



The Scottish Parliament
Pàrlamaid na h-Alba

RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE

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Dear Richard

Resource use and the circular economy

As you will be aware the Rural Affairs, Climate Change and Environment Committee has an interest in resource use and the circular economy. On 20 June 2013¹ the Committee heard from the European Commissioner for the Environment, Janez Potočnik, who spoke about the benefits of moving towards a more circular economy. Following this, the Committee invited Professor Walter Stahel to give more detailed evidence on resource use and the circular economy at its meeting on 2 October 2013².

The Committee received an informal briefing on the issue from Scottish Government officials on 30 April 2014 and this was followed by a roundtable session with stakeholders on 14 May 2014³. The Committee has found these sessions to be very useful in informing its consideration of the issues involved and agreed to write to you to highlight the key themes that emerged from the evidence from stakeholders and to

¹ Scottish Parliament Rural Affairs, Climate Change and Environment Committee. Official Report 20 June 2014. Available at:

<http://www.scottish.parliament.uk/parliamentarybusiness/28862.aspx?r=8244&mode=pdf>.

² Scottish Parliament Rural Affairs, Climate Change and Environment Committee. Official Report 2 October 2013. Available at:

<http://www.scottish.parliament.uk/parliamentarybusiness/28862.aspx?r=8539&mode=pdf>.

³ Scottish Parliament Rural Affairs, Climate Change and Environment Committee. Official Report 14 May 2014. Available at:

<http://www.scottish.parliament.uk/parliamentarybusiness/28862.aspx?r=9185&mode=pdf>.

set out its view on the issues. These are outlined below and we would welcome a response from you setting out your views on resource use and a circular economy, on the issues raised and the opportunities and challenges for Scotland in moving towards a circular economy.

Governance

In providing evidence to the Committee the Ellen McArthur Foundation was clear that a circular economy should not simply be a subset of environmental or waste policies but should be a policy in its own right and the Committee is supportive of this view. In discussion, stakeholders also suggested that the Scottish Government needs to play a leading role in providing a clear direction of travel in moving towards a circular economy in Scotland. The Committee is pleased to note that the Scottish Government is the first national Government to become a member of the Ellen McArthur Foundation's Circular Economy 100 programme and we understand that the Scottish Government, the Scottish Environment Protection Agency (SEPA), Scottish Enterprise, Highlands and Islands Enterprise and Zero Waste Scotland are currently working jointly on the Scottish circular economy programme.

The Committee recognises the importance of an effective institutional framework to support the circular economy and welcomes this work. We note that the initial analysis undertaken as part of the circular economy programme has identified the need for interventions to stimulate the development of a circular economy in Scotland. The Committee understands that such interventions could be fiscal, regulatory or standard setting and should deliver multiple benefits, stimulate innovation and reduce business risk. **The Committee would welcome further information from you on this.**

Opportunity

The Committee recognises that the circular economy provides an economic opportunity for Scotland that also has environmental benefits. The Committee considers that the scale of Scotland's economy could be an advantage in developing a circular approach as it should enable social connectivity and foster connections, discussions and interactions across supply chains. However the Committee understands that with 32 local authorities and numerous businesses, many with differing approaches, there will be challenges in developing a collaborative approach and in making the most of the opportunities. The Committee was interested to hear that Zero Waste Scotland is developing a brokerage model in which local authorities could pool their resources to achieve a better economic price for materials and the Committee would welcome further information on progress with this. The Committee also notes SEPA's work on developing a bid with partners to the European LIFE fund⁴ to support the provision of real time information on the waste transfer system. The project would enable a better understanding about the flow of waste and help maximise the economic opportunities of utilising this material. **The Committee would be interested to hear how this work is progressing.**

⁴ LIFE is an EU financial instrument that provides support for environmental and nature conservation projects throughout the EU.

The Committee heard evidence on the importance of developing markets for products and services and also heard that public procurement offers a good opportunity to stimulate the design of circular products and support the uptake of different approaches to the provision of services, for example, through leasing, lending, repair and remanufacturing. **We would welcome your views on this and the scope for further market development.**

The Committee is also aware of current opportunities, particularly in oil and gas installations in Scotland, related to decommissioning and we would be interested to hear your views on this.

Innovation and manufacturing

The Committee heard from stakeholders about the need to move away from an approach focused on technological obsolescence, where items are designed and manufactured to be thrown away and replaced, to one where they are designed and manufactured either for repair or in a way which enables the component parts to be easily removed, refurbished and reused. Stakeholders raised the potential opportunity for companies to develop innovative business models that support a more circular economy. In this context the Committee heard about the Hewlett-Packard factory in Scotland that is designed to reuse and remanufacture computers and hardware from northern Europe. Other examples include companies that provide a service, rather than product, for example by leasing or renting and retaining ownership of the product. This gives the company an incentive for a product to have a long lifespan and be easily refurbished. This approach would build on the Waste Electrical and Electronic Equipment Directive and the End of Life Vehicles Directive that already place a requirement on manufacturers to take the product back at the end of its life.

The Committee considers that innovative design, technology and manufacturing should play a large part in ensuring the success of Scotland's developing circular economy and we welcome Zero Waste Scotland's work on the development of a remanufacturing innovation hub. The Committee also heard from Scottish Enterprise about their work to reinforce the concept of a circular economy in business strategies by providing advice to companies on the benefits of taking an innovative approach to the circular economy and helping them identify opportunities to do so. **The Committee welcomes the £3.8 million loan fund, jointly managed by Zero Waste Scotland and Scottish Enterprise, to invest in circular economy businesses. The Committee would be interested to hear from you on any further planned work to support business and innovation and would welcome regular updates on this work and the outcomes achieved.**

Education and training

The Committee understands that appropriate education and training will be vital in order to prepare future generations for a move towards a circular economy. The Committee heard that Education Scotland is currently working with the Ellen MacArthur Foundation to develop the curriculum for excellence to ensure that young people are provided with appropriate skills for learning, life and work and to embed systems based thinking in the curriculum. The Committee heard from stakeholders

that there may be additional challenges in supporting the development of appropriate skills across teaching staff.

The Committee also heard from stakeholders about the importance of innovation and the linkages and knowledge transfer from universities into industry. We understand that many Scottish Universities are focused on, and investing in, innovation and knowledge transfer, such as the University of Strathclyde, which is taking a leading role in the development of a new industrial biotechnology facility. **The Committee considers this to be vital in developing skills and in stimulating business innovation and we would be interested to hear how you are engaging with ministerial colleagues to embed the concept of circular economy within the curriculum and the university sector.**

Stakeholders also stressed the importance of creating a strong design network, as 80% of environmental impacts of a product are embedded at the design stage. The Committee is aware that product, service and system design has a major influence on behaviour change. However, we understand that, unlike the waste industry, there is currently no provision for continuing professional development in the design industry. **The Committee considers that it may be beneficial to reflect on the scope for further action to encourage designers to take time out to learn about circular economy design, perhaps via continuing professional development. The Committee would be interested to hear your views on the need for support to develop skills across the design sector as part of ongoing professional development.**

The Committee considers that it is important to have a systematic overview of how a circular economy could work in Scotland and we welcome the work that is currently underway in relation to encouraging and developing innovation, design, business strategies, education and research. **The Committee encourages the Scottish Government to continue to provide leadership in promoting and supporting the development of a circular economy in Scotland and in raising public awareness. We look forward to receiving an update from you on the progress being made with this work before the end of the session.**

Yours sincerely

A handwritten signature in black ink that reads "Rob Gibson". The signature is written in a cursive style with a horizontal line underneath the name.

Rob Gibson MSP
Convener