021 per business headquarters (recurring)	n/a given number of variables

This document relates to the Circular Economy (Scotland) Bill (SP Bill 31) as introduced in the Scottish Parliament on 13 June 2023

			Staff costs estimates: 567-1,134 per premise (recurring)	
Reporting on waste and surplus (businesses)		1,000-20,000 set up costs  Reporting costs estimates: 204-1,021 per business headquarters (recurring)  Staff costs estimates: 567-1,134 per premise (recurring)	Reporting costs estimates: 204-1,021 per business headquarters (recurring)  Staff costs estimates: 567-1,134 per premise (recurring)	n/a given number of variables
<b>Total</b>		<b>n/a given variables</b>	<b>n/a given variables</b>	<b>n/a given variables</b>



This document relates to the Circular Economy (Scotland) Bill (SP Bill 31) as introduced in the Scottish Parliament on 13 June 2023

# Circular Economy (Scotland) Bill

## Financial Memorandum

© Parliamentary copyright. Scottish Parliamentary Corporate Body

Information on the Scottish Parliament's copyright policy can be found on the website - [www.parliament.scot](http://www.parliament.scot)

Produced and published in Scotland by the Scottish Parliamentary Corporate Body.

All documents are available on the Scottish Parliament website at: [www.parliament.scot/documents](http://www.parliament.scot/documents)