

Department for Environment, Food and Rural Affairs

Financial Incentives for Waste Management: Factsheet for Local Authorities, June 2008

The Climate Change Bill

Powers to pilot waste incentive schemes in up to 5 local authority areas are contained in the Climate Change Bill. The Bill is currently being debated in Parliament and should come into force by the end of the year, allowing pilots to start from Spring 2009. For more information on what's in the Bill, please go to

<http://www.defra.gov.uk/environment/climatechange/uk/legislation/index.htm>

What is a financial incentive scheme?

- A financial incentive scheme is a tool for local authorities to use to encourage householders to cut down on what they throw away.
- For the first time it would allow for charges to be made for the amount of residual waste put out.
- Money collected as charges would then be used to pay rebates to those households who throw away the least waste
- If wanted, any charges and rewards can be linked to council tax bills

For more information, see

<http://www.defra.gov.uk/environment/waste/strategy/incentives/index.htm>

What can incentive schemes do?

- Drive up recycling performance. Modelling shows that the best schemes, increase recycling to around 55% and reduce residual waste by 39%
- Save carbon - every 1% increase in recycling = 143,000 tonnes of CO₂ saved
- Save money – up to £18 per household per year depending on the type of scheme
- Help tackle a particular local problem with recycling
- Fund rewards for good performance

For more information, see the report on 'Modelling the impact of household charging for waste in England' on the left hand link

Waste Strategy 2007 clearly set an ambitious path for us all to take in order to meet increasingly challengingly carbon and waste targets. To drive up good performance on household waste even further it was felt that new measures were needed. Looking overseas, it is obvious that charging for waste has had a strong impact on performance in most major developed countries, and people in those countries accept it as a normal everyday part of life. In the UK as well, recent polls show that two thirds of people would prefer a system that gives financial rewards for recycling.¹

¹ An IPSOS Mori poll found that 64% of people would support their council operating a system whereby you pay a reduced council tax rate and then get charged directly for the amount of household rubbish you produce, so that the more you recycle the less you would pay.

New legislation in the Climate Change Bill allows for the first time up to 5 pilot authorities in England to trial specific charge-and-rebate powers for household waste. Over 80% of respondents to the Government's consultation supported this move. The legislation also contains provisions for groups that may be unduly disadvantaged by a scheme and considers measures for having a good recycling service and fly-tipping prevention strategy in place.

Interested authorities will need to apply to the Secretary of State to be selected as a pilot. It is hoped that pilots would begin from 2009/10. Defra has made £4.5 million available over three years to support these pilots.

Lessons learnt from the pilots will be taken back to Parliament and the Government will then make a decision on whether to roll out these powers more widely so that other councils in England, if they want to, could set up their own scheme.

How do I find out more?

Go to our website listed above, look at the draft guidance published there, or come and speak to us or your local government office. Please email waste.incentives@defra.gsi.gov.uk

Frequently Asked Questions

	Question	Answer
1	Do pilots have to cover the whole of a local authority area?	No. The designation order will cover the whole authority area but the authority can limit the scheme to only part of the area, or some of the households.
2	Does the scheme have to be the same throughout the pilot?	No. An authority can vary the scheme it runs. Changes might be made, for example to reflect different collection systems.
3	Can one pilot cover more than one authority?	No, for the pilot phase it would not be possible to run a single pilot which covered two or more local authorities.
4	How will schemes work?	<p>One approach would be to have a rebate only scheme where those who produce less non-recycled, 'black bag' waste would receive a financial reward, or rebate. Building on this, in other schemes, those who produce most waste could also have to pay more. Recycling would continue to be collected free of charge.</p> <p>Local authorities would be free to design their own scheme, within the parameters of legislation. However, some examples of different types of scheme are weight based, bin-volume based, sack based and frequency based schemes.</p> <p>For further details, please see the following factsheet on Defra's website: http://www.defra.gov.uk/environment/waste/strategy/factsheets/incentives.htm</p>

5	Will authorities be required to roll out incentive schemes?	No. This is purely a voluntary initiative. No one will be forced to come forward as a pilot. If the powers are rolled out more widely after the pilot stage, authorities will remain free to use the powers if they think it is right for their area.
6	What should the level of rebates/ incentive charges be?	This will be for the local authorities to decide in coming forward with their own proposals for pilot schemes and will be based on what they think will be effective in incentivising residents to reduce and recycle their waste. Evidence from abroad suggests that an incentive of around £50 can be effective in changing behaviour.
7	Can administrative costs be met out of the revenue raised?	No, the whole sum of money authorities collect from residents through the scheme must be returned through rebates to households producing less waste. However, evidence suggests that costs could be funded out of the savings the local authorities will make as a result of taking less waste through for disposal. Savings could be up to £18 per household per year. The Government has also made available up to £4.5m to support the pilots.
8	How will savings be distributed in two tier areas?	This would be a matter for the WDA and WCA to agree between themselves. But where local authorities wishing to run pilots are in a two-tier area, we will be asking them to provide details in their proposal of any financial arrangements with the waste disposal authority.
9	The legislation talks about pilots needing to have a 'good' recycling service in place. What does this mean?	The legislation states that it is a recycling service that meets the standards set out in guidance, which we have published in draft form, for comment. Ultimately, the recycling service should give residents in the scheme sufficient opportunity to reduce their residual ('black bag') waste by recycling it instead.
10	Will charges be applied to CA sites?	No. CA sites will not be covered by the new powers. However, we recognise that this is an important area for gathering more information from the pilots
11	How will the Secretary of State decide which authorities should run pilots?	This is covered in draft guidance on application and designation, which we have published for informal comment. Key criteria are likely to include legislative compliance, operational feasibility, positive environmental and economic outcomes, and a good variety of pilots in terms of scheme type and location. At the same time we will need to ensure that the level set by the criteria is not disproportionately burdensome to authorities.
12	How long will pilots run for?	There is no set time period for piloting. The key thing is that they should run for as long as it is necessary to get good quality evidence. We welcome authorities coming forward with their own suggestions for saying how long this should be.
13	What is WRAP's role in the pilots?	WRAP have a role to play in providing practical support to local authorities considering or implementing pilot incentive schemes.