



3 February 2005

Dear

Landfill Allowance Trading Scheme: Final Allocation of Landfill Allowances

This letter contains notification (at Annex A) of your authority's allocation of landfill allowances for each year from 2005/06 to 2019/20, pursuant to section 4 of the Waste and Emissions Trading Act 2003. The allocation of allowances has been made by the Secretary of State for Environment, Food and Rural Affairs, on who's behalf I am writing. The Secretary of State's rationale for the basis of the allocation is included in the statement at Annex B to this letter.

In making the allocation of landfill allowances, the Secretary of State has considered all the representations made by local authorities following the publication of a provisional allocation of allowances in August 2004. These representations took two forms-

- representations on the accuracy and completeness of the data used in the provisional allocation; and
- representations on the basis on which the provisional allocation was calculated.

The Secretary of State has considered all of the representations carefully and has concluded that it is not necessary to change the allocation method as a result, but the exercise did highlight some discrepancies in the data used.

The allocations for all authorities are based on their 2001/02 Municipal Waste Management Survey returns and corrections have only been made to ensure that these data are correct for all waste disposal authorities (WDAs). As the overall number of landfill allowances available for England for each scheme year is finite, allowances for all waste disposal authorities have had to be recalculated as a result of correcting the data.

The corrections made by some authorities to their 2001/02 Municipal Waste Management Survey returns have resulted in a net increase of 131,102 tonnes, or 0.84%, in the amount of biodegradable municipal waste ('BMW') sent to landfill from England in 2001/02 as compared with the amount used in the provisional allocation. This has necessitated a change in the calculation of each waste disposal authority's base year figure (which is explained more fully in Annex B). As a consequence, waste disposal authorities whose 2001/02 Municipal Waste Management Survey returns have not been amended will see a reduction in their allowances for all scheme years. However, the approach taken to the change in the calculation of base year figures means that all authorities – including those

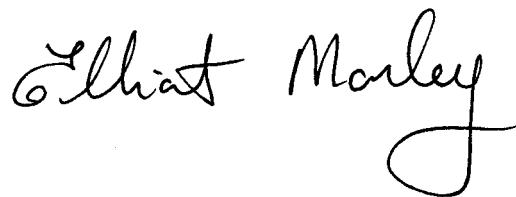
whose allocations have increased overall – have had their amount of BMW landfilled in 2001/02 reduced by 0.84% compared with the provisional allocation. In other words, all authorities have made an equal percentage contribution to the reduction which is now required from the levels of BMW sent to landfill in 2001/02.

I recognise that some authorities may find it difficult to accept the reasons for this reduction, but given that we have to be fair to all authorities, we see this as the most equitable approach.

A list showing each waste disposal authority's allocation of landfill allowances is available on the Defra website at www.defra.gov.uk/environment/waste/localauth/lats/index.htm.

Finally, I would like to encourage you to attend one of the seminars on the Landfill Allowance Trading Scheme being held by Defra in March. The scheme will be a new way of working for many authorities and I am confident that the flexibilities the scheme provides will be beneficial in helping you to plan for the required reductions in waste to landfill. Further details on the seminars will be sent out shortly.

If you have any queries about this letter please contact Amy Glover by email (amy.glover@defra.gsi.gov.uk) or by telephone on 020 7082 8791.

A handwritten signature in black ink that reads "Elliot Morley". The signature is written in a cursive style with a large, looped 'E' and 'M'.

ELLIOT MORLEY

Allocation of Landfill Allowances

This Annex sets out the allocation of allowances for your authority. It is divided into two Parts. Part 1 sets out the data and calculations used to calculate your authority's 'base year figure'. This figure forms the basis of the calculation of the allowances for your authority for the first four scheme years (2005/06 to 2008/09). Part 2 contains a table setting out the number of allowances which your authority has been allocated for each year of the scheme from 2005/06 to 2019/20.

Part 1 – How your authority's base year figure is calculated

Paragraphs 27 to 37 of Annex B explain the approach which has been taken to the calculation of an authority's base year figure; in particular, the use of the mass balance approach and various assumptions in calculating the amount of BMW sent to landfill by the authority in 2001/02, and how the base year figure is then calculated from this amount.

The purpose of this Part is to explain more clearly the types of data which are used in making these calculations, and the calculations themselves. The following acronyms are used in this Part-

'BMW' - biodegradable municipal waste;

'MW' - municipal waste;

'WDA' – waste disposal authority; and

'WCA – waste collection authority.

Table 1 sets out the data which are used in calculating the amount of BMW sent to landfill by your authority in 2001/02.

Table 1

Data			
Total MW 2001/02	Total MW recycled / composted 2001/02	Total BMW recycled / composted 2001/02	MW landfilled 2001/02
a	b	c	d

a Total MW 2001/02 - the total municipal waste reported by local authorities to Defra in their 2001/02 Municipal Waste Management Survey returns. It includes all household and non-household waste collected for disposal or energy recovery, as well as the tonnage collected for recycling (including composting). In two-tier areas the figures include waste collected for recycling (including composting) by the relevant waste collection authorities ('WCAs').

b Total MW recycled / composted 2001/02 - the total recycling / composting reported by local authorities to Defra in their 2001/02 Municipal Waste Management Survey returns. This includes both household and non-household recycling and, for WDAs, includes waste collected for recycling from their constituent WCAs.

c Total BMW recycled / composted 2001/02 - the total tonnage of biodegradable materials collected for recycling by local authorities as reported to Defra in their 2001/02 Municipal Waste Management Survey returns. The types of waste included are listed in the table in paragraph 30 of Annex B. This table also sets out the proportion of that waste assumed to be biodegradable..

d MSW landfilled 2001/02 - the tonnage of waste sent to landfill by waste disposal authorities as reported to Defra in their 2001/02 Municipal Waste Management Survey returns.

The method of calculation set out in table 2 below has been used to calculate the amount of BMW sent to landfill by your authority in 2001/02. As is explained in paragraphs 30 and 31 of Annex B, a mass balance approach has been used. The data used in the calculations are the data set out in the data table above.

Table 3 shows how your authority's base year figure is calculated from the amount of BMW sent to landfill by your authority in 2001/02. As explained in paragraph 37 of Annex B, there is a need to reduce this amount by 0.34% in calculating your authority's base year figure. This is achieved by multiplying the amount of BMW sent to landfill by your authority in 2001/02 by 0.9966.

Table 2

Calculations			
Total BMW 2001/02 $e = a \times 68\%$	MSW disposed 2001/02 $f = a - b$	BMW disposed 2001/02 $g = (e - c)$	Biodegradable % of MSW disposed 2001/02 $h = g / f$

Table 3

Outcome	
BMW landfilled 2001/02 $i = h \times d$	Base Year $j = i \times 0.9966$

Part 2 – The allowances allocated to your authority for each year of Landfill Allowances and Trading Scheme

Table 4 below sets out the allowances allocated to your authority for each year of the Landfill Allowances and Trading Scheme. The basis on which these allocations have been calculated is explained in paragraphs 38 to 40 of Annex B. Each row of the table also includes a brief description of how the allocation of allowances has been calculated for that year.

Table 4

Allocation: [Name of Authority]

Base Year	The calculation of this figure is explained in Part 1 of this Annex.	
2005/06	A reduction equivalent to 10% of the difference between your authority's base year figure and the 2009/10 target for your authority	
2006/07	A reduction equivalent to 15% of the difference between your authority's base year figure and the 2009/10 target for your authority.	

2007/08	A reduction equivalent to 20% of the difference between your authority's base year figure and the 2009/10 target for your authority.	
2008/09	A reduction equivalent to 25% of the difference between your authority's base year figure and the 2009/10 target for your authority.	
2009/10	Each WDA's allocation is based on its percentage contribution to England's total 2001/02 MW arisings (28,904,806 tonnes), applied to England's target of 11.2 m/t (i.e. 75% of the total amount of BMW reported in 1995). The 2009/10 allocation for your authority is equal to $(a/28,904,806) \times 11.2m$, where a has the same meaning as in Part 1 of this Annex.	
2010/11	A reduction of equal instalments between the 2009/10 and 2012/13 targets.	
2011/12		
2012/13	Each WDA's allocation is based on its percentage contribution to England's 2001/02 total MW arisings (28,904,806 tonnes), applied to England's target of 7.46 m/t (i.e. 50% of the total amount of BMW reported in 1995). The 2012/13 allocation for your authority is equal to $(a/28,904,806) \times 7.46m$, where a has the same meaning as in Part 1 of this Annex.	
2013/14	A reduction of equal instalments between the 2012/13 and 2019/20 targets.	
2014/15		
2015/16		
2016/17		
2017/18		
2018/19		
2019/20	Each WDA's allocation is based on its percentage contribution to England's 2001/02 MW arisings (28,904,806 tonnes), applied to England's target of 5.22 m/t (i.e. 50% of the total amount of BMW reported in 1995). The 2019/20 allocation for your authority is equal to $(a/28,904,806) \times 5.22m$, where a has the same meaning as in Part 1 of this Annex.	

Statement on the Final Allocation of Landfill Allowances for England

1. Legislative Background

1. The Waste and Emissions Trading Act 2003 ('the WET Act') makes provision for the setting up of landfill allowances schemes in each country of the UK. The scheme in England is known as the Landfill Allowances and Trading Scheme, or 'LATS'. The purpose of these schemes is to meet the UK's obligations under Article 5(2) of the Landfill Directive¹.
2. As required by section 1 of the WET Act, the Landfill (Scheme Year and Maximum Landfill Amount) Regulations 2004 ('the 2004 Regulations')² specify the maximum amounts of biodegradable municipal waste ('BMW') by weight which can be sent to landfill from the UK, and separately from England, Scotland, Wales and Northern Ireland, for scheme years³ that are target years⁴. Under section 2 of the Act, the 2004 Regulations also specify the maximum amounts of BMW that may be sent to landfill from England, Scotland, Wales and Northern Ireland for the scheme years up to and including 2008/09⁵. The maximum amounts for scheme years which occur after the first target year (that is, after 2009/10) are set by section 3 of the Act⁶.
3. Following the making of the 2004 Regulations, the Secretary of State is required by section 4(1) of the WET Act to allocate landfill allowances to waste disposal authorities ('WDAs') in England for each year of the scheme. In making an allocation under section 4 of the Act, the Secretary of State must ensure that the total number of allowances allocated for any year does not exceed the maximum amount allowed to be sent to landfills for that year from England⁷. Once the allocation has been made by the Secretary of State, WDAs are under a duty to ensure that the amount of BMW sent to landfill by them in any particular scheme year does not exceed the amount authorised by the landfill allowances available to them for that scheme year⁸.

¹ Council Directive 1999/31/EC of 26 April 1999 on the landfill of waste.

² SI 2004/1936.

³ With the exception of the first scheme year for Wales, scheme years for all the countries of the UK run from 1 April in one calendar year to 31 March in the next (see section 23(1) of the WET Act as amended by regulation 2(2) of the 2004 Regulations).

⁴ A target year is a year in which the UK must comply with the Landfill Directive targets. For the UK the target years are 2009/10, 2012/13 and 2019/20 (see section 23(1) of the WET Act, as amended by regulation 2(2) of the 2004 Regulations).

⁵ Maximum amounts for these scheme years are specified in regulations 4 to 7 of the 2004 Regulations.

⁶ Maximum amounts for these scheme years are, by operation of section 3 of the WET Act, reduced in equal steps year by year. The one exception to this is the sixth and seventh scheme years for Northern Ireland for which maximum amounts have been set by the Landfill (Maximum Landfill Amount) (Northern Ireland) Regulations 2004 (SI 2004/3027).

⁷ Section 4(2) of the WET Act.

⁸ Section 9(1) of the WET Act.

2. Consultation Background

4. The Government held a series of consultations on the development of the Landfill Allowance Trading Scheme between 1999 and 2003. The Landfill Allowance Trading Scheme Consultation⁹ ('the Consultation') sought views on the proposed method of allocating allowances to WDAs in England. After taking into account the comments on the Consultation the Secretary of State's response to the Consultation was published in the Consultation Outcome in January 2004. The Consultation Outcome set out the allocation methodology which the Secretary of State intended to use in England.
5. On 11 August 2004 Defra issued a provisional allocation of landfill allowances to each WDA ('the provisional allocation'). The provisional allocation was based on the allocation methodology set out in the Consultation Outcome. The purpose of notifying waste disposal authorities of their provisional allocation was to give them an opportunity to identify and comment on-
 - any discrepancies in the data on which the calculation was based,
 - the calculation of the provisional allocation itself.
6. The provisional allocation also gave authorities an early indication of the allowances the authority may receive under the final allocation, although it was stated that final allocations may change for all authorities (including those that did not identify any inaccuracies in the provisional allocation) if alterations were necessary to any authority's provisional allocation.

3. The Secretary of State's approach to the final allocation

7. In making the final allocation of allowances, the Secretary of State has taken into account all of the representations received in response to the provisional allocation. Two types of representation have been made-
 - representations on the accuracy and completeness of the data used in the provisional allocation, and
 - representations on the basis on which the provisional allocation was calculated
8. Having considered these representations, the Secretary of State has decided not to change her approach to the allocation in England. Therefore, allowances have been allocated in accordance with the methodology set out in the provisional allocation.
9. However, in some circumstances, the Secretary of State has allowed WDAs to correct their 2001/02 Municipal Waste Management Survey returns to improve either the accuracy or the completeness of the data in those returns. The Secretary of State has allowed corrections of this type where she is satisfied that the correction sought is relevant to an authority's Municipal Waste Management Survey return for 2001/02 and that the correction is

⁹ The Landfill Allowance Trading Scheme Consultation ran from 23 August – 21 November 2003. The Consultation Document, and a summary of responses, can be viewed at <http://www.defra.gov.uk/corporate/consult/landfill/index.htm>

consistent with the other data in that return. As the overall number of landfill allowances for England for each scheme year is finite, allowances for all authorities have had to be re-calculated as a result.

10. The sections below explain the methodology which has been used in the final allocation. Where relevant they refer to and address matters raised in the representations received in response to the provisional allocation.

4. Final Allocation Methodology

(a) Allocating all allowances at the outset of LATS

11. Section 4(3) of the WET Act provides that an allocation of allowances must be made before the beginning of the scheme year to which it relates. The Consultation asked whether local authorities supported the Secretary of State's proposal to allocate landfill allowances at the outset of LATS for each year from the beginning of the scheme (2005/06) up to and including its final year (2019/20). The majority of responses to the Consultation supported this approach because it would provide authorities with greater certainty. This was the approach taken in the provisional allocation and the Secretary of State has decided to take the same approach with the final allocation. The Secretary of State is of the view that this approach will enable WDAs to plan better for their long-term municipal waste management and landfill allowance needs, and allow industry to plan long-term investments. She also considers that this in turn should help the trading aspects of the Landfill Allowance Trading Scheme to operate more efficiently.

(b) Use of Municipal Waste Management Survey data

12. The provisional allocation was based on data supplied through the Municipal Waste Management Survey, as this is the only available comprehensive data set for municipal waste arisings.
13. In their response to the provisional allocation, a number of authorities questioned this approach on the grounds that basing the allocations on historic municipal waste management data, rather than population figures, does not take account of population growth. This was a particular concern for authorities that make up the Office of the Deputy Prime Minister's designated growth areas¹⁰, with planned population increases in the years up to 2020.

¹⁰ In January 2005, the Office of the Deputy Prime Minister listed England's growth areas, and the local authorities included in them, as follows: **Ashford** (Ashford); **London-Stansted-Cambridge** (Braintree, Broxbourne, Cambridge, City of Peterborough, East Cambridgeshire, East Hertfordshire, Enfield, Epping Forest, Fenland, Hackney, Haringey, Harlow, Huntingdonshire, North Hertfordshire, Redbridge, South Cambridgeshire, Stevenage, Uttlesford, Waltham Forest); **Milton Keynes/South Midlands** (Aylesbury Vale, Bedford, Corby, Daventry, East Northamptonshire, Kettering, Luton, Mid Bedfordshire, Milton Keynes, Northampton, South Bedfordshire, South Northamptonshire, Wellingborough); **Thames Gateway** (Barking and Dagenham, Basildon, Bexley, Castle Point, Dartford, Gravesham, Greenwich, Havering, Lewisham, Medway, Newham, Rochford, Southend-on-Sea, Swale, Thurrock, Tower Hamlets.).

14. The Secretary of State recognises that certain areas with potentially above average population growth will find the implementation of LATS particularly challenging. Considerable thought has been given to how those challenges should be addressed, but the Secretary of State has concluded that the nature of the challenge posed by population growth should not be addressed by basing the allocation of allowances on population levels, or predictions of population levels, within waste disposal authority areas, but by alternative means (see paragraph 18).
15. A clear message from the Consultation was that all waste disposal authorities wanted certainty in their allocations. This has led the Secretary of State to allocate allowances at the outset of LATS for each year of the scheme (see paragraph 11). Having decided to take this approach the Secretary of State does not believe that predictions of future population growth provide a sufficiently certain basis for allocating allowances.
16. The volume and tonnage of waste arisings can vary considerably with social structure and domestic habits which suggests that housing or population levels are not necessarily strong or consistent indicators of municipal waste arisings. Further, actual population levels may vary significantly from medium to long term predictions, so a system of allowances based on predictions of either growth or reduction in population would be a very uncertain basis for a scheme spanning fourteen years. This could necessitate repeated alterations to allowances pursuant section 5 of the WET Act. Alterations of this type would undermine the certainty in allocating allowances that authorities have requested to enable them to make appropriate long term plans for managing waste and investing in waste management facilities. The Secretary of State believes that alterations of this type would in turn undermine the development of the market for landfill allowances and the achievement of the most financially efficient mechanism for waste management which the trading scheme offers local authorities.
17. Consistent with section 4(3) of the WET Act, it would be possible for the Secretary of State to allocate allowances on a year-by-year basis. However, doing so would remove the benefits which the Secretary of State sees in allocating allowances at the outset of LATS for each year of the scheme (see paragraph 11), and in any event as mentioned in paragraph 16 population levels are not necessarily a strong or consistent good indicator of waste arisings.
18. For these reasons, the Secretary of State has decided that allocations will be based on data supplied through the Municipal Waste Management Surveys and that allowances will be allocated at the outset of LATS for each year of the scheme. Although population growth will not be directly recognised in the allocation of allowances, Defra is considering measures to reduce the pressure on authorities with planned population growth. In particular, it is in discussions with a few authorities with particularly high levels of population growth on whether it is possible to be flexible when dealing with the **additional** waste generated by population growth. Defra is still considering this approach and hopes to be able to release more details shortly

19. In addition, Defra has put in place a range of measures to support local authorities in reducing biodegradable municipal waste to landfill. The Waste Implementation Programme, Local Authority Support Unit ('LASU'), has initiated a number of projects including support on procurement, strategy, kerbside collections and improvements to Civic Amenity sites. Additionally, the LASU have offered all local authorities up to £20,000 of direct consultancy support. The Secretary of State recognises that authorities need additional funding to meet the requirements of the Landfill Directive and in last year's Spending Review (SR2004) the Government announced an increase in Environmental, Protective and Cultural Services (EPCS) Formula Spending Share¹¹ block of £888 million by 2007/08 over 2004/05. Local authorities will also benefit from an extra £275 million of PFI credits over the same period for long term investment and a three year targeted local authority Waste Performance and Efficiency Grant totalling £260m.

(c) Use of 2001/02 data

20. Having decided to base allocations on data supplied through the Municipal Waste Management Surveys, the next issue is what data from these surveys ought to be used.
21. Because of the need to allocate a finite number of allowances, the need to treat all waste disposal authorities fairly, and the need for any method of allocation to be transparent and robust, the Secretary of State considers that allocations for all authorities should be based on data taken from a single year. The Secretary of State recognises that the year selected for this purpose will have different implications for individual authorities, with some benefiting more or less depending on the year chosen.
22. The Consultation document proposed that 2001/02 data be used, as these were the most recent data then available¹². At the time of that Consultation it was envisaged that LATS would start in April 2004. Deferral of the start of the scheme until April 2005 means that data from the 2002/03 Municipal Waste Management Survey are now available. The Secretary of State has nevertheless decided to use the 2001/02 data as the basis for the allocations because use of the more recent 2002/03 data would generate fewer allowances for those authorities which had begun to divert waste from landfill in anticipation of LATS starting in April 2004. The Secretary of State believes it would be unfair for authorities to be penalised in this way for taking early

¹¹ The EPCS is one of the main blocks of local authority spending, which includes waste management and has its own distribution formula. The formula is based on resident population and then modified for sparsity, density, deprivation and for higher costs in London and the South East.

¹² The Consultation document also proposed that the 2001/02 data would be used and adjusted upwards to take account of increases in waste arisings between 2001/02 and 2003/04. However, as landfill rates for England as a whole have not increased significantly, on further consideration following the Consultation the Secretary of State decided not to uplift the 2001/02 data. This decision was set out in the Landfill Allowance Trading Scheme Consultation Outcome and this approach was also followed in the provisional allocation.

steps to meet their landfill diversion targets. The allocation of allowances for every waste disposal authority is, therefore, based on the total waste arisings and amounts sent for disposal, recycling, composting or recovery that were reported to Defra by each local authority in the 2001/02 Municipal Waste Management Survey¹³. This was also the approach used in the provisional allocation.

23. In reaching this view the Secretary of State is aware that authorities whose landfill rate (that is, the amount of BMW which an authority is landfilling each year), or whose level of municipal waste arisings, has risen since 2001/02 will receive fewer allowances than they would if a later year were to be adopted. The Secretary of State has also considered representations from WDAs which, for various reasons, including matters beyond their control, have increased the amount of BMW landfilled since 2001/02. However, given that the overall allocation methodology has been devised to take account of the current wide variations in landfill rates (see paragraphs 39 to 41 below), the desirability (for the reasons given in paragraph 21) for allocations to be based on data taken from the same year, and the desirability of not penalising those authorities which have taken early steps to prepare for LATS (paragraph 22), on balance the Secretary of State is still of the view that the allocation of allowances should be based on data taken from 2001/02.
24. In any event, if an authority has increased its landfill rate between 2001/02 and 2005/06 for reasons beyond its control and subsequently becomes liable to a penalty under section 9 of the WET Act, the authority may wish to consider making a case to the Secretary of State to be relieved, in whole or in part, from that liability¹⁴. Guidance on the circumstances in which the Secretary of State may consider waiving a penalty will be published shortly.
25. The only exception to the use of 2001/02 data is in cases where data are incomplete for particular WDAs. In these circumstances, the relevant figures submitted for the closest available year (either 2000/01 or 2002/03) have been used in place of the incomplete data. A small number of waste collection authorities ('WCAs') have not provided data for 2001/02. For waste disposal authorities where this is the case, the data used for a particular WCA are noted under the table of data used on page 3.
26. Finally, in response to the provisional allocation, there was a request for authorities which are not currently collecting commercial waste (and which also did not collect it in 2001/02) to be allocated additional allowances to enable them to do so. The Secretary of State has considered this request in making this allocation. However, she believes that it would be inappropriate to allocate specific allowances as a consequence of this fact since she cannot be certain that these authorities will commence commercial waste collections in the future, and since she has no evidence on which to base any such allocation of specific allowances.

(d) Calculation of an authority's 'base year figure'

¹³ The results of the 2001/02 Municipal Waste Management Survey can be found at <http://www.defra.gov.uk/environment/statistics/wastats/mwb0102/index.htm>

¹⁴ See section 26(1)(c) of the WET Act.

27. Allocations of allowances for the years 2005/06 to 2008/09 are calculated by reference to an authority's 'base year figure', which itself is calculated by reference to the amount of BMW which an authority sent to landfill ('the landfill rate') in 2001/02. This requires an explanation of two separate matters-
- the use of the mass balance approach and of certain assumptions in calculating an authority's landfill rate; and
 - the adjustment which is necessary to each authority's landfill rate in order to calculate the authority's 'base year figure'.
28. Each of these is considered below. Part 1 of Annex A contains additional information on the calculation of this figure for WDAs.

(i) The use of the mass balance approach and various assumptions in calculating an authority's landfill rate

29. The Secretary of State has decided to use a mass balance approach in calculating the amount of BMW landfilled for all WDAs. In the Secretary of State's view this approach gives a more accurate picture of the amount of BMW which is sent to landfill, since it takes account of the fact that some WDAs divert a higher amount of biodegradable material from landfill than others. The Consultation asked whether the landfill rate for WDAs ought to be calculated using a mass balance approach and the majority of responses were in favour. This approach was also used in the provisional allocation.
30. The mass balance approach works by calculating the amount of BMW in the municipal waste collected by a WDA, and then subtracting from this the amount of BMW which is diverted away from landfill. Therefore, if the weight of BMW diverted from landfill is known and if the amount of BMW that was in the waste to start with is also known, it is possible to calculate the amount of BMW sent to landfill. This approach requires a number of assumptions to be made about the composition of municipal waste arisings and about the amount of BMW in particular types of waste. These assumptions are set out in the table below.

Type of Waste	Amount of biodegradable municipal waste (expressed as a percentage by weight)
Municipal Waste (MW) arisings ¹⁵	68
Paper / Card / Books	100
Putrescible (Green or Organic)	100
Vegetable Oil	100
Textiles / Footwear	50
Co-mingled waste (which includes paper or card) ¹⁶	80

¹⁵ This figure is based on analysis carried out for the Strategy Unit's report 'Waste Not, Want Not' (2002).

¹⁶ Co-mingled waste is collected in a mixed form that is destined for recycling after further sorting. The exact composition is not known (only the materials included in the mix) hence assumptions need to be made. The 80% assumption is a best estimate based on analysis of the composition of

Co-mingled waste (which does not include paper or card ¹⁷)	0
Miscellaneous, or unspecified co-mingled waste ¹⁸	68

31. These assumptions have been applied for all authorities and were also used in the provisional allocation. It is important to note that the last three assumptions on the amount of BMW in co-mingled waste have been made for the purpose of making the allocation because the tonnage of each material within the co-mingled waste (that is, the tonnage of paper or card) is not known from the 2001/02 Municipal Waste Management Survey. For future monitoring of LATS through WasteDataFlow, information on these materials will be available and so these assumptions will not be used for monitoring purposes.

(ii) The calculation of an authority's base year figure

32. The maximum amounts for the first four scheme years for England are specified in regulation 4 of the 2004 Regulations. These amounts were calculated by reference to the amount of BMW landfilled in England as a whole in 2001/02, which itself was calculated using the mass balance approach and the data from the 2001/02 Municipal Waste Management Survey (in the same manner as explained in the section immediately above).

33. At the time the draft 2004 Regulations were laid before Parliament (in accordance with section 28(2) of the WET Act) the amount of BMW landfilled for England as a whole in 2001/02 was calculated at 15.64million tonnes.

34. At the time of the provisional allocation, and as a result of the receipt of more accurate 2001/02 data from some local authorities, the amount of BMW landfilled for England as a whole in 2001/02 had dropped 0.5% from 15.64 million tonnes. In calculating the base figure year for a WDA, the provisional allocation included, therefore, a 0.5% uplift in each WDA's landfill rate to take account of the change in the landfill rate for England as a whole.

35. Following the representations on the provisional allocation, and the corrections made by some authorities to their 2001/02 Municipal Waste Management Survey returns, the amount of BMW landfilled for England as a whole in 2001/02 has been amended again. As a result the landfill rate for England which was used as the basis for the provisional allocation has increased by 131,102 or 0.84%. This landfill figure is 0.34% higher than the 15.64 million tonnes which was used as the basis for regulation 4 of the 2004 Regulations.

36. The Secretary of State has considered amending the 2004 Regulations in order to reflect this change, but she has decided not to do this for the

co-mingled material sent to a Materials Recycling Facility for Waste Strategy 2000 and discussions with WRAP.

¹⁷ Paper (and in a minority of cases, textiles) is the only biodegradable material collected in co-mingled waste for recycling, therefore if paper is not included it is assumed that the waste is not biodegradable. (No authority collects textiles but not paper in a co-mingled collection).

¹⁸ If the contents of the co-mingled waste collected for recycling is not known, then the biodegradable percentage used for municipal solid waste is applied.

following reason. The Secretary of State is of the view that the change in the total landfill rate for England for 2001/02 of 0.34% from that used in the provisional allocation is sufficiently low that it would be reasonable to proceed with the allocation on the basis of the maximum amounts in regulation 4 of the 2004 Regulations.

37. Therefore the final allocation does not include the 0.5% uplift included in the provisional allocation. Instead, in calculating each WDA's base year figure a 0.34% reduction has been applied to each WDA's landfill figure for 2001/02. This approach means that all authorities – including those whose allocations have increased overall – have made an equal percentage contribution to the required reduction.

(e) The calculation of each WDA's allocation

38. Having explained that 2001/02 data will be used in the allocation, and how each authority's base year figure is calculated, this section explains, scheme year by scheme year, how each WDA's allocation is calculated. The following overall approach has been taken:

- (i) All WDAs will make the same relative contribution to the targets for England, based on their share of municipal waste arisings in 2001/02. The Secretary of State considers this to be the most equitable way of allocating allowances in target years, as it means that by 2010 all WDAs will have to make a contribution to England's targets (either by diverting BMW or by buying allowances) which reflects their share of total municipal waste arisings in England.
- (ii) Consequently, allocations for target years (2009/10, 2012/13 and 2019/20) are based on applying each WDA's percentage contribution to 2001/02 municipal waste arisings to the maximum amount of BMW that can be sent to landfills from England in target years (as specified in the 2004 Regulations).
- (iii) Allocations for the years 2005/06 to 2008/09 are based on the difference between an authority's base year figure (see paragraphs 27 to 37) and its allocation for the first target year (2009/10). The calculation of allocations for particular years between 2005/06 and 2008/09 is explained more fully in paragraphs 39 and 40.
- (iv) Allocations for scheme years between target years (that is, scheme years 2010/11, 2011/12 and 2013/14 to 2018/19) are calculated by making equal year-on-year reductions from one target year to the next.

39. The Secretary of State has decided to base allocations for 2005/06 to 2008/09 on the difference between an authority's base year figure and its allocation for the first target year (2009/10). This is because the wide variation in landfill figures for 2001/02 would have created acute problems of adjustment at the start of the scheme if a WDA's allocation were to be based on its percentage contribution to total municipal waste arisings. Those WDAs

which have the highest landfill rates would be required to decrease that rate sharply without any period of adjustment. For these reasons, allocations will not be based on a WDA's percentage contribution to total waste arisings until 2009/10.

40. Following the Consultation, it was decided that for the scheme years 2005/06 to 2008/09 the reductions/increases¹⁹ in allowances will not be in equal year-by-year steps but will be less steep in the early years of the scheme and steeper in the years immediately before the first target year. This will allow authorities which are landfilling more than their allocation for the first target year time to adjust and to plan investments. Using this approach the year-on-year percentage reductions, or increases, for a WDA from its base year figure to its first target year figure are 10/15/20/25/30% for the scheme years 2005/06 to 2009/10 respectively. The profile was chosen after considering the responses to the Consultation on this issue. It was used in the provisional allocation and the Secretary of State has decided to use the same approach in this final allocation. In practice this approach means that in the first year of the scheme (2005/06), authorities will need to reduce, or will be able to increase, the amount of BMW sent to landfill by 10% of the difference between their base year figure and their 2009/10 allocation; in the second year of the scheme they will need to reduce, or will be able to increase, the amount of BMW sent to landfill by 15% of this difference; and so on until 2009/10.
41. Overall the approach explained in this section ensures that by the first target year all WDAs will be making the same relative contribution to England's targets from a starting position where they are not.
42. Your authority's allocations, based on the above approach, are set out in Annex A.

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¹⁹ One consequence of this allocation method is that where a WDA has already achieved substantial diversion rates, its allocation in 2009/10 could be greater than its 2005/06 allocation. This means that it will have an increasing profile of allowances between 2005/06 and 2009/10.