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# Waste incentive pilot schemes: draft guidance on application and designation

June 2008

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Published by the Department for Environment, Food and Rural Affairs

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## Waste incentives pilot schemes: draft guidance on application and designation

### Foreword

New legislation in the Climate Change Bill will allow for the first time 5 pilot authorities in England to trial specific charge-and-rebate schemes for household waste. Local authorities have pressed Government to introduce such powers. Over 80% of respondents to the Government's consultation in May 2007 supported this move.

Schemes could work by charging residents for the amount of residual waste they put out. Any money collected would then be used to rebate those who recycle the most and throw away the least residual waste. If wanted, local authorities can link any charges and rewards to the council tax billing system. All money collected under such schemes would have to be returned to residents; authorities would not be able to keep any of the money, or use it to cover their costs.

Waste incentive schemes have proved very successful in a number of other European countries – including in the USA, Ireland, the Netherlands and Italy. In Bjuv, Sweden, householders are billed according to the weight of their non-recycled waste. Waste levels there fell by 19% and recycling rose by 49% in the first year of the scheme. The UK is the only EU 15 Member State which does not allow such schemes.

Research carried out for Defra suggests that in the best performing schemes recycling and composting could be increased to around 55%, and the amount of residual waste being put out by residents could reduce by 39%. This has major environmental benefits – every 1% increase in recycling = a saving of 143,000 tonnes of CO<sub>2</sub>.

The document which follows is part of draft guidance that the Government has drawn up, using experience from abroad, to try to present local authorities with a clearer picture of what will be possible under the legislation. This is intended to stimulate debate; we very much welcome comments and informal feedback, and would encourage you to share your views with us at: [waste.incentives@defra.gsi.gov.uk](mailto:waste.incentives@defra.gsi.gov.uk)

The deadline for comments is 25 July, except for the guidance on a good recycling service, where we are asking for comments by 11 July.

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## Introduction

Part V of the Climate Change Bill allows for piloting waste incentive schemes. Waste collection authorities may submit proposals to the Government to run a pilot scheme. The Government may then designate up to five local authorities to go ahead with pilots.

This guidance covers:

- A. What criteria the Government will use in assessing local authority pilot proposals and selecting areas to run pilots.
- B. How and when local authorities may come forward with pilot proposals and what information they will need to provide.
- C. The formal process for designating pilots and what the designation order will contain.

## A. Assessing pilot proposals

### Objective

The criteria, set out in detail in tables 1 and 2 below, will be used by the Government to select up to five local authorities to pilot their own waste incentive scheme, and to ensure that the process for selecting pilot areas is fair and transparent.

In summary, the criteria favour a set of pilots which:

- ensure that schemes are effective in delivering against their objectives within a reasonable timeframe;
- ensure value for money for any use of government money;
- test a range of different types of scheme;
- test schemes in a variety of different circumstances;

### Description

Table 1 below details the key criteria for assessing proposed pilot schemes. It is divided into two parts: the first considers each pilot individually; the second looks at the pilots as an overall package. This reflects the need to consider the final shape of the package of pilots as well as the merits of an individual proposal.

**All of the criteria are important and we would hope that they could all be met.** However, because any decision to apply to run a pilot rests with the local authority, our assessment is subject to the nature of the proposals that local authorities put forward. Therefore, it may not be possible to fully satisfy all of the criteria. Although some of the criteria are mandatory, most are *desirable*. The

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criteria against which schemes (individually and as a package) will be assessed will be prioritised as follows:

- i. legislative compliance (see table 1).
- ii. effectiveness – i.e. in delivering positive environmental, economic and operational results (see table 1).
- iii. diversity - i.e. the extent to which the shape of the package of pilots allows a variety of schemes to be tested in a variety of different circumstances (see table 2).

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**Table 1: Criteria for assessing individual pilot proposals**

Priority (*)	Headline Criteria	Underlying Criteria	Desirable Criteria
Mandatory	<b>Compliance with legislative framework</b>	Meet conditions of: -revenue neutrality  Operate in line with guidance on: -good recycling service -fly-tipping prevention strategy -disadvantaged groups -appeals process	Schemes meet legislative conditions (mandatory).
***	<b>Effectiveness</b>	Environmental	<p><i>Before scheme:</i>            Current rate of recycling and composting over 40%, or clear plans to deliver that by 2010.</p> <p>Current dry recyclables recycling rate of at least 25%.</p> <p>Collect plastics at kerbside, or plan to do so within 12 months.</p> <p>Collect food waste at kerbside or plan to do so within 12 months.</p> <p><b>[NB these are <i>desirable</i> criteria. The guidance on a good recycling service contains the <i>mandatory</i> criteria for recycling, namely a recycling and composting rate above 20% and at least 2 materials collected from kerbside.]</b></p> <p><i>Expected impacts following scheme:</i>            Lower residual waste arisings – rates and tonnages.</p> <p>Higher recycling and composting – rates and tonnages.</p> <p>Higher quality materials collected from kerbside (including minimising contamination)</p> <p>No significant increase in unauthorised deposit or disposal of waste.</p> <p>No negative effect on CA sites.</p>

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Priority (*)	Headline Criteria	Underlying Criteria	Desirable Criteria
		Economic (costs/ savings for local authority)	Local authority savings (as a result of having less waste to collect, treat and dispose of) and value for money for the Government in providing funding to support the pilots.
		Operational/ Planning	Smooth running – on time, on budget, within capacity constraints (e.g. with capacity for extra recycle), with stakeholder buy-in, and well-communicated and understood.

**Table 2: Criteria for choosing the overall package of pilots**

Priority (*)	Headline Criteria	Underlying Criteria	Desired Outcome
**	Nature of the Scheme	Payment type (rebate only, charge and rebate) Charge type (volume, weight, frequency, sack) Payment mechanism (with/ without Council Tax)	Variety of types of scheme represented in pilots
**/*	Nature of Local Authority	Two tier or unitary Level of performance on waste and recycling.	Variety of authorities represented in pilots.
**/*	Nature of Pilot Area	Rural or urban Large or small area Area of mixed or homogenous housing Density of housing Proportion of potentially disadvantaged groups	Variety of authorities represented in pilots.
*	Geographical Coverage	Government Office Area	Variety of English regions represented in pilots

## B. Submitting pilot proposals

### Process and timetable

Local authorities are invited to submit their final pilot proposals by 8 weeks after Royal Assent to the Climate Change Bill. The date for Royal Assent is dependent

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on the progress of the Climate Change Bill through Parliament and will be announced nearer the time.

## **Provision of information**

The Government will be looking for some key pieces of information from local authorities proposing to pilot a waste incentive scheme. These are set out in table 3, with an example template that local authorities may wish to refer to at Annex A. Naturally, the requested information reflects the criteria with which the Government plans to assess the proposals and finally select pilot areas (see previous section). Local authorities may also provide any additional information which they consider relevant, with an explanation of why the government should consider this information. Overall, the Government is keen to avoid placing undue burdens on authorities by ensuring that the information we are asking for at the application stage is proportionate.

## **Local communications**

For an incentive scheme to be as effective as possible it will also need to be well constructed, directed and communicated. A clear communications strategy, carefully planned, regularly reviewed and updated, will be a very important factor in the success of a scheme. The situation and communication needs will of course be different in each area and there is no “one size fits all” detailed approach to communications.

Responsibility for local communications lies with local authorities and it is for them to determine who should be addressed, how, what the message or desired input or result is, and the materials and methods that should be used. An authority may find that putting all this together in a communication strategy would help it to plan engagement and the resources needed to achieve it most effectively.

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**Table 3: Information required in local authority pilot proposals**

Type of information	Nature of information required
Compliance with legislative framework, and having regard to relevant guidance.	Evidence within proposals of: <ul style="list-style-type: none"> <li>• Revenue neutrality</li> <li>• Good recycling service (as set out in the guidance on the definition of a good recycling service)</li> <li>• Outline plans for fly-tipping prevention strategy (NB it is a legislative requirement that a fly-tipping prevention strategy be in place before a pilot scheme- begins).</li> <li>• Explanation of how unduly disadvantaged groups have been taken account of, and, if appropriate, outline plans for putting in place specific measures in relation to these groups.</li> <li>• Outline plans for appeals process</li> </ul>
Environmental effectiveness	Latest recycling and composting rate (currently 06/07 data).
	Latest dry recyclables recycling rate (currently 06/07 data).
	Details of what materials are currently collected at kerbside in the pilot area.
	Current residual waste arisings per head (if available) and per household.
	Expected reduction in residual waste arisings overall and in the pilot area per head (if available) and per household. Worst and best case scenarios should be modelled highlighting key assumptions made.
	Expected increase in recycling and composting rates and tonnages in the pilot area and overall. Worst and best case scenarios to be modelled, highlighting key assumptions made.
	Any planned changes to recycling service.
	Evidence of capacity for additional recycling.
Economic effectiveness	Expected costs and savings under the scheme (worst/ best/ expected case scenarios), highlighting assumptions made.
	Details of funding needed from the Government for the purposes of the pilot, highlighting assumptions made.
	If in a two-tier area, details of (financial) arrangements with waste disposal authority.
Operational effectiveness	Outline explanation of communications work to date and future communications plans
	Outline project plan for delivery
	Outline plans for collecting outstanding charges.
Monitoring and evaluation	Outline explanations of systems in place to measure impacts of incentive scheme (including, for instance, on recycling rates, residual waste levels, fly-tipping and the effect on civic amenity sites). More details will be given on monitoring and evaluation.
Nature of the scheme	Whether scheme would be rebate-only or charge-and-rebate
	Whether scheme would be volume-based, weight-based, frequency-based, sack-based, or combination of these..
	Whether charges/ rebates are to be integrated with the Council Tax system, and, in outline, how.
	How long the pilot would run for on the ground.
Nature of the pilot area	Which part(s) of the local authority the pilot would cover – and whether it will be extended to other parts of the authority during the pilot.
	Pilot area population and number of households.
	Whether the pilot area is predominantly rural or urban.
	Description of the type and density of housing in the pilot area.

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Type of information	Nature of information required
	Brief description of the social make-up of the pilot area.
Nature of the local authority	Whether the local authority is responsible for waste disposal or not.
	Government Office region

## C. Designating pilot areas

Once the powers in the Climate Change Bill 2008 have commenced (two months after Royal Assent) the Government will be able to formally designate the areas of up to 5 local authorities as pilot areas. However, the Government need not designate the full 5 - or any - of the authorities which apply within 8 weeks of Royal Assent, if it is felt that they do not meet the criteria in this guidance.

The designation orders will allow these local authorities to use the powers in Schedule 2AA of the Environmental Protection Act 1990 to run waste incentive schemes. Each designation order will also set a date for when the pilot in question must end.

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## Annex A – Template

<p>1. Description of proposed scheme, including:</p> <ul style="list-style-type: none"><li>• Whether rebate-only or charge-and-rebate</li><li>• Whether sack-based, bin volume-based, frequency-based, weight-based or some combination of these</li><li>• Whether charges and rebates are integrated with council tax system or not</li><li>• How revenue neutrality condition will be met, and requirement to keep a separate account for scheme money</li><li>• When pilot could start</li><li>• How long pilot could run for</li><li>• Which part(s) of the authority pilot would cover, and whether it will be extended to other parts during the pilot</li><li>• Size of pilot area</li><li>• Whether pilot area is predominantly urban or rural</li><li>• Type/ density of housing in pilot area</li><li>• Social make-up of pilot area</li></ul>
<p>2. Description of local authority, including:</p> <ul style="list-style-type: none"><li>• Whether authority is responsible for waste disposal or not</li></ul>
<p>3. Details of current waste performance, including:</p> <ul style="list-style-type: none"><li>• Latest recycling and composting rate</li><li>• Latest dry recycling rate</li><li>• Current residual waste arisings per head and per household</li><li>• What materials are currently collected at kerbside in the area being proposed for a pilot scheme</li></ul>
<p>4. Expected improvements in waste performance under a scheme, including:</p> <ul style="list-style-type: none"><li>• Expected reduction in residual waste arisings per head and per household (worst/ best/ expected case scenarios), highlighting assumptions made</li><li>• Expected increase in recycling and composting rates and tonnages (worst/ best/ expected case scenarios), highlighting assumptions made.</li><li>• Any planned changes to recycling service</li><li>• Evidence of capacity for additional recycling</li></ul>
<p>5. Outline financial plans, including:</p> <ul style="list-style-type: none"><li>• Expected costs and savings under the scheme (worst/ best/ expected case scenarios), highlighting assumptions made.</li><li>• Details of funding needed from the Government, highlighting assumptions made</li><li>• If in a two-tier area, details of (financial) arrangements with waste disposal authority.</li></ul>

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## Annex A – Template (cont.)

6. Outline operational plans, including: <ul style="list-style-type: none"><li>• Details of communications work to date and future communications plans</li><li>• Outline project plan for delivery</li></ul>
7. Outline plans for fly-tipping prevention
8. Outline of how it is planned to take account of disadvantaged groups
9. Outline plans for appeals process