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Waste incentive pilot schemes: draft guidance on finance

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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The document which follows is part of draft guidance that the Government has drawn up, using experience from abroad, to try to present local authorities with a clearer picture of what will be possible under the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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This guidance considers the following issues in relation to finance arrangements for waste incentive schemes:

Headline Finance Facts

- A. Scheme Types
- B. Revenue Neutrality;
- C. Level of Charge;
- D. Accounting;
- E. Interest;
- F. Billing;
- G. Debt Collection for Waste Charge;
- H. Appeals;
- I. Monetary Transfers in Two-Tier Areas

In section F (Billing), the guidance also seeks views on the format of combined incentive scheme charges and council tax bills. This is to aid the drafting and subsequent formal consultation on draft regulations.

Headline finance facts

- Schemes can be rebate only, or charge and rebate based
- Under an incentive scheme, charges and rebates can only be levied on residual waste
- Local authorities determine the level of charge or rebate in their area according to local circumstances.
- All money received in via charges must be paid back to residents via rebates – the so-called ‘revenue neutral’ principle.
- Government holds a reserved power, only to be used in exceptional circumstances, to cap the level of charge
- Local authorities have discretion as to how they wish to administer any charge or rebate. If they choose to, they can administratively link them to council tax.
- Charges can be levied and rebates issued in advance or in arrears, and by instalments.

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A. Scheme types

There are four basic models for incentive schemes. They are set out in some detail in the technical issues guidance. In each case, it is possible to implement them as rebate-only schemes or as charge-and-rebate schemes.

i) Rebate only schemes

In outline, rebate-only schemes involve the local authority rebating households which produce the least residual waste.¹ The level of rebate could be the same for all households which receive them, or they could be paid on a sliding scale, with larger rebates for those producing the very lowest amounts of waste. Authorities can issue rebates using existing powers but the new powers will allow them, for the first time, to offset the rebate against council tax.

Rebates could be paid to residents in a number of ways. Local authorities have discretion as to how to issue the rebates. Examples include:

- via cheque or electronic transfer
- via cash equivalents, for example vouchers or credits
- via the council tax bill.

Examples of how a rebate only system could work are shown in **table 1** below. The list is illustrative only and authorities could choose, for instance, to run a hybrid of two or more types of scheme. We welcome local authorities coming forward with their own variants within what is allowed by the legislation.

Table 1. Rebate only schemes – examples

<p>Example 1: flat-rate, volume-based rebate-only scheme</p> <p>The local authority offers households a standard bin for residual waste with a capacity of X kg. Those households which choose to have a smaller bin (say with a capacity of less than X kg) are all eligible for a rebate of £Y from the local authority.</p> <p>Something similar could also apply to bag based schemes. It would require a standard number of bags per year to be set and distributed. Those using fewer bags would be eligible for a rebate. Depending on the level of technology and IT investment, this could be measured, for example, by returning unused bags to the local authority or by electronically numbering and reading the bags.</p>
<p>Example 2: flat rate, weight-based rebate-only scheme</p> <p>The local authority sets a standard level of residual waste arising per household per year, or per person per year (measured by <i>weight</i>). Those households who throw away less than the standard level would be eligible for a rebate of £Y per month from the local authority.</p> <p>This could apply to a bin or a bag based scheme.</p>

¹ Residual waste is waste which is not separated for recycling or composting.

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Example 3: sliding scale weight-based rebate-only scheme

On average, households produce X kg of residual waste per month. Those households producing less than X kg are eligible for a rebate from the local authority. However, the level of rebate depends on how far below the average they are. So, for example, a household producing X minus Y of residual waste per month receives a monthly rebate of £Z, whilst a household producing X minus 2Y receives a monthly rebate greater than £Z.

This could apply to a bin or a bag based scheme.

ii) Charge & Rebate schemes

The new powers in Schedule 2AA of the EPA 1990 (as inserted by the Climate Change Bill 2008) allow authorities to levy an incentive-based charge on householders. However, any money raised must be paid back to residents as rebates for those producing the least residual waste. This is known as the 'revenue –neutrality' principle and is discussed in greater detail in the next section.

Charge-and-rebate schemes involve a) households which produce the most residual waste paying more to the local authority, with other households producing the least residual waste earning a financial reward from the authority. Again, the charges and rebates which achieve this effect could be administratively linked with the council tax system, and could be paid on a flat-rate or sliding scale basis.

Where charges are to be levied on certain residents they could be paid in a number of ways. Local authorities have discretion as to how to levy the charges. Examples include:

- via a separate bill
- via a separate bill sent out together with the council tax bill
- via the council tax demand bill.

Examples of how a charge and rebate system could work are shown in **table 2** below. The list is illustrative only. Again, we welcome local authorities putting forward their own variants.

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Table 2 – charge and rebate examples

Example 1: sliding scale, volume-based charge-and-rebate scheme

Households must present their residual waste in specified sacks which they must purchase for a small charge. Periodically, the revenue is divided equally among residents and paid back to them as rebates. Households which have bought more than the average number of sacks will end up paying more, while those who have bought less than that will make a net gain and be better off.

This could also apply to bin based schemes, where the local authority offers households a standard bin for residual waste with a capacity of X kg. Those households which choose to have a smaller bin (say with a capacity of Y kg) are all eligible for a rebate of £Z per month from the local authority. Those with a larger bin would be required to pay a charge.

Example 2: sliding scale, weight-based charge and rebate scheme

When waste is collected from a household it is weighed and a record kept. At the end of a period, an average weight per household is calculated. Those who threw away more than the average will be charged. Those who threw away less than the average will be rebated. Rebates could also be based on estimates made from data in previous years. It could apply to bag or bin based schemes.

Example 3: Flat rate, frequency-based charge-and-rebate scheme

The local authority allows households to choose whether to have their residual waste collected once a week or once a fortnight. Those selecting the weekly service pay a charge of £Z. Those selecting the fortnightly service receive a rebate of £Y per year.

NB For a fuller discussion of how different types of scheme could operate, please see the technical guidance on waste incentive schemes.

B. Revenue neutrality

The new powers require that any waste reduction (incentive) scheme involving a charging element be “revenue neutral”² “taking one year with another”. This means that all of the revenue collected through charges must be paid back through rebates. So, as a whole, residents would not pay more overall. However, there would be a redistribution from those producing the most residual waste to those producing the least.

In addition the local authority would not be able to keep any of the revenue from charges to use for its own purposes. Nor could it use the revenue to cover any of the costs associated with running a waste incentive scheme.

² See paragraph 2 of Schedule 5 to the Climate Change Bill which will insert a new Schedule 2AA into the Environmental Protection Act 1990. Paragraph 6 of that Schedule 2AA provides for revenue-neutrality.

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“Taking one year with another”

For many types of scheme, it would not be practicable for local authorities to make charges and rebates balance exactly in any single year. Instead, the new powers require that local authorities meet the revenue neutrality requirement “from year to year, and taking one year with another”.³ (There are similar provisions elsewhere in legislation – for example, the 2003 Local Government Act includes similar provisions for Best Value Authorities that enables costs to be covered “taking one year with another”⁴).

This means that if the total revenue raised through charges is slightly greater than the total level of rebates in year 1, the local authority can seek to rectify this in year 2; and similarly, the authority can seek to rectify in year 3 any disparity between total charges and total rebates that exists in year 2. All payments in and out of a scheme must be made through a separate account, which is open to inspection by the public so that they can see how the authority is complying with the revenue neutrality requirement – see section D below.

Use of revenue

Table 3 below provides examples of how the revenue raised from any charge under a ‘revenue neutral’ scheme can be used.

Table 3 – examples of how revenue can be used

Examples	Allowed under revenue neutrality?
The authority uses the revenue from waste charges to pay cash rebates to households producing least waste.	Yes
The authority uses the revenue from waste charges to offer households producing least waste payment in in-kind rebates (such as oyster card credits, or vouchers to spend in retail outlets or on local authority services).	Yes
The authority uses the revenue from waste charges to fund community projects (such as creating a park or setting up a community centre).	No
The authority uses the revenue from waste charges to fund waste collection or disposal services	No
The authority uses the revenue from waste charges to fund any additional communications, administration or enforcement costs associated with the scheme.	No

³ As footnote 2 above

⁴ Section 93(3) requires best value authorities to ensure that, taking one year with another, the income from charges does not exceed the costs of provision See: www.opsi.gov.uk/Acts/acts2003/ukpga_20030026_en_10#pt8-ch1-pb1-l1g93

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C. Level of charge

There are no minimum or maximum levels for how much a local authority can charge those producing the most residual waste (although the Government has reserved the power to set a cap should it deem it necessary in the future). The charge should be based on what is considered to be an effective incentive in a particular area and what is considered reasonable. Factors to consider could include:

- Extent of behaviour change expected – i.e. % increase in recycling or fall in residual waste
- Target group for behaviour change – i.e. which people in the area the authority wishes to target in encouraging them to reduce and recycle their waste
- Local affordability, considering the relative affordability of the charge in relation to the target group
- Potential impact on waste diversion, waste crime or fly-tipping
- How often the charge will be made during the year

A research report on waste charging produced for Defra includes a comprehensive review of literature from overseas charging schemes. It finds that charges of approximately £50 per year have been sufficient to change the behaviour of households, reducing waste levels and/ or improving recycling performance. The research report can be found on Defra's website at:

www.defra.gov.uk/environment/waste/strategy/incentives/index.htm

Authorities are free to set their own charges in the light of local circumstances. The Government has reserved a power to cap the amount that a single household is charged in any one year. However, there is no intention to use this power unless absolutely necessary. Nor will Government be able to wield the cap without warning or consultation as a parliamentary process is required before it can be applied.

There is limited research available which assesses the relationship between household income and waste generation. However, what there is, suggests in general that there is no link between household income and the amount of waste produced⁵. For all involved, those who recycle fully, would be better off within a scheme than if they were excluded from one.

However, an authority could review whether it might want to put in place special payment arrangements for low income groups, for example so that they can pay

⁵ Defra: Impact Assessment of Powers to Pilot Local Authority Incentives for Household Waste Minimisation and Recycling, November 2007

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any charge in instalments rather than having to pay in full upfront. (It is also possible for rebates to be paid to residents in instalments).

D. Accounting

The legislation requires local authorities to separate out the waste charge and rebate account from other council accounts, and to make this publicly available.

The new powers require that, taking one year with another, no surplus is available from the account to the rest of the general fund. Authorities may wish to consider reflecting any surplus at the end of a given year in an earmarked reserve so that it can be drawn upon in future years when charges/rebates are adjusted. This would ensure that it is available to cover any deficit in the following year(s) when rebates or charges are adjusted to clear the surplus.

Money in the incentive account cannot be used to fund other council activities: it can only be used to fund rebates.

Making the account publicly available means that anybody interested in seeing the account may, at any reasonable time, see and make copies of the account. No charge can be made for accessing this information. In addition, obstructing anybody's access to the account is an offence.

An example of an account that requires surpluses to be carried forward but deficits to be met from the general fund is the parking account established under section 55 of the Road Traffic Regulation Act 1984 (subsection (2)).

E. Interest

It is up to local authorities to decide whether or not they wish to retain any interest made on revenue from collecting waste charges from households, and for what purposes they may apply such monies. Authorities may decide to pay back any interest to householders through rebates.

F. Billing

In issuing bills for waste charges and rebates, authorities have two choices:

1. Bill separately to council tax - local authority sets up its own system separate to its council tax collection and enforcement procedures. (NB This bill could, however, be sent out in the same envelope with the council tax bill).

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2. Bill together with council tax - uses the council tax system to bill for a waste charge or to apply a rebate.

The second option only applies where the person being billed has a liability for both council tax and a waste charge/rebate. Local authorities will need to use option 1 if they decide to make those people who are exempt from council tax, such as students, liable for a waste charge. **Table 4** below shows when each billing option is available to local authorities.

Table 4 –billing options for rebates and charges

Scenario	Liable for Council Tax	Liable for Waste Charge	Bill together	Bill separately
a	Yes	Yes	Yes (Local Authority Discretion)	Yes (Local Authority Discretion)
b	No	Yes	N/A	Single waste bill
c	Yes	No	N/A	Single council tax bill

On option 2, the waste charge/rebate and the council tax charge remain two separate liabilities, albeit combined onto one bill. This would follow through to any enforcement proceedings (see section G - Enforcement). The underlying council tax liability would not be affected but any waste rebates could be netted off on the council tax bill.

Council tax exemptions

Who should be covered by a waste incentive scheme is explored in the Coverage & Disadvantaged Groups Guidance. In short, whilst authorities are legally obliged to take into account impacts on disadvantaged groups, they have the final say as to who is covered by any scheme and whether any special measures should apply. It is therefore possible that groups that are entitled to a discount or exemption under council tax rules, such as students, could be included in a waste incentive scheme. In this situation, an authority may need to run two separate billing systems: one that includes the waste charge and rebate on the council tax bill and one that deals with it separately.

Deciding on a billing system

A number of factors need to be considered when choosing how to bill and rebate and whether to create a link with council tax:

- Whether a high proportion of the waste bills can be administratively linked to council tax;
- Costs of operating the billing system and where efficiencies can be made;

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- What type of billing system secures the best collection success;
- How the billing system affects lower income groups or those without access to banking services. Can flexibility be built in?

Examples of how rebates and bills for charges might be issued under different schemes are set out in **table 5** below. NB there are many other ways to operate waste incentive schemes – these are just examples.

Table 5 – issuing rebates and charge under different types of scheme

Scheme type	Bills for charges	Rebates
Bin volume	Periodically, residents choose what size bin they would like and those choosing to have a larger-sized bin are billed in advance for the forthcoming period.	Periodically, residents choose what size bin they would like and those choosing to have a smaller-sized bin are rebated in advance for the forthcoming period.
Sack or tag	The local authority sells specified waste sacks at local retail outlets. Residents pay a charge per bag.	<p>a) Periodically, the local authority divides the revenue made through charges by the number of households on the scheme and pays out a flat-rate rebate to each household.</p> <p>b) the authority could estimate rebates in advance – this might be done, for example, in a scheme where charges and rebates are linked with the council tax system, so that overall bills can reflect the rebate at the start of the year and adjusted in the following year to take account of the actual number of bags bought.</p>

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Frequency	<p>a) Periodically, residents choose how often they would like their waste collected. Those choosing to have their waste collected more frequently are billed in advance for the forthcoming period.</p> <p>b) Alternatively, residents could choose whether to set out their waste at each collection. Those who had put their waste out relatively frequently would be charged at the end of the period.</p>	<p>a) Periodically, residents choose how often they would like their waste collected. Those choosing to have their waste collected less frequently are rebated in advance for the forthcoming period.</p> <p>b) Alternatively, residents could choose whether to set out their waste at each collection. Those who had put waste out relatively infrequently would be rebated at the end of the period.</p>
Scheme type	Bills for charges	Rebates
Weight	<p>a) Bins are weighed during collection rounds and people are charged on a sliding scale according to the weight of waste they have thrown away.</p> <p>b) Alternatively, there could be a flat-rate charge for all residents, in which case rebates would need to be given to those producing lower amounts of waste.</p>	<p>a) If people are charged on a sliding scale according to the weight of their residual waste, a flat-rate rebate could then be given to all residents. Those producing most waste will end up paying more overall, but those producing least waste will make a net gain.</p> <p>b) Alternatively, if there is a flat-rate charge, bins are weighed during collection rounds and periodically those producing a lesser weight of waste are rebated on a sliding scale according to how much waste they have produced.</p>

Ultimately, it is important that local authorities make sure that residents understand clearly how they should make payments to the authority and how they will receive any rebates owed to them. Simple systems and good communication aid understanding.

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Designing a combined waste and council tax bill

The details of what can be put on the face of a council tax bill are contained in The Council Tax and Non-Domestic Rating (Demand Notices) (England) Regulations 1993. The same legislation covers what can accompany a council tax bill when issued to householders. If authorities would like to include the waste charge/rebate on the council tax bill, then the 1993 Regulations will need to be amended by Parliament.

Government's preferred option is to make legislative changes that allow local authorities to show on the council tax bill some or all of the following items:

- **a separate line showing a residual waste charge.**
- **a separate line showing a rebate which may be offset against the amount of council tax**
- **A line showing the net amount earned or to be paid**

Taking this approach, which shows the waste charge/rebate separately to council tax on the bill, provides transparency for householders and will make clear that the scheme is not related to increased council tax. It also underpins the purpose of a waste incentive scheme of encouraging people to change their waste and recycling behaviour by providing a visible financial incentive.

Authorities will also be able to add supporting text on the face of the bill which would further explain to householders the basis on which any rebate or charge had been calculated, and the consequent impact on their council tax payments.

Government wants to ensure that any amendments to the legislation reflect what local authorities need in place in order to enable efficient and effective billing of both waste charges/ rebates and council tax. We would therefore value responses to the following 5 questions to help us to determine the most appropriate approach.

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Questions to consider in relation to council tax billing models

- a) Would these three models (see bullet points above) work in practice?
- b) Are any adjustments required to the models to improve the way they work?
- c) Are any alternative models workable? If so, what are they?
- d) If you were to propose a pilot scheme, would you wish to combine waste charge billing with council tax billing? Please explain why this option is attractive or not.
- e) If you were to propose combined billing, which of our three suggested models would you prefer, or which alternative model? Please explain why.

Frequency of billing

Local authorities will need to make an assessment as to how often rebates and any bills for charges should be issued in order to provide residents with an effective incentive to alter their behaviour.

The legislation also allows authorities to require payment in advance, on account or by instalments.

Use of external data

Whether or not authorities bill for waste charges with or separately to council tax, they may still use data from council tax functions, for instance, to gather or provide information about who might be liable to pay a waste charge, ensuring that they also comply with, for example, the relevant provisions of the Data Protection Act 1998 and the Human Rights Act 1998.

In some cases, local authorities may need to request information direct from residents, and ask for evidence to verify this.

People moving house

When people move house, local authorities will need to consider how charges and rebates should be paid, bearing in mind issues of fairness and what is administratively efficient. Residents should only pay or be rebated for that waste which they have produced, and not any waste produced by the previous occupier or future occupier. In general, this principle would need to apply in order that schemes provide effective incentives to people to throw away less; and local residents will obviously be keen to see schemes which are fair.

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Where an authority has chosen that waste charges and rebates will appear on council tax bills, they could easily be dealt with in the same way as council tax payments when people move house – i.e. by dividing the total amount of council tax for the year by the proportion of the year that the resident has lived in the area.

Under some schemes, particularly where charges and rebates are paid frequently, small amounts of charge or rebate may be outstanding when a householder moves. Authorities will wish to consider how to apportion these between incoming and outgoing residents in an equitable way,

Under some schemes, particularly where charges and rebates are paid frequently, and where it therefore is a question of small amounts of money from the current payment period, it may not always be efficient for local authorities to work out exactly which occupier produced which waste when someone moves house. In these cases, small amounts of charge or rebate from the present period could be passed onto either the out-going or the in-coming resident when the next bill/notification was issued. This would be up to the authorities to determine.

Above all, local authorities will need to communicate clearly the rules and processes for when people move house.

G. Enforcing debt collection for waste charge⁶

The Enforcement process will vary slightly according to whether waste charges/ rebates and council tax are combined on the council tax bill. This is summarised in **table 6** below.

Table 6 – enforcement mechanisms

Scenario		Enforcement Mechanism
a	A waste charges/rebate has been billed separately to council tax	County Court Process
b	A waste charge/rebate is shown on the council tax bill	Magistrates Court Process
c	Some waste charges/rebates are billed separately to council tax, others are billed together with council tax; the ' hybrid ' model.	County Court process (for separate bills), Magistrates Court (for combined bills)

⁶ NB This is different from recovering debts owed in relation to fixed penalty notices. Defra published guidance on this in March 2007 which can be found at: <http://www.defra.gov.uk/environment/localenv/legislation/cnea/fixe-penalty-guidance.pdf>

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The process for enforcing an outstanding waste charge, whether it is linked with council tax or not, will differ in some ways from the standard procedures used by authorities. Authorities seeking more information on how this will work in the County and Magistrates' courts should contact Defra at waste.incentives@defra.gsi.gov.uk

Liability

As discussed in section F (Billing), even when bills are combined, the waste charge/rebate and the council tax remain two separate liabilities: the underlying council tax liability is not affected. Any waste rebates would simply be netted off on the council tax bill. Any necessary enforcement action for council tax debt would be taken against the outstanding net amount of unpaid council tax.

H. Appeals

The powers require that an authority operating an incentive scheme must establish an appeals process. This will enable residents to appeal against decisions which affect their entitlement to a rebate or their liability to pay a charge. The appeals body may be an internal body run by the authority, provided that it is sufficiently independent to comply with relevant law.

The Secretary of State has the power to set up a dedicated external body to manage waste incentive scheme appeals across England, but does not propose to exercise this power at present. Should the Secretary of State choose to exercise this power in the future, separate regulations will need to be drafted and consulted on.⁷

Establishing an internal appeals body

An appeals body should be capable of delivering:

- Clear, prompt advice to prospective appellants
- Quick and efficient handling of an appeal
- Fair and unbiased decisions by appropriately qualified people
- Clear and logical decisions and reports
- A quick and thorough complaints procedure
- A transparent service that the public can trust in

⁷ See paragraph 12 of Schedule 5 of the Climate Change Bill.

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To achieve this, an authority needs to carry out the following:

- Establish grounds for appeal
- Agree to whom the appeal should be made – as a minimum, the person hearing the appeal should not be the same person who made the original determination and they should be sufficiently senior.
- Agree how the appeal should be made – i.e. in writing, in person, via the telephone or email
- Agree what action should follow after an appeal has been considered, (for example to arrange a further appeal within the authority or to an independent adjudicator)
- If an appellant were still unhappy, (s)he could complain at any stage to the ombudsman, or, once (s)he has exhausted the council appeal remedies available, bring a judicial review saying that the council has not exercised its powers properly
- Establish rules on what payments have to be made whilst the appeal is in train and on how any adjustments should be made once a decision is reached;
- Establish a maximum time to be taken for each stage of the appeals process. This should include timetables for acknowledging as well as dealing with an appeal (usually 28 days)
- Communicate clearly with residents the process for making an appeal.

Council tax appeals and waste charge appeals

Council tax appeals are handled by the Valuation Tribunal Service (VTS), but the VTS will not handle appeals in respect of waste charges/rebates. Therefore, local authorities will be required to set up their own internal system for dealing with appeals against the waste charge (see above).

If a person appeals against both his/her waste liability and council tax liability on the same grounds, regulation will ensure that the waste charge appeal is stayed until the VTS have determined council tax liability. Where the issue for appeal is similar, we will ensure, through regulation, that the local authority's decision on a waste charge appeal reflects the VTS's decision on council tax liability.

I. Monetary transfers in two tier areas

Where waste incentive schemes are effective in reducing levels of residual waste, local authorities can expect to make significant savings, all other things being equal, which should be more than sufficient to cover costs. The savings come primarily from avoided costs of disposal, either to landfill sites or waste

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treatment plants, although in some schemes collection costs may also fall, as vehicles fill up less quickly or fewer rounds are needed. This means that, in two-tier areas, savings will accrue primarily to the disposal authority (normally the county) rather than the collection authority (usually the district). On the other hand, it is the collection authority which will bear most of the costs of setting up and running a waste incentive scheme.

To address this situation, the legislation allows the waste disposal authority to pay the waste collection authority contributions.⁸ The amount of any such contributions would be up to the authorities in question to decide and agree between themselves. They may, for example, be based on a calculation of the overall saving made by the waste disposal authority as a result of having less waste to dispose of. It is envisaged that in two-tier areas waste collection authorities would need to discuss with the waste disposal authority their plans to introduce a waste incentive scheme, and to agree levels of contributions before they put the scheme in place. We would expect that any authority coming forward with a proposal for a pilot will have reached an agreement on these issues, and are asking for evidence of this.

Waste disposal authorities will still have a duty to pay recycling credits to waste collection authorities, according to how much material the latter collect for recycling.⁹

⁸ Paragraph 10 of Schedule 5 of the Climate Change Bill

⁹ Guidance on recycling credits can be found on Defra's website at:

www.defra.gov.uk/environment/waste/localauth/partnerwork/rcs.htm