**Summary: Intervention & Options**

<table>
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<tr>
<th>Department /Agency:</th>
<th>Title: Partial Impact Assessment of powers to require charges for single-use carrier bags</th>
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<tbody>
<tr>
<td>Defra</td>
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**Stage:** 1  
**Version:** 2.4  
**Date:** 14 May 2008

**Related Publications:**
Available to view or download at: http://www.

**Contact for enquiries:** Conor Ritchie  
**Telephone:** 02072385629

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**What is the problem under consideration? Why is government intervention necessary?**

The number of single-use carrier bags (around 13 billion) distributed every year. Single-use carrier bag use is indicative of consumers' behaviour towards the environment; action on this issue may act as a catalyst for wider changes in preferences for environmental goods. Waste minimisation of carrier bags will also address a number of negative environmental externalities. Plastic bags contain embodied carbon and biodegrade slowly, leading to disamenity impacts through poor local environmental quality and dangers to marine life when littered. Paper and other biodegradable bags produce the greenhouse gas methane when landfilled.

The Government is committed (Waste Strategy 2007, Prime Minister's November 2007 speech) to phasing out (free) single-use carrier bags. Yet the Government has been unable to orchestrate a sufficient response to public demand for a huge reduction in carrier bag usage. Government intervention is needed because retailers are unlikely to be able to achieve this themselves without resorting to charging for bags – and their ability to do this collectively is impeded by Competition Law. Responding to public demand in this way will build trust in the Government’s other environmental programmes as well as leading to beneficial behaviour change by consumers.

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**What are the policy objectives and the intended effects?**

To be able to force retailers to take sufficient action if they cannot do so on a voluntary basis.

The intended effects are a drop of at least 70% in the numbers of bags distributed, accompanied by behaviour change to favour reusable bags. As well as the direct environmental effects (less litter, less harm to marine life, fewer emissions from transport and waste management), the measure is also expected to catalyse other environmental benefits including increased participation in recycling by consumers.

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**What policy options have been considered? Please justify any preferred option.**

(i) No further action on bags once the existing voluntary agreement with retailers expires at the end of 2008;
(ii) To try and negotiate a stronger successor agreement without taking reserve powers to force retailers to charge;
(iii) To take powers to charge and use their existence to motivate stronger voluntary action by retailers, with compulsory charging as a fallback if this does not work (our preferred option);
(iv) To take powers to charge and introduce these immediately without trying for a further voluntary agreement;
(v) A mandatory ban on all carrier bag distribution. As well as being disproportionate, this would almost certainly be illegal under EU law.

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**When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?**

Six months after Royal Assent for our proposed powers, we will review whether they are having the desired effect. Any regulations introduced as a result of that review will themselves be subjected to further impact assessment.

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**Ministerial Sign-off**

For SELECT STAGE Impact Assessments:

_I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options._

Signed by the responsible Minister:

.............................................................................................................Date:
**Summary: Analysis & Evidence**

<table>
<thead>
<tr>
<th>Policy Option: 3</th>
<th>Description: Govt taking powers to force retailers to charge for single-use carrier bags</th>
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### ANNUAL COSTS

| Description and scale of key monetised costs by ‘main affected groups’ – the costs will depend upon the nature of any legislation and estimates will be set out more fully in the IA accompanying any consultation. A charging scheme would lead to some retailer transition costs – thought to be in the region of £20m (one-off). Under such a scheme, a lower net demand for bags (having taken into account switching to bin liners and multiple use bags) will lead to a reallocation of resources away from the UK bag industry with attendant impacts on revenue and jobs in the sector. Retailers would reduce their costs through the supply of fewer bags. Enforcement costs would be borne by Trading Standards (thought to be in the region of £0.1m p.a.). A media campaign (perhaps costing £2m) would be needed to maximise the desired behaviour change and avoid some of the unintended consequences. |

<table>
<thead>
<tr>
<th>One-off (Transition)</th>
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<tr>
<td>£ 22m (if powers taken up)</td>
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**Average Annual Cost (excluding one-off)**

<table>
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<tr>
<th>£ £0.1m</th>
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<td>30</td>
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**Total Cost (PV)**

| £ 23.9m (if powers taken up) |

Other key non-monetised costs by ‘main affected groups’ – hassle costs to consumers (to remember to carry multiple-use bags), which may dissipate over time, and time costs, which will not. With a charging scheme there would be some distributional effects, with a monetary transfer from consumers to producers (and perhaps from producers to environmental charities) equivalent to the size of the charge multiplied by the number of bags sold.

### ANNUAL BENEFITS

| Description and scale of key monetised benefits by ‘main affected groups’ - the benefits will depend upon the nature of any legislation and estimates will be set out more fully in the IA accompanying any consultation. A charging scheme would lead to carbon benefits from waste minimisation owing to the reduction in the number of plastic bags: a first guess range of estimates of these has been identified here, assuming a 70% reduction in bags offset by increases in sales of bin liners and bags for life (reducing the carbon savings to perhaps between 10% and 50% - the range used here). Further carbon benefits could be realised through reductions in methane from landfilled paper bags. Lower net demand for bags will reduce costs to retailers. |

<table>
<thead>
<tr>
<th>One-off</th>
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<td>£ n/a</td>
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**Average Annual Benefit (excluding one-off)**

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<th>£ 10m</th>
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<td>30</td>
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**Total Benefit (PV)**

| £ 85m - £239m (if powers taken up) |

Other key non-monetised benefits by ‘main affected groups’ - increase in waste awareness; potential catalytic effect on environmental preferences of society; improved local environmental quality through less litter; reduction in the risk of environmental damage to marine life.

**Key Assumptions/Sensitivities/Risks**

The key risk is that of inaction. Taking powers is much less risky than failing to do so and proving unable to implement a policy to which the Prime Minister, the Chancellor and other senior Ministers have pledged strong personal support. The assumptions on substitution of bin liners and “bags for life” for single-use carrier bags needs to be investigated further for the consultation IA since it provides the large range of benefits presented here.

<table>
<thead>
<tr>
<th>Price Base Year 2007</th>
<th>Time Period Years 30</th>
<th>Net Benefit Range (NPV) £ 61m - £237m</th>
<th>NET BENEFIT (NPV Best estimate) £ 138m (if powers taken up and assuming midpoint of carbon benefits)</th>
</tr>
</thead>
</table>

**What is the geographic coverage of the policy/option?**

England (+ DAs tbc)

**On what date will the policy be implemented?**

Royal Assent CC Bill (tbc)

**Which organisation(s) will enforce the policy?**

Trading Standards

**What is the total annual cost of enforcement for these organisations?**

£ 100,000

**Does enforcement comply with Hampton principles?**

Yes

**Will implementation go beyond minimum EU requirements?**

Yes

**What is the value of the proposed offsetting measure per year?**

£ 0

**What is the value of changes in greenhouse gas emissions?**

£85m to £239m

**Will the proposal have a significant impact on competition?**

No

**Annual cost (£-£) per organisation (excluding one-off)**

<table>
<thead>
<tr>
<th>Micro</th>
<th>Small</th>
<th>Medium</th>
<th>Large</th>
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<tbody>
<tr>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
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</table>

**Are any of these organisations exempt?**

N/A

**Impact on Admin Burdens Baseline (2005 Prices)**

<table>
<thead>
<tr>
<th>Increase of £ Small</th>
<th>Decrease of £ 0</th>
<th>Net Impact £ Small</th>
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**Key:**

Annual costs and benefits: Constant Prices (Net) Present Value
Background

There is good evidence for the direct environmental benefits of reducing bag use, and this is summarised below. Evidence is also available – from Ireland, and from the trials of bag charging by Marks and Spencer – as to the sensitivity of the public to the level of any bag charge, and from work undertaken by AEA Technology Ltd for the Scottish Executive on the impacts on retailers and industry.

The primary driver for measures to limit bag distribution, however, is the importance this has in public opinion as a measure of the Government’s seriousness about this and other environmental issues. Put simply, the public is unlikely to “buy” tough environmental measures from a Government which cannot even – as it sees it – sort out the simple issue of bags, which has been addressed vigorously by Governments as far afield as China, Bangladesh and Rwanda. Quantifying this trust effect in an impact assessment is not straightforward.

A second important driver is behaviour change. Reducing the supply of bags can increase beneficial behaviours in other closely related areas as, for example, people who start to reuse bags rather than take a fresh set each time they shop also start to recycle more. Work by WRAP has captured this effect.

While the evidence below concentrates on the most measurable impacts – good and bad – of potential intervention on bags, these less tangible but potentially much greater benefits should be born in mind.

Main options

There are a number of possible options that we have considered in tackling the issue of single-use carrier bags. In terms of level of intervention, the hierarchy of options is roughly:

1. No further action on bags once the existing voluntary agreement with retailers expires at the end of 2008 (the current position);
2. To try and negotiate a stronger successor agreement without taking reserve powers to force retailers to charge;
3. To take powers to charge and use their existence to motivate stronger voluntary action by retailers, with compulsory charging as a fallback if this does not work (our preferred option);
4. To take powers to charge and introduce these immediately, without trying for a further voluntary agreement;
5. A mandatory ban on all carrier bag distribution. As well as being disproportionate, this would almost certainly be illegal under EU law.

A summary of our considerations on these options is outlined below.

1. No further action on bags once the existing voluntary agreement with retailers expires at the end of 2008 (the current position)
A number of major retailers and trade associations\(^1\) signed a UK-wide voluntary agreement with WRAP and the Government in February 2007, in which the retailers committed to reducing the environmental impact of the single-trip bags they distribute by 25% by the end of 2008.

The voluntary agreement was conceived as a first stage. Its success was measured informally by WRAP at a stocktake meeting at the end of February, and formally at the end of 2008. There has been some significant retailer response - Tesco have told WRAP that they have achieved their target one year early (which demonstrates the scope for more ambition); and Marks & Spencer have rolled a 5p per food bag charge out nationally, following successful pilots in Northern Ireland and the South West.

However, the existing voluntary agreement relates only to the direct environmental impact of carrier bags, whereas the Government now wishes to capture other benefits which are only associated with reducing the numbers of bags. Under the current agreement, it is possible for retailers to meet the ‘impact’ target with minimal reductions in bag numbers. These benefits are primarily the hard-to-quantify trust and behaviour change ones mentioned above.

2. To try and negotiate a stronger successor agreement without taking reserve powers to force retailers to charge

The Government could try to come to a new voluntary agreement with retailers for a much greater reduction in the numbers of bags than hitherto. In order to deliver benefits on the scale the Government expects, such an agreement would have to be for a reduction of at least 70% from the 2007 baseline, or over 9 billion bags.

However, there is a strong risk that such an approach would not work, for two reasons:

First, retailers are likely to be unwilling to sign up to such an ambitious target without the threat of legislation. Ministers were not able to secure a commitment from them to a 50% reduction in environmental impacts (much easier to achieve than a 50% reduction in bags) when the original agreement was negotiated in early 2006.

Secondly, even if retailers were willing to sign up to such a target, there is a risk that they would be unable to deliver it. This is because the only instrument which has so far been proven to achieve such deep reductions in bag consumption by consumers is charging (eg the Irish tax, or Marks and Spencer’s experience with their charge). But retailers would find it extremely difficult to introduce charging en masse, owing to the difficulties of reaching an agreement which did not infringe competition law. Office of Fair Trading have advised that any voluntary action where retailers co-operate to agree how to deal with the price of single-use bags could be interpreted as ‘price-fixing’ and in breach of competition law.

Any national agreement by retailers to charge a minimum price – even one requested by the Government itself – is likely in principle to be anti-competitive. For such an agreement to be permitted, it would either need to demonstrate exemption from the Competition Act prohibition

\(^1\) ASDA, Boots The Chemist Ltd, Co-operative Group, Debenhams, DSG Retail Limited (Dixons, Currys and PC World), Early Learning Centre, E H Booths and Co Ltd, Halfords Plc, Home Retail Group (Argos and Homebase), John Lewis Partnership (John Lewis and Waitrose), Marks & Spencer, The Musgrave Group Plc, Next Group Plc, Primark Stores Ltd, Sainsbury's Supermarkets Ltd, Somerfield Group, Spar (UK) Ltd, Tesco, Travis Perkins (Wickes), United Co-operatives Ltd, Wm Morrison Supermarkets Plc, Association of Convenience Stores, British Retail Consortium, Federation of Small Businesses Scotland, NIIRTA (Northern Ireland Independent Retail Trade Association), Packaging and Industrial Films Association, Scottish Grocers Federation
on cartels by satisfying certain economic criteria, or be specifically exempted by BERR as being in the overriding public interest.

To be statutorily exempt, an agreement would need to fulfil four cumulative criteria. These criteria rely very heavily on economic considerations, and include both the need to prove that the agreement is necessary to achieve its stated ends, and that consumers would receive a fair share of the resulting benefit. Designing a voluntary agreement which meets these criteria may be possible, but will require a great deal of detailed work, including external legal advice, to minimise the risk of successful challenge.

Another potential route for exemption is that the Competition Act provides for the Secretary of State from BERR to make an exclusion from the Act’s prohibition of anti-competitive arrangements. Such exclusions can only be made where there are “exceptional and compelling reasons of public policy”. It is worth noting that only two such exclusions have been provided to date (both for defence-related matters) and any UK exclusion order would not disapply the prohibition under the EC Treaty of any agreement that might have an effect on inter-state trade.

Without reserve powers to force charging in place, we do not believe that retailers will be able to obtain a 70% (or greater) reduction in the number of single-use bags distributed (which we could expect from introducing a minimum charge) on a voluntary basis. It is even possible that retailers may need to ask the Government to use its proposed powers, if they are to avoid difficulties with Competition law.

For these reasons, we reached the conclusion that the prospects of any voluntary ban would be increased significantly if backed up by a legislative, mandatory contingency.

3. To take powers to charge and use their existence to motivate stronger voluntary action by retailers, with compulsory charging as a fallback if this does not work (our preferred option)

Our preferred option.

The proposal would be to make, by regulations, a requirement for retailers of certain descriptions to charge customers for every bag supplied, subject to certain exceptions. The point of this proposal would be to change consumers’ behaviour by ensuring that they have to pay a small – but meaningful - charge every time they accept a single-use bag.

As announced in the Budget, retailers would have the opportunity to pursue a substantial reduction on a voluntary basis, but with the knowledge that we are bringing forward contingency powers if they are not. This is a challenge that was re-stated at the ‘forum of the supermarkets’ on 7 May.

In this way, we would aim to use the existence of powers as a means of incentivising further and much more radical action by retailers than is currently the case under the present purely voluntary scheme. We would only wish to employ the powers if it was clear that sufficient progress was not going to be made on a voluntary basis.\(^2\)

Scope - bags
The kind of bags included in the charging scheme would be defined in secondary legislation by reference to both the purpose of the bags and their size / thickness. Appropriate exemptions,
such as small bags used to contain unpacked food, or sealed bags used for packaging goods before they were offered for sale, would be provided for. Clearly, these decisions – and those on scope below – would have a significant impact on costs. As such, they will be subject to a further Impact Assessment.

Scope - retailers

In terms of which retailers would be selected, we are primarily focussed on large supermarkets, who distribute the vast majority of single-use carrier bags. Retailers falling within the scope of the powers would thus be defined (most likely by square footage) in secondary legislation.

We believe that the costs to retailers of adapting to charging in this way would be modest – we have estimated £20m across all supermarkets for such things as adapting tills and accounting for revenue. We will discuss these estimates with retailers before exercising the powers, and refine them if necessary.

Cost

While the option to introduce legislation which requires retailers to charge for single-use carrier bags could be limited to simply a requirement to charge (e.g. they could apply a minimum charge of 1p, or a fraction of a penny), we have concluded that it would be sensible to specify a minimum price (otherwise a negligible amount – a penny or a fraction of a penny – could be set by retailers).

The Irish experience with their levy indicated that the charge is probably best introduced at 10p. We would seek the power to vary the minimum charge by secondary legislation (the Irish raised their environmental levy from 15c to 22c from July 2007, when it was found that plastic bag usage had risen in 2006).

Revenue raised

The revenue raised by the charge will need to be clearly accounted for. While we recognise that the introduction of a charge would have a knock-on effect on retailers, we would want to consult about the case for including the requirement in secondary legislation to ensure that they keep, and make available to the public, records of the number of bags sold and the revenue raised, in order to make it clear where the money was going. We have allowed for the estimated costs of keeping such records.

We are investigating possible further ways of influencing how retailers spend net revenue from a bags charge. This is because public confidence could be damaged if retailers were thought to be profiteering. Possible candidates are a voluntary code of practice. As far as possible, we intend to rely on transparent accounting for net proceeds, and customer pressure on retailers, to ensure a fair result without the need for prescription.

Likely costs and benefits

Although these will be subject to exactly how (following consultation) a charge was brought in, an indication of what these might look like is set out below –

Sectors & Groups affected

The proposed charge would impact on:

- Consumers – who would have to pay the levy, unless they took legitimate steps to avoid it (such as re-using bags), and would also have to purchase alternative products to get their purchases home (e.g. bags for life) and to dispose of their waste (e.g. bin liners). To encourage behaviour change, we would require that the customer pay the levy – it would not be possible for retailers to absorb the cost.
- Retailers – who would have to collect the charge; and keep returns outlining bags provided, amounts collected, and where the money went. Most are likely to see their costs decrease
(through buying fewer single-use carrier bags) and even increase as single-use bags are sold, and customers purchase more ‘bags for life’.

- Manufacturers of carrier bags – who could expect to see demand for their product decrease. Most carrier bags used in the UK originate in the Far East, but there is a small, domestic manufacturing capability.
- The UK Government – who would run an information campaign and considered what advice would need to be provided. The UK Government would also need to notify the proposed charge to the European Commission under the Technical Standards Directive.
- Trading Standards – responsible for enforcing the charge – this would not be onerous, as we envisage a light tough enforcement regime, but it would create anew burden, which the Government will need to budget for.
- The voluntary sector – the Government would strongly encourage that revenue raised by the charge be passed on to environmental charities. They would therefore benefit from the introduction of the charge.

Benefits and Costs

- A reduction of around 70% in the use of single-use carrier bags – or 9.1 billion fewer bags [A reduction of 90% was achieved in Ireland, but there was some substitution of plastic for paper].
- An increase in waste awareness (including messages about reducing waste).
- The Defra commissioned report Carbon Balances and Energy Impacts of the Management of UK Waste Streams\(^3\) suggested PRIMARY plastic film contains 80MJ of embodied fossil energy per kg, which converts to 10.2kg of CO2e. Assuming that single-use plastic bags make up around 0.3% of the municipal/domestic waste stream, and that, in 2006/7 household waste was: 25,855kt and so plastic bags made up 78kt of this and thus by not producing them AT ALL we could save: 790,000 tonnes of CO2. At the current Shadow Price of Carbon (£26 per tonne of CO2e, 2007 prices), and assuming that a 70% reduction in single-use carrier bags led to a 10% to 50% reduction in plastic in bags (after accounting for increases in sales of “bags for life” and bin bags), this equates to a potential saving of around £2m - 10m per annum. This however assumes that all current bags are made entirely of primary plastic made with fossil energy sources and so it is likely to be an overestimate. More analysis will be needed for a fuller IA for a consultation on any uptake of powers.
- Based on An Australian Study, Friends of the Earth Scotland estimate that the energy embodied and consumed in the manufacturing process of a typical single high density polyethylene bag is 0.48MJ per bag (with 8.7 bags equivalent to driving a car 1km). A reduction of 9.1 billion carrier bags would be the equivalent of around 1.05 billion car kilometres.
- The (relatively small) carrier bag manufacturing industry in the UK would be affected. We have assumed a loss of £3.4m on the basis that – 9.1 billion fewer bags will be bought, 9.1 billion bags costs approximately £68 million, and assuming that 5% of the bags distributed originated in the UK (the vast majority of our bags are from overseas).
- The large food retailers would make a saving from reducing their free supply of carrier bags to customers. 1,000 bags cost £7.47 (average) – this suggests that a reduction of 9.1 billion carrier bags would equate to a saving of nearly £68 million. Increased sales of ‘bags for life’ and bin liners could generate further annual income for retailers, although this is harder to quantify (In Scotland AEA Technology estimated that use of ‘bags for life’ and bin liners in Scotland (estimated at 8 million and 118 million respectively) would increase after the introduction of a levy (to 23 million and 208 million).
- Retailers would have a keep a record of number of bags distributed, revenue raised, and where it went. The first two could be integrated into the check-out tills (simply scanning a bar code off a bag), so we would expect these administrative costs to be negligible, and more

\(^{3}\) [http://www2.defra.gov.uk/research/project_data/More.asp?l=WR0602](http://www2.defra.gov.uk/research/project_data/More.asp?l=WR0602)
than off-set by the money raised by the charge. Similarly, the one-off cost of updating till lines, tills, and security measures to take account of the charge, would be small.

- The charge would not impact on large non-food retailers or SMEs, as we do envisage them being within the scope of the charge (although, obviously, this is subject to consultation).
- Environmental charities would benefit from money raised by the charge – which could equal around £120 million a year if rolled out across the UK (In Ireland, revenue from the levy is around €12 million a year. With a population of 4m, this equates to 80 million bags a year sold. With a population of 60 million, the UK could be expecting to be selling around 1.2 billion single use bags a year. If the charge was set at 10p, this would equate to £120 million a year).
- There would be a small additional burden on Trading Standards Officers. We have attributed £100,000 p.a. to this – on the basis of 20,000 affected premises, on which TSOs must spend 10 minutes a year inspecting each, at a rate of £30 per hour.

**Unintended Consequences**

A media campaign will be necessary to maximise the desired behaviour change and avoid unintended consequences of a charging policy. These include:

- Excessive buying of “bags for life” to avoid embarrassment of buying single-use bags in public
- Buying of single-use bags because the money is perceived to go to good causes
- Consumers thinking they have “done their bit” for the environment by using multi-use carrier bags

**4. To take powers to charge and introduce these immediately, without trying for a further voluntary agreement.**

Similar to Option 3, only the powers would be implemented straightaway, without providing retailers with the opportunity to make further progress on a voluntary basis.

This would be a somewhat draconian approach, and would be seen as undermining the progress made on a voluntary basis to date. It would also contradict the announcement made in the Budget, and the messages in support of further voluntary action which were passed on to retailers and retail groups at the supermarkets forum on 7 May.

**5. A mandatory ban on all carrier bag distribution. As well as being disproportionate, this would almost certainly be illegal under EU law.**

Lawyers in both Defra and BERR advised that a mandatory ban is highly likely to be illegal under EU law. Carrier bags fall under the Packaging and Packaging Waste Directive. The Directive lays down requirements on the composition of packaging; its reusable, recoverable and recyclable nature; and limits on it containing heavy metal concentrations. Article 18 of the Directive states that Member States shall not impede the placing on the market of packaging that satisfies the Directive requirements. A ban would fall foul of Article 18.

In February 2007, a proposal from France to ban non-biodegradable bags was considered likely to be contrary to the Directive by the European Commission and other Member States, including the former DTI on behalf of the UK (which has lead responsibility for the Directive).

Although the recent London Local Authorities (Shopping Bags) Bill proposed a ban on single-use carrier bags in London, Defra officials have consistently advised them that this is highly likely to be illegal under EU law.
As such, we have concluded that a mandatory ban was not an option worth pursuing. It would, in any event, be a disproportionate measure since it would – by definition – preclude retailers from providing bags to customers who have forgotten to bring a reusable one, forcing them to buy a more expensive bag in store.

**Conclusion**

There are difficulties inherent in any of the potential measures to phase out free single-use carrier bags, and the voluntary actions of retailers and the public will continue to play a valuable role. However, these means could be underpinned most usefully by taking forward legislation for reserve powers to require a minimum price per bag.

The impacts of the detail of this proposal will be explored more fully in the context of a consultation on secondary legislation.
Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

<table>
<thead>
<tr>
<th>Type of testing undertaken</th>
<th>Results in Evidence Base?</th>
<th>Results annexed?</th>
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<tr>
<td>Competition Assessment</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Small Firms Impact Test</td>
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<tr>
<td>Legal Aid</td>
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<td>Rural Proofing</td>
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Competition Assessment

Would the regulatory proposal:

- **Directly limit the number or range of suppliers?** No. The proposal would not prevent any retailers, even those within the scope of the charge, to supply single-use carrier bags – it would simply require a minimum charge to be applied. There is no award of exclusive rights to supply, no procurement from a single supplier or a restricted group of suppliers, no creation of a form of licensing scheme, and no fixed limit on the number of suppliers.

- **Indirectly limit the number or range of suppliers?** No. We do not believe that the proposal would significantly raise the costs of suppliers who were under the scope of the powers – it is more likely to increase profits (as they would be charging for something previously given away for free) – although the revenue raised would not be significant, and is highly likely to be passed on to good causes. The proposal would not significantly raise the costs of new suppliers relative to existing suppliers (who would either be outside the scope of the charge, or subject to the same charging regime as comparable suppliers in their sector), and it would not significantly raise the costs of entering, or exiting, the affected market. Small businesses are unlikely to be within the scope of the proposed charge, and are unlikely to be impacted on disproportionately.

- **Limit the ability of suppliers to compete?** No. The proposal *would* control the price certain retailers could charge for a particular product (a single-use carrier bag). However, it does so for a product ordinarily given away free, and in such a way as to create a ‘level playing field’ across the major grocery retailers. It limits the scope for innovation to introduce new products or supply existing products in new ways only in the sense that any product which is defined as a ‘single-use carrier bag’ in relation to the secondary legislation will still be subject to the charge. The proposal does not limit the sales channel a supplier can use, or substantially restrict the ability of suppliers to advertise their products.

- **Reduce suppliers’ incentives to compete vigorously?** No. The proposal does not exempt suppliers from general competition law. It does not increase the costs to customers of switching between supplier (the charge is an optional one, and one which will be common across the major retailers). The proposal *would* require the publication of information on how many bags were distributed, how much money was raised, and where it went.

Small Firms Impact Test

The impact the proposal would have on small firms is entirely subject to the way in which it is codified and implemented – which is subject to formal consultation. If we were to take the approach set out in Option 3 of the above Impact Assessment, this proposal would primarily focussed on large supermarkets, who distribute the vast majority of single-use carrier bags. As such, it is unlikely that the proposal would affect significantly small businesses, their customers, or competitors.

Legal aid

We do not consider the proposal to have any legal aid implications, as it would only be creating a criminal sanction (for those supplying single-use carrier bags for under the prescribed amount) that could be committed by firms, who do not receive legal aid.

Sustainable Development
As outlined above, the proposal contributes helpfully to the five principles of sustainable development – in particular, living within environmental limits, by encouraging a less wasteful society.

Health Impact Assessment (HIA)
The proposal would not have any negative effect on health and well-being. Disamenity impacts through poor local environmental quality are likely to be alleviated by the proposal, as there is likely to be reductions in littering.

Race equality
The proposal would not have any impact on race equality.

Disability equality
The proposal would not have any consequences for disability equality. We do not feel that any opportunity for greater positive impact in this area has been missed or could have been better exploited. The proposal would not lead to any actual or potential negative impact for disabled people.

Gender equality
The proposal would not have any impact on gender equality.

Human Rights
The only potential human rights issue connected with this proposal would be if it the Government decided to direct where the revenue raised by the charge needed to go – this could raise issues around expropriation of retailer income. This would need to be explored if the Government pursued the proposal on this basis.

Rural Proofing
We do not consider this policy likely to have a different impact in rural areas, or on particular rural circumstances or needs.