

THE LANDFILL ALLOWANCE TRADING SCHEME (LATS)

The cost of the scheme

1. How much does the scheme cost to administer?
2. Doesn't the system unfairly penalise poorer councils?
3. Doesn't LATS mean that scarce resources are being spent buying landfill allowances rather than delivering the targets?
4. Although LATS begin in 2005/06, it was estimated that it will take councils up to ten years to build new facilities to divert biodegradable waste from landfill. Will this leave councils facing inevitable penalties?

THE COST OF THE SCHEME

1. How much does the scheme cost to administer?

In terms of administrative costs, there will be no significant additional burden on local authorities. WDAs will need to submit the monitoring information which is already collected quarterly rather than annually and to register any trading, banking or borrowing on the electronic register, but these are not considered onerous tasks.

2. Doesn't the system unfairly penalise poorer councils?

The Landfill Allowance Trading Scheme is designed to be cost neutral to the local government system as a whole and allow WDAs in England to share the burden of meeting the Landfill Directive targets. The authorities that are in a position to sell allowances are in general those authorities with the highest recycling targets and those that have invested most heavily in diversion from landfill in the past. Therefore, the price they receive for their surplus allowances will in effect be compensation for the expenditure.

3. Doesn't LATS mean that scarce resources are being spent buying landfill allowances rather than delivering the EU landfill reduction targets?

The Landfill Directive has fixed targets, therefore the UK and England have to fall into line with the requirement to divert prior to 2009/10. In England, a back-end loaded trajectory has been adopted for the targets. This balances, as far as possible, the pressure for short term solutions against the need for longer-term planning.

The scheme is not intended to inflict major costs on local authorities, either by imposing unnecessary penalties or forcing them to take part in trading against their will. In fact, it will allow local authorities to share the burden of meeting the reduction targets and for England as a whole to meet these in the most cost effective way.

Authorities with above average costs of diversion from landfill may prefer to

meet their obligations under the scheme by buying allowances at a lower cost than undertaking the diversion themselves.

4. Although LATS begin in 2005/06, it was estimated that it will take councils up to ten years to build new facilities to divert biodegradable waste from landfill. Will this leave councils facing inevitable penalties.

Although LATS did not begin until 2005/06, authorities have been aware of the need to divert biodegradable municipal waste from landfill for many years. LATS does not create the targets for reducing the amount of BMW sent to landfill – these targets are included in the 1999 Landfill Directive and the UK must meet them. If the trading scheme is used, there is no reason why an authority should ever need to pay a penalty. While it is true that new facilities can take several years to put in place, it is not inevitable that this is the case and there are management systems that can be put in place quickly that will have effect.