



# Direct and Variable Charging for Household Residual Waste

Summary of research carried out for the Chartered Institute of Wastes Management. The briefing although it predominately relates to England and Wales does have UK wide implications

## **Key issues**

The research confirms findings from previous research that the attractiveness of DVC schemes increases with higher waste disposal cost.

The report suggests that the majority would support some form of DVC, either varying in relation to council tax payments or as a new direct charge if it causes an obvious reduction in overall charges to households

The main recommendation from the research is that DVC should be seen as a future option for local authorities but should not be a mandatory requirement.

The Government will release its delayed Waste Strategy document on May 10, which is likely to contain a further announcement on charging

## 1. Introduction

The Chartered Institute of Wastes Management (CIWM) has commissioned research (from Gordon Mackie Associates) on direct and variable charging (DVC) of household residual waste. The aim of the study is to investigate the suitability and effects of DVC in the UK.

The release of the research coincides with the Lyons Inquiry into local government finance which concluded that;

*“The Government should create powers for local authorities to charge for domestic waste collection, as a means by which incentives can be created to reduce household waste and manage costs, and to help ensure that the remaining costs may be shared in a way that is perceived as fair”.*

Additionally, Lyons indicated that a power to introduce variable charging for household waste could have a significant role to play in reducing the waste produced and recycling more of that waste, and might be a sensible addition to councils' financial toolkit.

## 2. Background

It is accepted that there are significant emerging pressures on waste services as the UK aims to reduce its dependence on cheap landfill in the face of growing waste volumes. The research identifies from previous research that the attractiveness of DVC increases with higher waste disposal cost. As the Budget 2007 announced an increase from 1 April 2008 in the standard rate of the landfill tax by £8 a tonne per year, until at least 2010-11, it can only be assumed that this will lead to a further increase in the appeal of DVC. This will mean that the rate will increase by £3 in April 2007 to £24 and to £32 in April 2008 reaching £50 by April 2010. DVC is also considered a means of applying the “polluter pays” principle.

## 3. Identifying Best Practice

The last few years has led to a great increase in kerbside collections and initiatives such as alternate weekly collections (AWCs) to increase the rate of recycling and to a more limited extent minimise waste. This research indicates that for the implementation of successful DVC schemes there is a need to provide first some form of

- ✓ Effective recycling and associated collection service;
- ✓ Potential to restrict access to civic amenity sites;
- ✓ Appropriate communication;
- ✓ Awareness raising campaigns;
- ✓ Strict enforcement of the rules.

The report further indicates that DVC schemes can lead to a reduction in the level of household waste generated and to the frequency of collections required. This is claimed to be through residents looking to reduce the amount of waste they generate.

Additionally, if DVC schemes are introduced in areas where AWCs are already in place there may be potential for less public opposition. Other factors including the provision of different bin types and sizes, combinations of materials targeted in recycling and composting services, home composting provision and collection methods are also relevant.

In terms of set up costs the research identifies that these are not likely to be excessive. It is also identified that any increases in costs may be offset through savings from reduced disposal costs. Additionally the costs of DVC are small when put against potential fines.

#### **4. Case Studies**

The report includes an analysis of current schemes and initiatives in the UK and also in the Irish Republic.

**4.1 Compulsory Recycling** – The main example used is the London Borough of Barnet which was the first to introduce compulsory recycling in March 2005. The council is using powers under s.46 of the Environmental Protection Act (EPA) 1990 as the basis for the scheme as this allows local authorities to specify which waste materials is placed in which containers. Residents who persistently continue to place recycling materials with residual waste will eventually be prosecuted. As a result Barnet have seen a “dramatic” increase in both participation (to 85%) and recycling rates. The difficulty in securing prosecutions is highlighted by a case from Exeter. However, despite failing to achieve a successful prosecution in 2006, this high profile case did result in an increased awareness of the issue.

**4.2 Weighing and Monitoring** – South Norfolk Council undertook a trial using “chipped” wheeled bins from 3000 households but did not charge so it can be argued that the survey did not give conclusive proof of householder behaviour. The results of the survey indicated unsurprisingly that the greater the number in the household the more waste but also that:-

- ✓ Waste levels varied considerably between household of the same size;
- ✓ Council tax bands had no impact on total waste produced;
- ✓ Recycling rate reduced as the number in the household grew;
- ✓ 92% of single person household and 76% of two person households would be better off financially if direct charges were to be introduced. Families are likelt to be worst affected.

**4.3 DVC Scheme** – Blaby District Council has had a limited DVC scheme in place since 2000. Householders are supplied with 140 litre wheeled bins for residual and recycling and if larger capacity is required then a charge is made. A more detailed description of this scheme is included in the APSE e-publication “The future for waste management; an appreciation”, which can be downloaded from the APSE website.

**4.4 Irish Republic** – Since January 2005 it has been compulsory for councils to have in place some form of “pay by use” collection for households. The Irish Government claim that this has resulted in increases in recycling and reductions in waste volumes. However, other reports indicate that up to 21% of households were not using (or were not provided with) a collection service and many of these were “backyard burning as a result.

In County Cork, the amount collected dropped from approximately 1200kg per household to under 400kg and the average householder was able to save over £80pa through the pay scheme when compared to fixed charges. Additionally, although initially levels of flytipping increased they reduced as householders became used to the new schemes.

## **5. Public Opinion**

The study looked at four independent surveys of public attitudes in relation to DVC and waste management in general. Some of the issues identified include

- ✓ a reality gap between what people say they do and what people actually do, often exists;
- ✓ an acceptance of a potential financial implication for households in relation to their behaviour;
- ✓ suggestions that the majority would support some form of DVC, either varying in relation to council tax payments or as a new direct charge if it causes an obvious reduction in overall charges to households;
- ✓ results suggest that support for DVC is greater in householders that already recycle or have AWC;
- ✓ understanding and approval of DVC are a requirement for success but can be achieved after introduction;

## **6. Recommendations from the Report**

The main recommendation is that DVC should be seen as a future option for local authorities but should not be a mandatory requirement. The type of DVC needs to be considered in terms of the individual characteristics of the areas, equity and potential implications on neighbouring authorities. It is also important to have in place some form of robust monitoring and appraisal system.

The recommendations also recognises the role of central Government in DVC particularly in offering support through the media and making attempts to achieve cross party support to overcome the introduction of DVC being made into a key local election issue.

## **7. APSE Comment**

APSE welcomes this report as a worthy research source on the options, needs, benefits and potential drawbacks of DVC schemes. Despite the Lyons report recommending that local authorities be given permissive powers to charge for domestic waste collection it is disappointing that the budget contained no further references. Instead it appears that the issue will not be addressed (for England and Wales) until publication of the Waste Strategy on May 10.

APSE in its forthcoming publication on the future of waste is proposing a joint approach to DVC schemes based on giving every individual an "Annual Household Residual Waste Allowance" together with a major education campaign that informed both businesses and the public how to go about waste reduction, re-use, recycling and composting. The experience from Europe shows that this may take a number of years to establish the infrastructure and change behaviour. An individual allowance is

suggested to overcome the common argument that large families would be penalised as they would be allowed a greater allowance. The incentive would be to dispose of less waste than your allowance rather than penalise. However, as the CIWM research points out, there are still a number of unresolved questions with the introduction of a charging policy – not least how and at what level should an allowance be set.

Any adopted scheme must also avoid increased pressure on council tax, whilst better reflecting the costs of waste in what citizens pay locally. If charges are administered fairly, householders who are prepared to help tackle climate change by recycling and other measures to cut landfill should benefit, while those who disregard the damage caused to the environment are forced to rethink their behaviour or pay more.

However, charges cannot be simply introduced for the ordinary citizen without tackling the behaviour of the manufacturing and retail sectors as they also have a responsibility to deliver on waste minimisation. Additionally, any new system of charging must be accompanied by maximising the use of enforcement powers to ensure that there are no rises in fly-tipping alongside a strengthening of packaging laws to prevent excessive packaging of goods by manufacturers and retailers.

**John Marsh**  
**Principal Advisor**