

Agenda Item	8.
Report No	CCC/16/24

The Highland Council

Committee: Climate Change

Date: 28 August 2024

Report Title: Circular Economy

Report By: Assistant Chief Executive - Place

1 Purpose/Executive Summary

1.1 The purpose of this report is to provide an overview of the Circular Economy (Scotland) Bill, introduced to transition Scotland towards a circular economy, and to evaluate its alignment and potential impact on the Highland Council's Net Zero Strategy. The Circular Economy Bill seeks to promote sustainable practices, reduce waste, and enhance resource efficiency, all of which are crucial for achieving net zero emissions by 2045 as per Scotland's climate change targets.

2 Recommendations

2.1 Members are asked to:-

- i. **Note** the requirement to align the Circular Principles identified in the Council's Net Zero Strategy with the Circular Economy (Scotland) Bill; and
- ii. **Agree** to support the approach to align and embed Circular Economy Principles into the Council's Day to day operations.

3 Implications

3.1 **Resource** – Additional resource will be required to develop recycling program and integrate circular economy principles into procurement and our day-to-day operations. Ongoing operational costs for monitoring, reporting and community engagement are all likely to increase. External funding and partnerships will be required to mitigate financial pressures.

3.2 **Legal** – The Bill indicates several legal requirements which will impact on the Highland Council, including the development of a Circular Economy Strategy and integration of circular economy principles into operations and policies. The Council must comply with new waste management regulations, such as the reduction of landfill waste and a ban on biodegradable municipal waste by 2025. Extended Producer Responsibility (EPR) schemes will necessitate adjustments in procurement and waste management policies. Additionally, the ban on single-use plastics requires revisions in procurement practices.

Public sector bodies are now mandated to embed circular economy principles, necessitating comprehensive updates to ensure compliance. The introduction of new reporting requirements to demonstrate progress will come with potential legal and financial repercussions for non-compliance. Any introductions made through the Bill will necessitate a thorough review and adaptation of the Council's policies, operations, and contracts.

3.3 **Risk** – There are several risks which may impact on the Council from the introduction of the Bill:-

- Financial risks include significant initial costs for infrastructure upgrades, new waste management systems, and staff training, as well as ongoing operational costs that could strain the budget.
- Compliance risks involve potential legal penalties for failing to meet new statutory duties and the challenges of revising contracts and procurement processes.
- Operational risks include the complexity of integrating circular economy principles and the infrastructure limitations of rural and island communities.
- Reputational risks stem from potential public perception issues and inadequate stakeholder engagement.
- Resource allocation risks involve challenges in recruiting skilled staff and adopting new technologies.

3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** – There are no implications arising from this report

3.5 **Gaelic** - there are no implications arising from this report.

4. **Impacts**

4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.

4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.

4.3 This is an update report and therefore an impact assessment is not required.

5 **Overview of the Circular Economy (Scotland) Bill**

5.1 The Circular Economy (Scotland) Bill focuses on several key areas:-

- **Reduction of waste:** Introducing measures to reduce the generation of waste, particularly in construction, manufacturing, and consumer sectors.
- **Recycling and re-use:** Enhancing infrastructure and systems for recycling and the re-use of materials.
- **Producer responsibility:** Implementing extended producer responsibility (EPR) schemes to ensure producers are accountable for the lifecycle of their products.
- **Supporting innovation:** Encouraging innovation and investment in circular economy practices through funding and incentives.

5.2 Key Provisions:-

- A statutory duty for the development of a Circular Economy Strategy.
- Measures to ban specific single-use plastic items.
- Enhanced deposit return schemes for packaging.
- Requirements for public sector bodies to embed circular economy principles in their operations.

6 Alignment with the Highland Council's Net Zero Strategy

6.1 The Highland Council's Net Zero Strategy outlines a comprehensive plan to achieve net zero emissions by 2045, focusing on reducing terrestrial emissions and enhancing sustainability across the region. The alignment with the Circular Economy (Scotland) Bill is examined across several strategic areas:

6.2 Waste Management and Recycling

The Bill's emphasis on reducing waste and enhancing recycling aligns closely with the Council's initiatives to manage waste sustainably. By banning biodegradable municipal waste from landfill by 2025, the Bill complements local efforts to divert waste from landfills, thus reducing methane emissions - a potent greenhouse gas.

6.3 Sustainable Consumption and Production

The Bill promotes sustainable consumption and production patterns, which is a core aspect of the Council's strategy to minimize carbon footprints associated with the consumption of goods and services. Extended producer responsibility schemes will encourage producers to design products with lower environmental impacts, supporting the Council's goals to foster a low-carbon economy.

6.4 Infrastructure and Innovation

The Circular Economy Bill supports the development of infrastructure and innovative solutions for waste reprocessing and material reuse. This aligns with the Council's objectives to create local jobs and economic opportunities in the green economy sector, contributing to both economic resilience and emissions reduction.

6.5 Public Sector Leadership

The requirement for public sector bodies to adopt circular economy principles will drive the Council to lead by example. Integrating these principles into procurement, operations, and policymaking will enhance the Council's sustainability efforts and encourage similar practices across the region.

7 Potential Impacts and Considerations

7.1 Positive Impacts:-

- **Reduction in Greenhouse Gas Emissions:** By reducing waste and promoting recycling, the Bill will help decrease emissions from waste management processes.
- **Economic Opportunities:** Investments in circular economy infrastructure and innovation can spur economic growth and job creation within the Highland region.

- **Resource Efficiency:** Improved resource efficiency will reduce the environmental impact of material extraction and processing, contributing to the Council's sustainability goals.

7.2 Challenges and Considerations:-

- **Implementation Costs:** Initial investments in new infrastructure and systems may require significant funding and resources.
- **Behavioural Change:** Achieving the desired outcomes will depend on effective public engagement and changes in consumer and business behaviours.
- **Policy Coherence:** Ensuring coherence between the Circular Economy Bill and other environmental and economic policies is crucial to avoid conflicts and maximise benefits.

8 Conclusion

- 8.1 The Circular Economy (Scotland) Bill aligns with the principles set out in the Highland Council's Net Zero Strategy, offering multiple opportunities to enhance sustainability and reduce emissions. By focusing on waste reduction, recycling, and sustainable practices, the Bill supports the Council's efforts to achieve net zero emissions by 2045. The Council should continue to collaborate with the Scottish Government and other stakeholders to leverage the benefits of the Bill, address potential challenges, and ensure successful implementation.

9 Next Steps

- 9.1 **Alignment of the Net Zero Strategy and the Circular Economy (Scotland) Bill:-**
- Significant work has taken place across the Council to identify opportunities to include circular economy principles. The passing of the Bill provides a clear framework for embedding circularity into our business-as-usual operations.

Resource Allocation:-

- Currently, the Climate team focuses on the Council's internal operations. To fully implement the Bill, engagement with community groups, businesses, and other stakeholders is essential to ensure broad support and input. However, there is currently no funded resource for this level of engagement.

Infrastructure and System Upgrades:-

- Continue developing regional waste management facilities.
- Expand and enhance recycling programs to meet increased demand and improve efficiency.

Policy and Process Revisions:-

- Review and revise procurement policies to incorporate circular economy principles, including sustainable product requirements.
- Update existing contracts to reflect the Bill's requirements and align with its objectives.

Compliance and Monitoring:-

- Align the Climate team's existing statutory reporting duties to ensure compliance with new statutory duties, waste reduction targets, and extended producer responsibility schemes.

- Implement monitoring and reporting systems to track progress and demonstrate compliance with the Bill's mandates.

Capacity Building and Training:-

- Develop mandatory training modules aligned with the Bill to equip all council staff with the skills needed to implement and manage circular economy initiatives effectively.

Financial Planning:-

- Develop a detailed business case outlining the initial and ongoing costs of implementing circular economy practices.
- Use the business case to seek external funding opportunities and establish partnerships to mitigate financial pressures associated with implementing a complex set of principles across multiple services within the Council.

Public Awareness and Education:-

- Launch public awareness campaigns to educate the community about circular economy practices and their benefits, which will require additional resources beyond the current remit of the Climate team.
- Develop inclusive and accessible programs to encourage participation from all sectors across the region.

By taking these steps, the Highland Council can ensure effective implementation of the Circular Economy (Scotland) Bill, align with its Net Zero Strategy, and foster a sustainable and resilient local economy.

Designation: Assistant Chief Executive - Place

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Author: Neil Osborne, Climate Change & Energy Team Manager

Background Papers: None

Appendices: None