



# Waste incentive pilot schemes : Draft guidance

Defra issued the draft guidance for Waste Incentive Pilot Schemes on 19<sup>th</sup> June 2008 for consultation. Responses to the draft guidance on good recycling must be submitted by 11<sup>th</sup> July 2008 and comments on the remainder of the guidance by 25<sup>th</sup> July 2008.

## Key issues

- Application and designation for incentive schemes
- Guidance on technical issues
- Finance
- Coverage and disadvantaged groups
- Good recycling service
- Unauthorised deposits or disposal of waste

## 1. Introduction

Part V of the Climate Change Bill allows the Government to designate up to 5 local authorities to pilot incentive schemes to encourage residents to reduce waste. The Bill states that any proposals submitted for the pilot scheme must meet the "framework for waste pilot schemes". On 19<sup>th</sup> June 2008 Defra published the draft guidance (or framework) for local authorities on waste reduction incentive schemes for consultation.

The guidance is divided into six sections/documents:-

- Application and designation guidance
- Technical issues guidance
- Finance guidance
- Coverage and disadvantaged groups guidance
- Good recycling service guidance
- Unauthorised deposit or disposal guidance.

The deadline for comments is 25<sup>th</sup> July 2008, except for the Good Recycling Service Guidance for which comments must be submitted by 11<sup>th</sup> July 2008.

## **2. The Guidance**

### **2.1 Application and designation guidance**

This section of the guidance advises the criteria that will be used in assessing proposals and selecting the authorities to run pilots. It also covers the information that must be provided in submissions, timescales and the formal designation process.

It provides a table of assessment criteria, some of which are mandatory, but most are desirable. However, the guidance does stress that all the criteria are important and therefore should be met if possible.

The criteria have been provided to facilitate a fair and transparent selection process and will favour pilots which:

- Ensure effectiveness within a reasonable timeframe
- Ensure value for money
- Test a range of types of schemes in a variety of circumstances

Assessment priority of the criteria is as follows:-

1. Complies with legislation
2. Delivers positive environmental, economic and operational results, and
3. Allows a range of schemes to be tested in a variety of circumstances.

Pilot proposals will need to be submitted within 8 weeks of the Climate Change Bill receiving Royal Assent.

This section of the guidance also sets out details of key pieces of information that the government will be looking for in proposals and provides an example template. Local authorities can provide additional relevant information but they must also give an explanation of why this information should be considered.

The guidance also recommends that a clear communications strategy will be needed to plan customer engagement and the required resources.

### **2.2 Technical Issues guidance**

This document describes the four main models for Waste Incentive Schemes which all involve householders being charged and/or rebated according to the amount of residual waste they produce. Issues for each of the models are identified along with cross-cutting issues. Authorities should decide which type of scheme is suitable for their area but can use a combination of models if necessary.

The four models are:-

#### **Model 1 – Sacks or Tags**

Special sacks or tags are used for residual waste. Everyone is given a flat-rate rebate and customers pay for the sacks/tags.

This is basically a volume-based scheme; therefore the sacks need to be of standard sizes.

#### **Model 2 – Bin Volume**

This is another volume-based scheme which will be based on different charges or rebates for different sizes of bins.

#### **Model 3 – Frequency of collection**

Charges and rebates would be based on how often residual waste is collected. This could be either households subscribing in advance for a set frequency of service or the local authority recording frequency of collection on an ongoing basis.

#### **Model 4 – Weight**

Charges and rebates based on the weight of residual waste collected from each household.

The guidance recognises that a combination of models could be appropriate. Councils need to consider the following factors when choosing which model to adopt.

- Environmental goal – is there a target for residual waste reduction and increase in recycling
- Economic goal – income streams from recycled materials, envisaged savings from reduced waste collection and disposal, capital outlay and running costs, and setup and operation of the new system.
- Setup costs – what one-off setup costs are involved? What new systems and contracts need to be setup and are there any communication costs?
- Enforcement implications – what enforcement strategies are required?

The guidance provides more detail on each of the 4 models, the enforcement issues, and implications for other waste arrangements such as special collections, possible charges and rebates at Civic Amenity sites, and two-tier areas.

Other cross-cutting issues include waste analysis, waste monitoring and management information systems, and health and safety implications.

### **2.3 Draft Guidance on Finance**

This element of the guidance looks at the issues relating to finance arrangements for the Waste Incentive Schemes. The main issues are:-

#### **2.3.1 Scheme Types**

Each of the four scheme models could be implemented as a rebate-only scheme or as a charge-and-rebate scheme.

**Rebate-only Scheme** Under a rebate-only scheme, households producing the least residual waste would be rebated. The rebate could be set at a fixed amount or on a sliding scale, with those producing the least waste receiving the larger rebate.

Existing powers do allow local authorities to issue rebates but the new powers allow them to offset the rebate against council tax for the first time. Rebates can be paid via the council tax bill, via cheque, cash or electronic payment, or in the form of vouchers. The guidance provides some examples of how rebate-only schemes could work but welcomes authorities setting their own variants within the legislation.

**Charge and Rebate Scheme** The new powers also allow authorities to levy an incentive-based charge on householders. However, any money raised from those producing the most waste must be paid back as rebate to those producing the least. These charges and rebates could be linked with the council tax system on a flat-rate or sliding scales basis. The method used to levy the charges is discretionary for authorities and can be via the council tax bill or via separate bills.

**Revenue Neutrality** Under the new powers any waste incentive scheme with a charging element must be “revenue neutral” – all revenue collected through charges must be paid back through rebates. Residents must not pay more overall and local authorities are not able to use the income for their own purposes or to cover any running costs of the schemes. All payments in and out of the scheme must be made through a separate account and any differences in charges and rebates in Year 1 can be rectified in Year 2 (“taking one year with another”).

**Level of Charge** There is no limit on charges for residual waste. The charge should be reasonable for the area and considered to be an effective incentive. The following factors should be considered:-

- The extent of expected percentage changes for residual and recycled waste
- Target group
- Local affordability
- Potential impact on fly-tipping
- Frequency of charge

The Government has reserved the power to cap the charges made to a single household in any one year.

**Accounting** Local authorities must separate out the waste charge and rebate account and make this publicly available. No surplus can be transferred to the General Fund but it can be held for future when charges/rebates may be adjusted.

Local authorities can decide what interest made on revenue collected from waste charges is used for.

**Enforcement/debt collection** the enforcement process will depend on how charges are billed. If billed separately the County Court process must be followed. If charges are billed with Council Tax then debt recovery will be via the Magistrates Court.

**Appeals Procedure** Any authority operating a waste incentive scheme must also have an appeals process so that residents can appeal against decisions to charge or not to pay a rebate.

## **2.4 Coverage and disadvantaged groups**

This document is structured around 4 questions:-

- What type of area is best for an incentive scheme?
- Which sorts of properties should be within the scheme?
- How should different states of occupancy be dealt with?
- Which groups of people should be within the scheme and how might local authorities take account of groups which may be unduly disadvantaged?

The guidance recognises that local decisions will vary but councils will need to consider legislation and certain factors.

An incentive scheme can cover the whole authority area or any part of the area and different types of scheme may operate in different parts of the area. Implementation may be phased to make the process easier to manage and to adapt if required. Any incentive scheme must meet the following criteria:-

- There must be a good recycling service available
- Local authorities must take account of the needs of any groups of people that may be unduly disadvantaged by an incentive scheme
- Local authorities must have a strategy for preventing and managing unauthorised deposits/disposal of waste.

The local authority should also consider the following:-

- Types of housing in the area
- Types of households in the area
- Current recycling rates in the area
- Any recent local changes
- Current environmental conditions

Each authority will decide which groups need special provision e.g. Occupiers of properties exempt from council tax, disabled or frail people, and large families.

The guidance recommends that authorities may wish to consider targeting groups that are performing poorly on recycling. It attempts to identify issues local authorities may wish to consider when designing the areas and any necessary adaptations. However, it concludes that this information is for consideration and should not prevent an incentive scheme.

## **2.5 Good Recycling Service**

The Environmental Protection Act (EPA) 1990, as amended by the Climate Change Bill, defines a recycling service as “arrangements for the collection of recyclable domestic waste from premises separately from other waste”. One of the set criteria for an authority to introduce a waste incentive scheme is that there should be a “good recycling service”.

This means that the authority must have a “good” kerbside recycling collection when the incentive scheme is introduced and at all times while the scheme is in place. The recycling systems may change over time but must always meet the standard specified in the guidance.

The recycling service must meet the following criteria:-

- Comply with relevant legislation
- Recycling and composting rate must be at least 20%
- There must be a free kerbside dry recyclables collection
- There must be free kerbside collection of at least two waste streams

Additional weighting will be given to local authorities who demonstrate:-

- A current recycling and composting rate of over 40%
- Clear plans to deliver 40% by 2010
- A dry recyclables rate of at least 25%
- A kerbside collection for plastics and food waste or plans to introduce within 12 months

The guidance sets out the minimum legal standard for any authority seeking to run a pilot incentive scheme.

## **2.6 Unauthorised deposit or disposal of waste**

The EPA 1990 (inserted by the Climate Change Bill) requires local authorities to have in place “a strategy for preventing, minimising, or otherwise dealing with the unauthorised deposit or disposal of waste.” This part of the guidance aims to help the development of such a strategy which includes strategies for preventing, dealing with, and monitoring the unauthorised deposit or disposal of waste. The strategy should describe the processes to be employed, why these processes are appropriate and the communication processes to be used.

A small proportion of people dispose of their waste in unauthorised ways such as:-

- Leaving rubbish bags for collection in neighbouring streets
- Putting household waste in public litter bins
- Leaving waste at the roadside or on private/public land
- Putting waste in neighbours bins or leaving bags for collection on neighbours property

It is possible that waste incentive schemes may lead to an increase in the amount of unauthorised deposit or disposal of waste or in the amount of residual waste taken to Civic amenity sites.

Defra define fly-tipping as the illegal disposal of waste of a volume equal to or greater than that of a single black bag and this guidance aims to minimise fly-tipping under the waste incentive schemes by making lawful disposal more accessible and convenient and also by reducing the availability and accessibility of popular fly-tipping sites.

Fly-tipping is currently too easy and the source of waste is difficult to trace. The guidance recommends ways of increasing the perceived risk of getting caught:

- Using CCTV
- Using signage to say the area is being watched
- Publicity of enforcement action
- Increased patrols and surveillance of hotspots
- High profile crackdowns and vehicle searches
- Working with courts to improve education.

The guidance recommends ways that the incentive to fly-tip can be reduced:-

- Ensuring that a significant number of people are better off under the charge and rebate scheme
- Encourage good waste management practices and facilities for all new developments
- Provide an efficient and convenient collection system for recyclable, residual and bulky waste
- Encourage households to compost at home and offer incentives

It is also recommended that local authorities consider improving service provision at civic amenity sites such as longer opening hours, less restrictions on type of waste, access for households with vans and to ensure that all waste collection services meet the needs of the householders and are well publicised. Local Authorities should also ensure effective communication of details of waste incentive schemes. Communication is regarded as a vital factor which cuts across all approaches but is particularly useful to explain the rationale for change and the benefits to households.

### **3. Timetable for comments**

The deadline for comments on the Good Recycling Service Guidance is 11<sup>th</sup> July 2008, and 25<sup>th</sup> July 2008 for the remaining five sections of the Guidance.

All comments can be emailed to [waste.incentives@defra.gsi.gov.uk](mailto:waste.incentives@defra.gsi.gov.uk) or can be posted to Waste Incentive Pilot Schemes Team, Defra, Area 6C Ergon House, Horseferry Road, London SW1P 2AL.

### **4. 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 projects 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 believes that the number of local authorities in the pilot scheme should be more than 5, so that the 4 models detailed in the guidance can be tested across both urban and rural areas along with combinations of models.

The guidance on coverage and disadvantaged groups does go some way to ensure that vulnerable groups and those living in flats are not penalised through incentive schemes however, APSE is concerned that the models proposed will penalise larger families as all 4 models are based on volume or weight. In its publication "The future of waste management" APSE proposed an individual waste allowance which would allow for larger families producing more waste than, for example, single person households. This would have to be supported by 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. The incentive is surely to dispose of less waste than the allowance rather than penalise.

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. The guidance states that local authorities will have the freedom to set their own charges but the government will reserve the power to cap the amount that can be charged to a single household in any one year. However this amount must be set at a reasonably high level to avoid increasing the pressure on council tax and to ensure that householders are penalised for refusing to reduce the amount of waste they produce.

APSE supports the choice given to pilot authorities in ways to bill charges or pay incentives but recommends that the pilot authorities should cover all three options given in the guidance so that the easiest and most effective method can be determined. 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 supports the guidance on the provision of a good recycling service and welcomes the inclusion of criteria to identify authorities that are able to apply to be part of the pilot scheme. The guidance on unauthorised deposit or disposal of waste is also welcomed in recognition of the fact that the introduction of charging could result in increased fly-tipping.

APSE 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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