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Waste incentive pilot schemes: draft guidance on coverage and disadvantaged groups

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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 CO₂.

The document which follows is part of draft guidance that the Government has drawn up, using experience from abroad, to try to present local authorities with a clearer picture of what will be possible under the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

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

1. This document identifies some issues which authorities might want to consider when deciding which people, in which sorts of properties, in which sorts of areas might be included in an incentive scheme; and how to take account of groups which could be unduly disadvantaged. The document is structured around four questions:
 - A What type of area might be best for an incentive scheme?
 - B Which sorts of properties should be within the scheme?
 - C How should different states of occupancy be dealt with under the scheme?
 - D Which groups of people should be within the scheme, and, as required by legislation, how might local authorities take account of groups which may be unduly disadvantaged?
2. Local decisions on these aspects will quite properly vary, but this guidance sets out the relevant legislation and aims to identify the factors councils may wish to consider.

A: What area might be best for an incentive scheme?

3. An incentive scheme can be run over the whole of a collection authority's area or any part or parts of that authority's area. The type of scheme in operation may also vary between the different parts of an authority's area.
4. Many authorities that have made changes to their waste collection arrangements in recent years have done so in a phased way. That is partly to make the process of change more manageable and to ensure it stays within budget, but also to enable the authority to implement quickly the lessons learned from the initial stages of the roll-out in improvements elsewhere.
5. Alternatively, there might be areas which are seen as less suitable for an incentive scheme in the long term. In assessing whether this is the case, authorities should bear in mind that treating similar areas differently in the long term might not be sustainable.
6. Any incentive scheme put in place under the new powers to be inserted into the Environmental Protection Act 1990 by the Climate Change Bill 2008 must meet the following criteria:
 - There must be a good recycling service available to all occupiers of premises covered by the incentive scheme (see separate guidance on a "good recycling service");
 - Local authorities must take account of the needs of groups that might be unduly disadvantaged by an incentive scheme (see section D below); and
 - Authorities must have a strategy for preventing, minimising or otherwise dealing with the unauthorised deposit or disposal of waste.

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7. Even where these criteria are met, there might be several factors to consider in determining whether a scheme is likely to be successful in a particular area, including:
 - Is there a large proportion of housing in the area which does not lend itself to this system (see A.1 below)?
 - Is a large proportion of households in the area likely to be exempt or receive a discount (A.2 below)?
 - Are capture rates for recycle already very good compared to performance in similar areas with similar recycling and waste systems (A.3 below)?
 - Does the area have specific needs that may need addressing such as low performance on recycling compared to similar areas elsewhere in the authority or a less well maintained local street scene (A.4 & A.5 below)?
 - Are recent local changes still bedding down (A.6 below)?
 - Is the general technical approach to recycling and/or incentive schemes elsewhere in the authority feasible in the area in question (A.6 below)?
8. The following sections look at these factors in more detail.

A.1 Housing types

9. This issue is covered in greater detail in section B below. In broad terms, authorities are encouraged to look at the possibility for incentive schemes in all types of area and make their own decision accordingly. However, an authority may wish to weigh up whether it makes sense to include an area with many properties which they consider should not fall within the proposed scheme. In this case the scheme would only apply to relatively few people in the area and will therefore have a limited effect in terms of reducing residual waste. This may have an impact on the costs and value for money of introducing the scheme in that area.
10. One example of an area which it might, in some cases, make sense to exclude is where there is a high concentration of blocks of flats. In such an area it may be more difficult to provide systems or receptacles to enable a high level of recycling or to determine which households the residual waste has come from. Another might be where the population changes more frequently than elsewhere, perhaps because much of the property is rented.

A.2 Households with exemptions or discounts under the incentive scheme

11. Similar issues arise in areas where there are likely to be many households entitled to a discount or exemption from the scheme (see section B below). Including such areas in the scheme would limit the extent of any behavioural change yet there would still be administrative costs involved in

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maintaining records of those within an area who were full participants in the scheme and those that were not.

A.3 Capture rates

12. Though unlikely, the situation could arise where the council operates a wide-ranging collection service yet its performance remains low relative to its peers. Should this arise, there would need to be a good analysis of the reasons for the relative under-performance. It might be that charge incentives, if properly communicated and implemented, would be sufficient to switch behaviour. On the other hand, the area might still underachieve if other improvements were not also made (e.g. on the recycling service and associated local communications) at the same time. If an incentive scheme is successful, it is likely to lead to increased capture rates for those materials that were already being collected.
13. Given that an incentive scheme will require investment in communications and possibly in new systems or equipment, greater value for money might be achieved where there is greater room for growth in the recycling rate. That could be achieved by constraining the scheme to areas where current systems are running with spare capacity for more recyclate to be processed, or by changing recycling systems just prior to or at the same time as the implementation of the incentive scheme to deliver further capacity.

A.4 Relative underperformance in an area

14. Where an area is underperforming relative to its peer group, the authority may wish to look at a range of options to improve performance, as well as incentives schemes. These could include:
 - intensive communications work;
 - optimizing rounds and adopting best practice on collection services;
 - local partnerships with the third sector, Local Sustainability Plans etc. to improve local engagement with the services provided and tackle problem areas,
 - enhanced partnerships with neighbouring authorities, or the WDA in two-tier areas; or
 - incentivising the contractor to deliver a higher level of recycling from the existing systems.
15. Sources of relevant guidance and advice on the alternatives can be found attached to the guidance on technical issues.
16. If alternatives have been pursued, or are currently being pursued, and it is felt that further improvement is still possible then an incentive scheme might be useful.

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A.5 Poor street scene

17. International and UK experience suggests that the general cleanliness of an area can be a factor influencing fly-tipping rates. It has also been found that rapid action to address hot-spots leads to an overall reduction in fly-tipping. It might be that concerted work on the local environment would be necessary or desirable before an incentive charging could be introduced. Alternatively, it could be carried out at the same time as introducing a waste incentive scheme. The Government continues to expect that local authorities tackle instances of poor street scene regardless of whether or not they are planning to introduce a waste incentive scheme.
18. If there were any reason why, for certain areas, it were not possible to put in place a strategy for fly-tipping prevention, then that would prevent those areas being included in a scheme.

A.6 Local systems

19. If an area has been subject to a number of initiatives recently, especially in relation to waste, it would be worth assessing the area's ability to absorb a further change and to assess the impacts of these changes.
20. There is a variety of possible incentive schemes and they can be associated with several different collection systems. It may be that in a particular authority, a particular solution would be the most appropriate but it cannot be put in place throughout the authority.
21. For example, if wheeled bins were already in operation across most of the authority and the authority moved to an incentive scheme based on bin volume, that clearly could not apply in an area of densely packed terraced housing where sacks were still in use. A system based on the sacks in that area would also be possible, but the authority might wish to consider whether it wanted to run a second incentive scheme in what might be a relatively small area.
22. On the other hand, it may be that changes to local systems are necessary or desirable and that the authority decides to align the timing of those changes with the introduction of an incentive scheme. In doing this, the authority would need to consider how the changes were to be managed and evaluated.

B: Which properties should be within the scheme?

23. In principle, most forms of housing could be brought within the scope of an incentive scheme. However, premises with several separate occupants or households can present particular issues. This is especially the case where the type of scheme implies the need to be able to track waste back to a particular household (see the separate guidance on technical issues). These sorts of properties could include:

- Houses in multiple occupancy (HMOs);

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- Blocks of flats,
- Maisonettes and tenements;
- Sheltered housing with communal bins.

24. Authorities have the power, under section 46 of the Environmental Protection Act (EPA) 1990, to make rules about the receptacles used for waste. That power would enable authorities to impose reasonable requirements about the receptacles to be used in blocks of flats, for example, just as they can for other forms of housing. The requirements would need to take account of the practicalities of available space and the need to identify the households that had put out the residual waste.
25. There are also several types of residence which raise particular issues for systems and the relevant legislation. For example, houseboats can probably be treated in exactly the same way as any other main residence for the purposes of an incentive scheme. So might mobile homes, if the waste was collected from each mobile home, rather than from communal bins. However, touring caravans may present more of a challenge. Again, any requirements would need to take account of the practicalities of available space and the need to identify the households that had put out the residual waste.

C: How should different states of occupancy be dealt with under the scheme?

26. Authorities are free to determine the occupancy criteria for any scheme. However, one convenient way of addressing this issue might be to align it with the categories of dwelling that are liable to council tax, particularly where waste charges and rebates are integrated with the council tax system. The broad position is set out in Annex A.
27. In many of the cases covered at Annex A, there will clearly not be any waste produced. Inclusion in an incentive scheme could therefore appear counter intuitive if there is no person present whose behaviour can be changed by the incentive scheme. It may be simpler to exclude the property from the incentive scheme.
28. In those cases where properties are occupied and yet are not subject to council tax, this is usually related to either:
- the particular status of the occupant(s) or owners;
 - the ability of the occupants to be held responsible for their actions;
 - or
 - their ability to pay the tax.
29. Authorities will wish to consider carefully whether these groups should be required to be part of an incentive scheme. It may be that there are groups who are exempt from council tax whose behaviour, when it comes to their waste, the authority does want to change. A particular example might be households of students. In making this assessment, though,

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authorities must take account of those groups who might be unduly disadvantaged as a result of the introduction of an incentive scheme (see below).

30. An authority will also need to consider the position of properties used as holiday lets. Where the owner is paying a full council tax charge on that property the waste is collected free of charge as household waste. However, the authority will wish to consider whether it is reasonable to include such a property in an incentive scheme.

D: Which people should be within the incentive scheme, and how to take account of unduly disadvantaged groups?

31. The legislation (paragraph 2 of Schedule 2AA of the EPA inserted by the Climate Change Bill 2008) requires an incentive scheme to take “account of the needs of groups who might be unduly disadvantaged by it”. An authority designing an incentive scheme should consider the position of all groups to be covered by it, consider whether it wants to put in place special arrangements for some of those groups, what these arrangements should consist of, and implement them if such arrangement are needed.
32. The aim of an incentive scheme is to encourage waste minimization and recycling by making it cheaper to do these things than not to do them. Those who do least to protect the environment from the effects of their waste will be the worst off; they will be comparatively disadvantaged. The point, therefore, of the legal requirement mentioned in the previous paragraph is to identify those people who either:
- (a) cannot take action to reduce their waste or recycle more of it (those who would be unduly disadvantaged); or
 - (b) will produce larger than average amounts of waste whatever they do.
33. Each authority will decide which groups, if any, need special provision – be it flexibilities in payment methods, partial rebates or allowances or an exemption from the scheme altogether, for instance. However, some possible examples, discussed below, include:
- Those who own or occupy properties exempt from council tax (see D.1 below);
 - Disabled or frail people (D.2 below); and
 - Large families (D.3 below).
34. Should any one group be seen to be performing poorly on recycling, the authority might also wish to consider whether communications could be improved and more effectively targeted at this group.

D.1 Council tax liability

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35. One way of assessing which groups might need special arrangements under an incentive scheme would be to review those categories of people entitled to exemptions under the council tax. In practice, they are largely the groups suggested by the list of exempt dwellings in Annex A and much of the discussion in section C above would apply.

D.2 Disabled or frail people

36. The first requirement of an authority would be to ensure that anyone covered by an incentive scheme should fully understand their responsibilities and how they can reduce their charges or increase their rebates through using the local services available. An authority should consider whether this is a particular issue for certain groups of people where there might be particular difficulty in communications.

37. Furthermore, an authority would wish to consider whether some people who are frail or disabled might be unduly disadvantaged, for example, if they were not able to reduce their residual waste by using the local recycling services fully. These groups might not be able to get to local bring banks or civic amenity sites to recycle materials such as glass or be physically able to recycle in the home. However, there is already legislation on the need to help people in such situations.

38. Where a resident is disabled, frail or may need help for some other reason, the Government recommends help or an assisted collection and such assisted collections already happen routinely across the country. The Disability Discrimination Act 1995 requires service providers to ensure that disabled people do not find it impossible or unreasonably difficult to use their service and the service provider should have made reasonable adjustments in relation to this requirement from October 2004.

39. Local authorities should arrange for clinical waste to be collected separately from ordinary household waste. As it is already legal to charge for this sort of waste (although many councils collect it for free), clinical waste is outside the scope of incentive schemes and cannot be charged for under such a scheme. Local authorities will also wish to consider whether packaging waste associated with clinical provisions should fall outside the scope of incentive schemes, where households cannot avoid producing such waste.

40. Where the available assisted collection does not extend to full help with recycling, then an authority might take the view that people who needed this help were likely to be unduly disadvantaged by an incentive scheme and should not be covered by one.

41. Finally, it might be that frail or disabled people would have difficulty in getting out to buy any sacks or tags stipulated within an incentive scheme. Rather than excluding these people from a scheme, authorities may wish to put in place arrangements to help people in these groups obtain the necessary items more easily.

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D.3 Large families

42. Research shows that larger households create more waste, but that they produce less waste per head than smaller households¹. It may be, therefore, that an authority considering introducing an incentive scheme should consider the position of large families in their scheme and the implications for their local communications strategy.
43. Authorities may equally consider that it is important to include this group in any incentive scheme, as larger producers of waste.
44. If this is the case, as well as straightforward inclusion, an authority may wish to put in place additional measures for large or young families. Such a response will depend on the shape of the proposed scheme and the collection systems in place. For example, in a system based upon bin volume, it might be possible to provide larger (or more) bins to such families at the same price as the smaller capacity provided to others. In a sack based system, it might be possible to provide extra free sacks to such families. In a weight-based system it might be possible to base the scheme on an allowance per person in the household; and so on.
45. Other steps might also be appropriate. For example, for families with young children, an authority might decide to support the use of a real nappy scheme.
46. The authority would need to monitor the continuing eligibility for any help or concessions to such families over the years.

Conclusion

47. This guidance attempts to identify those issues authorities might wish to consider in designing the areas and people to be covered by a scheme, and what adaptations might be necessary to ensure that any scheme is equitable whilst incentivising the desired behaviours. Authorities considering putting in place an incentive scheme should consider, but not be constrained by, this guidance when doing so.

¹ Defra: Impact Assessment of Powers to Pilot Local Authority Incentives for Household Waste Minimisation and Recycling, November 2007

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ANNEX A

Classes of property exempt from Council Tax

Collection authorities should consult colleagues in their council tax sections for a more detailed explanation of the classes of property which are exempt from council tax and for information on the properties which are treated as exempt locally. However, set out below is a layperson's description of the legislation as it stands.

- Class A** Unoccupied dwellings to which works have recently been carried out
- Class B** A dwelling owned by a charity for its charitable purposes and which has been unoccupied for less than 6 months
- Class C** Unfurnished accommodation which has been unoccupied for less than 6 months
- Class D** Unoccupied due to the detention of the person who would otherwise have been resident
- Class E** Unoccupied due to the person who would have been resident being in hospital or a care or nursing home
- Class F** Unoccupied due to the death of the previous resident and that person's representative would otherwise be liable
- Class G** Occupation is prohibited by law
- Class H** Properties kept for occupation by ministers of religion
- Class I** Unoccupied for the same reasons as Class E, but not in a nursing or residential home or hospital
- Class J** Unoccupied because the person who would have been resident there is resident elsewhere to act as a carer
- Class K** Unoccupied because they are the homes of students resident elsewhere for their studies
- Class L** Repossessed houses currently held by the mortgagee
- Class M** Halls of residence
- Class N** Other dwellings wholly occupied by students or other school or college leavers
- Class O** Armed forces accommodation
- Class P** Accommodation occupied by members of visiting forces
- Class Q** Properties where the trustee in bankruptcy would otherwise be liable
- Class R** An unoccupied pitch for a caravan or mooring for a boat
- Class S** Occupied entirely by people who are under 18
- Class T** Unoccupied annexes which form part of a larger dwelling and which cannot be let separately
- Class U** Dwellings occupied by those who are severely mentally impaired
- Class V** Dwellings occupied by foreign diplomats or representatives of foreign Governments in international organizations
- Class W** Dwellings which are part of a larger building where the occupants of each are related