



Communities & Local Government Committee Report : Refuse Collection : Waste Reduction Pilots

A briefing on the report published by the CLG Committee on Government Proposals for Waste Reduction Pilots. This briefing is provided to local authority chief executives, council leaders and all APSE waste and refuse collection contacts.

Key issues
<ul style="list-style-type: none">• Financial incentive pilot scheme for five local authorities• Funding for set-up and administrative costs• EU landfill targets• CLG Committee conclusions and recommendations

1. Introduction

In the Waste Strategy for England (May 2007), the Government announced that all Waste Collection Authorities in England would be allowed to introduce financial incentive pilot schemes for householders with improved recycling performance. However, on 29 October 2007, a further announcement was made that the pilot schemes would be limited to a maximum of five authorities in England. These schemes will be given legislative force by the Climate Change Bill, subject to parliamentary approval.

The Communities & Local Government (CLG) Committee published its report "Refuse Collection : Waste Reduction Pilots" on 21st February 2008 in response to the Government proposals.

2. Background

Local authorities have been asking for the power to charge for several years. The Lyons Report (March 2007) recommended that authorities should have the power to charge and should be able to raise revenue for charging. However, the Government preferred “revenue-neutral” schemes with any money raised being returned to residents.

Government consultation after the May publication of the Waste Strategy met a mixed response. Local authorities were largely in support of the proposals and the general public were evenly divided. The idea of schemes being revenue-neutral was questioned particularly whether set-up and administrative costs should be met from the revenue raised, but on the whole the consultation results were in favour of councils being allowed to introduce incentive schemes.

The July 2007 report from the CLG Committee accused the Government of a “half-hearted tilt in the direction of charging” as councils would be unlikely to introduce schemes that would bring no financial reward and householders would view additional charges as an extra tax.

3. Europe

There is experience of recycling and waste charging schemes across Europe either bin volume-based, weight-based, frequency-based or sack-based.

The CLG Committee questions the need to limit the pilot scheme to five authorities when there are at least four types of scheme operating successfully across the European member states. Increasing the number of participants would allow all four collection methods to be tested across both rural and urban areas and would provide sufficient evidence on which to judge the outcome of the pilot. The Committee is not convinced that the introduction of incentive and charging schemes will work well in England but it does support the Minister for Waste that “we should not be so afraid of being able to deliver a proper scheme.”

4. Local Authority Reaction

By mid-December 2007 only 14 authorities had expressed an interest in the proposals and it may be that these 14 may not actually apply to be one of the pilot authorities. The CLG Committee reiterates the point that there is no financial gain for local authorities to participate in a scheme which may be unpopular amongst residents.

5. Costs and funding

A revenue-neutral scheme means that income raised from charging households that are failing to recycle adequately will be redistributed to those who meet the recycling standard. The local authority will not be able to use any of the income to cover set-up or ongoing administrative costs. One local authority estimated set-up costs at £500,000 with ongoing administrative costs of between £100,000 and £150,000. Although these costs cannot be covered by the schemes the Government believes that the schemes will generate sufficient savings from operational waste costs to cover costs over the longer term and has committed £1.5 million for 3 years to support the pilot scheme.

As financial support is unlikely to be given in the event of a national roll-out on completion of the pilot schemes, the Committee recommends that any end of scheme reports back to Parliament must fully reflect the impact the costs would have had on council budgets if those taking part had not received financial support.

6. Timescales

As householders recycle more waste, local authorities should be sending less waste to landfill. It was hoped that the pilot would help participating councils to meet their obligations under the Landfill Allowance Trading Scheme (LATS) and therefore avoid penalties. However, as the five pilot schemes will not begin until 2009-10, and will run for 3 years, they will have limited effect on the duty to meet EU landfill diversion targets before 2010 and 2013 when penalties are due to fall.

7. Local decision making

The Government sets out its commitment to local decision making in the Waste Strategy:

“The Government believes that giving authorities the power to determine locally how to respond to the waste management challenges they face is an important part of increasing local flexibility as part of the Government devolutionary agenda”.

One element of this was that local authorities could decide the level of financial incentives/charges. There was no reason for local authorities to set high levels as any money raised has to be returned to residents. However, the Government has now decided to cap the level of incentives and the CLG Committee views this as a conflict with the Government’s rhetoric on devolution and local decision making.

8. Public Reaction

Opinion polls suggest that the public supports the financial incentives proposal. A Defra poll showed 52% of those interviewed would favour a system that rewarded recycling and penalised those not recycling. An IPSOS Mori poll found that 64% would support direct charges for refuse collection coupled with reductions in council tax.

The CLG Committee believes that although the public supports the idea of financial incentives in principal, the actual sums likely to be offered will not encourage the practice. It also believes that the fact that some householders will feel that they are paying twice to have their waste collected, and that the Government is over optimistic about the impact charging will have.

If the pilot is successful those in the minority will benefit i.e. those people living in the pilot areas, whilst the majority will not have an opportunity to participate, or, on the other had, individuals in five local authority areas may have to pay charges over and above those paid in other authority areas.

Waste collection is a truly universal service as every home has a dustbin. Therefore most householders link their payment of council tax to the collection of their waste. However, it is estimated that only about 25% of waste collection and disposal costs are accounted for through council tax.

The Waste Strategy proposals specified that the incentive schemes should operate separately from council tax. However, when the proposals for the Climate Change Bill were announced the Government decided to allow local authorities to link schemes with council tax.

The CLG Committee welcomes this as a sensible change.

9. Conclusions

The proposals in the Climate Change Bill are:-

- To limit the number of recycling incentive schemes to five local authority areas
- To cap the amounts offered as incentives or taken in charges by local authorities
- To delay any possibility of allowing England-wide schemes before 2012-13.

The CLG Committee views this as a Government retreat which has resulted in a poor compromise - hostile media coverage for a scheme with limited impact before 2010 and 2013 when the EU penalties fall.

It recommends that the pilot scheme proposals are withdrawn from the Climate Change Bill and the power to introduce incentive schemes is devolved to the local authorities who are best placed to judge how refuse should be collected and whether incentives or charges are necessary.

10. APSE comment

Many local authorities will be interested in the proposals to introduce recycling incentive schemes but APSE is concerned that some groups such as the elderly and larger households are not penalised in any scheme. The pilot project may help to ensure that schemes are robust and fair to all by testing some of the issues before the schemes are rolled-out nationally. However, APSE does agree that the number of local authorities in the pilot scheme should be increased so that the collection methods currently used in Europe can be tested across both urban and rural areas.

APSE in its publication (The future of waste management) proposed a joint approach to incentive 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. There are still a number of unresolved questions with the introduction of a charging policy.

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 in capping the amounts that can be offered as incentives or offered in charges, and allowing local authorities to link incentive schemes with council tax, the Government is increasing the pressure on council tax.

APSE believes that the Government needs to be realistic in demanding councils deliver the changes on a 'revenue-neutral' basis. Whilst revenue-neutral waste collection may be a viable option in the longer term, many councils may need a short term boost in

funding to ensure they can transform the way in which they collect household waste and achieve both the cost and environmental benefits that can accrue. The Government has acknowledged this in the financial support given to the pilot schemes therefore APSE agrees that the reports back to Parliament on the schemes must reflect the impact the costs would have had on council budgets without the financial support.

APSE also believes that the real perpetrators of environmental crime are manufacturers and retailers who create unnecessary packaging in the first place and therefore financial penalties against them should be considered rather than against the user who has to deal with the surplus rubbish. Significant reductions are more likely to be made if waste is tackled from cradle to grave rather than just penalising the end user.

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