

ENVIRONMENT PLANNING AND TRANSPORT COMMITTEE

Date: Wednesday 15 November 2000
Time: 2.00 to 5.00 pm
Venue: Committee Room 1, National Assembly Building

TAKING FORWARD THE WALES WASTE STRATEGY 2001

Introduction

1. This paper reports back to the Committee on the Challenging Waste in Wales Conference held on 26 and 27 October. Attendance at the conference exceeded expectations with 180 attending one or both days. 120 the first half day of workshop sessions, and 161 the second full day. The level of debate and feed back from the workshop sessions demonstrated the increasing profile being given to waste management in Wales. There is a clear need for a comprehensive Wales Waste Strategy to maintain progress and to ensure that Wales meets its obligations under various existing and forthcoming EC Directives. The proposals in this paper and its Annexes take into account the outcome of the conference and make preliminary proposals for:

- a Wales Waste Strategy; and,
- arrangements to meet Wales' obligations arising from the EC Landfill Directive

Recommendation

2. **The Committee is asked to agree that:**

- **the level of 1995 municipal waste arisings in each of the home countries should be used as the basis for the apportionment between them of the limits placed on the UK by the Landfill Directive for the landfilling of biodegradable municipal waste.**

3. **The Committee is asked to endorse in principle that:**

- **targets for local authorities for reducing the amount of biodegradable municipal waste being sent to landfill should be expressed in terms of permits allowing landfill;**

- the level of permits should be set at a reducing scale year by year in order to meet the requirements of the Landfill Directive;
- the Assembly should as necessary seek powers from primary legislation via the DETR to make these permits statutory for the later years leading to 2010 and beyond retaining the option for the Assembly to adopt a system of tradable permits; and,
- the Wales Waste Strategy should have the aims, policies and actions set out in paragraph 6 and Annex 2

Background

4. In accordance with its powers under the Environment Protection Act 1990, the Assembly is reviewing the waste strategy for England and Wales - *Waste Strategy 2000*, published in May 2000. The intention is to produce a separate Wales Waste Strategy; a consultation draft of which will be issued in Spring 2001 with a final version being published in Autumn 2001. Production of the strategy will be assisted by the Wales Waste Forum which was announced at the Challenging Waste in Wales Conference. The Forum will contain representatives from business, local authorities, the waste management industry, community and public sectors.

5. Producing a Welsh strategy requires the Assembly to address a number of outstanding waste policy issues:

- The allocation of Landfill Directive targets from the UK level to Wales and within Wales to local authorities;
- The mechanism for implementing the Article 5 of the Landfill Directive in Wales (Waste Strategy 2000 identified the mechanism for England as being the use of permits, tradable between local authorities)
- Statutory household waste recycling targets (which were proposed for England only in Waste Strategy 2000)
- Guidance for local authorities on the production of municipal waste strategies.

In producing its own waste strategy, the Assembly must ensure that with the requirements of UK and EC legislation for waste management are complied with (see Annex 1).

Wales Waste Strategy: key aims

6. The key aims proposed for consideration as part of the strategy are set out below. Some are statutory aims, required to meet EC and UK legislation, and others are strategic aims to meet the principles and policies of the Assembly. Some key issues, policies and actions are included to ensure that waste management practices in Wales move up the management hierarchy. These cover a range of measures from waste minimisation to development of markets for recycled materials. Education and awareness will be essential to achieve a cultural change in how we manage waste. Development of the strategy will be based on previous work which is listed at Annex 2. Also in Annex 2 is a list of key policies and actions.

Statutory aims:

- To ensure Wales adopts a sustainable development approach to the management of its waste, ie one which:
- preserves scarce natural resources;
- minimises the impact of waste management on the environment;
- maximises business competitiveness and facilitates economic growth; and
- enhances social responsibility and equity.
- To ensure Wales complies with the waste strategy/management plan requirements of the EC Framework Directive on Waste, the Hazardous Waste Directive, the Packaging Directive (in matters within the Assembly's competence), the Environment Act 95 (Schedule 12) and the Landfill Directive.
- To identify a series of policies and targets for waste in order to achieve a sustainable approach to waste management in Wales, and to comply with EC Directive targets (particularly the Landfill Directive).
- To identify and instigate actions and identify sources of funding to achieve the targets and policies.
- To establish an integrated and adequate network of waste disposal installations taking account of Best Available Technology Not Entailing Excessive Cost (BATNEEC) including the development of appropriate technologies for the final disposal of dangerous substances contained in waste destined for recovery (as required under Schedule 12 of EA 95 - see Annex I).

Strategic aims

- To ensure integration with overall UK sustainable waste management policies and the framework of waste legislation in the UK, identifying where additional powers for the Assembly would assist it in achieving its Vision for Waste.
- To address the management of all types of controlled wastes whatever the scale - from litter, flytipping and illegal waste disposal to wastes produced by major industry.
- To achieve a consensus in Wales through a consultative approach to the development of the strategy in order to obtain ownership by key stakeholders and acceptance by the public of the need for change.
- To ensure appropriate links are made with other Assembly strategies, including Better Wales, the Sustainable Development Scheme and other strategies, especially those for economic development, rural development, social inclusion, energy and transport.
- To seek to quantify the impacts of the strategy in terms of financial (as a Regulatory Impact Assessment), the environment (using a basic life cycle assessment approach), employment and public health (in the form of a Health Impact Assessment if feasible although this may be difficult as there is virtually no verifiable supporting data),
- To identify and quantify risks, constraints and dependencies in relation to the implementation of policies and the achievement of targets.

Consultation

7. The Assembly recognises the need to involve key stakeholders and to engage the public in decision making. The Wales Waste Forum will play a key role in this and the strategy will identify ways to engage the public in the decision making process.

EC Landfill Directive

8. The EC Landfill Directive limits the amount of biodegradable municipal waste being sent to landfill to 75% of the 1995 level by 2006. The UK Government has announced that it will take the 4-year extension available to countries heavily dependent on landfill and achieve this target by 2010. Further targets reduce the amount of biodegradable municipal waste being sent to landfill to 50% of the 1995 level of waste arisings by 2013 and 35% by 2020.

Allocation of the UK total for the landfill of biodegradable municipal waste between the home administrations

9. The UK limits for biodegradable municipal waste to be sent to landfill are based on a total for UK municipal waste arisings in 1995 of 29 million tons. This section is based on more detailed analysis which is set out in Annex 3. Environment Agency analysis indicates that the biodegradable fraction is 60% of the total. The UK total of 17.4 million tonnes of biodegradable municipal waste in 1995 therefore gives rise to the following limits for biodegradable municipal waste going to landfill in the UK to comply with the Directive:

2010 13.05 million tonnes

1. 8.7 million tonnes

2020 6.09 million tonnes

10. There are three main candidates as the basis for apportioning these totals between the home administrations.

- 1995 municipal waste Arisings
- Household Data (1998/99)
- Population Data (1998/99)

These methods are described in more detail in Annex 3.

Of these apportionment on the basis of 1995 municipal waste arisings is recommended. This method would be based on the same figures as the UK target under the Directive giving a clear

and logical link between the baseline figures for both the target and the apportionment. It would also make explicit the direct link between the targets and the efforts needed by each devolved administration. The 1995 baseline figure for biodegradable municipal waste for Wales is 0.9 million tons and apportionment on this basis would give the following limits in Wales:

2010 0.675 million tonnes

2013 0.45 million tonnes

2020 0.315 million tonnes

11. The WLGA has recommended that the Assembly should seek a higher limit based on a perceived greater difficulty for Wales to achieve a pro rata target because:

- a higher level of waste is currently sent to landfill in Wales compared with England; or,
- the absence of major conurbations in Wales makes some possible solutions more difficult or more expensive.

12. This is not recommended:

- To do so would be inconsistent with the overall aim of sustainable development contained in Betterwales.com and create presentational difficulties.
- At present English local authorities recycle some 10% – 12% of waste compared with ca 5% in Wales. It would be difficult to argue for less sustainable action in future compared with England based on existing less sustainable behaviour. There is sufficient time to make the real progress required.
- Although Wales is more rural compared with England the industrial areas in North East Wales and particularly South Wales are sufficiently large to sustain effective alternatives to landfill. Rural Mid Wales accounts for only some 15% of the population of Wales and these areas may find it easier to develop solutions particularly suited to their local conditions such as farm scale composting.
- It is difficult to envisage robust data on which an easier target for Wales could be based. Many of the considerations are still uncertain and the final costs to local authorities will depend on a number of factors yet to be decided, in particular the final Wales Waste Strategy.
- An easier target for Wales on any of these grounds would risk similar demands from Scotland and Northern Ireland. It is difficult to see DETR agreeing to English local authorities being faced with additional expenditure as a consequence of easier targets for the devolved administrations.

Options for apportioning the all-Wales target to local authorities

13. However the all-Wales target is derived it will need to be apportioned between local authorities

in Wales. Options for this were included in an Assembly – DETR Consultation Paper "Limiting Landfill" and an analysis of the responses received from within Wales is at Annex 4. Allocation can be done pro rata on the basis of either 1995 municipal waste arisings, or household or population figures, or by taking into account local circumstances which might affect the ease and costs of alternatives to landfill. A pro rata allocation could also take account of these factors by varying local authorities' Standard Spending Assessments more radically to take account of local circumstances affecting waste disposal. Paragraph 15 indicates that further consideration and consultation on the method of apportionment is desirable.

Using permits as the policy instrument

14. The Assembly will need to set local authorities clear targets in order for them to plan and implement action. To ensure that the all-Wales targets in 2010 and later are achieved targets for individual local authorities need to be set at a reducing annual level and to be statutory for at least the later years (from 2003, 2004 or 2005 onwards). These targets can most easily be expressed as permits for each authority to send a reducing amount of waste to landfill annually to 2010 and beyond. Landfill operators would not be allowed to accept waste without a corresponding permit. Scotland and England propose to adopt a system of permits and are intending to make them tradable across both countries. The Assembly should seek to retain the option of adopting permits as the preferred policy instrument and the option of making them tradable. Local authorities would not have to trade but could do so to gain flexibility in the early years. As the overall level of permits would fall annually, reflecting the reductions necessary to reach the targets for 2010 and later, the increasing scarcity and price of permits would apply an increasing discipline on all local authorities.

15. These targets need to be set at an early date to give clarity to local authorities, and this should be a major task within the Wales Waste Strategy. Setting the targets as part of the development of the Strategy will allow full evaluation of and consultation about the alternatives. The delay in waiting for the Strategy is not material. The overall direction of travel and scale of action necessary are sufficiently clear for local authorities to realise that action is necessary and for them to be assured that any action initiated now is unlikely to be wasted.

Reuse and recycling of waste materials

16. Reuse and recycling, including composting, are the key to sustainable waste management, and can contribute to the achievement of the Landfill Directive targets in particular in reducing the amount of paper and green waste going to landfill. Recycling is also the preferred way to manage non-renewable natural resources in Wales. The Wales Waste Strategy will need to consider specific action to increase recycling rates including the introduction of household waste recycling targets by the setting of Best Value Performance Standards. Statutory recycling targets for household waste are an option. A key to successful recycling of materials is segregation of waste at source by e.g. kerbside collection, which enables the maximum value to be extracted from them. These must as far as possible be integrated projects including appropriate reprocessing and the establishment of end markets for the recycle/compost. Wales will participate fully in the Waste and Resources Action programme together with Scotland and England to maximise the scope for

developing sustainable markets for recycled and secondary materials and there will be a dedicated co-ordinator for Wales within WRAP to ensure that the maximum benefit is derived for the Welsh economy and environment. Initiatives in this area can have a clear role for the involving the community sector and voluntary and community groups will be encouraged.

The challenge ahead

17. Achievement of the statutory minimum, driven primarily by the requirements of various EC Directives will be challenging and costly enough. To go beyond that minimum in areas indicated by some of the potential actions listed in Annex 2 will result in an even greater challenge for Wales, certainly in the short term. The Assembly will seek to maximise the available funding through e.g the use of Objective One, the New Opportunities Fund Environment Programme and seeking to influence the use of the Landfill Tax Credit Scheme.

Contact point

18. Robert JT Williams, Head of Waste Policy, Environment Division.

November 2000

ANNEX I

STATUTORY REQUIREMENTS FOR A WASTE STRATEGY

Relevant EC legislation requiring plans

Framework Directive on Waste (75/442/EEC of 15 July 1975, as last amended by Directive

91/692/EEC):

Waste management plans have to be drawn up in order to attain the objectives referred to in Articles 3, 4 and 5

Hazardous Waste Directive (91/689/EEC of 12 December 1991 as last amended by Directive 94/31/EC)

Article 6 requires the drawing up of a waste management plan for hazardous waste.

Packaging and Packaging Waste (94/62/EC of 20 December 1994)

Article 14 of the Directive requires that waste management plans required by Article 7 of Directive 75/442/EEC include a specific chapter on the management of packaging

and packaging waste.

Landfill Directive (1999/31/EC)

Article 5 requires Member States to set up by 2003 a national strategy for the implementation of the reduction of biodegradable waste going to landfills.

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Relevant UK legislation

Environment Protection Act 1990/Environment Act 1995

The requirements of the EC Framework Directive on Waste have been transposed into UK law through section 44A of the Environmental Protection Act 1990 (inserted by section 92 of the Environment Act 1995).

The objectives for the purpose of the national waste strategy are set out in Schedule 12 of EA 1995 and the required contents of the waste strategy are set out in section 44A of EPA 1990 as follows:

Schedule 12 of the EA 1995 sets out the following objectives for the purpose of the new waste strategy (summarised):

1. Ensuring that waste is recovered or disposed without harm to human health or damage to the environment;
2. Establishing an integrated and adequate network of waste disposal installations taking account of BATNEEC;
3. Ensuring that the network enables:
 - a) the EC and member states to become self-sufficient in waste disposal; and
 - b) waste to be disposed of in one of the nearest appropriate installations;
4. Encouraging prevention or reduction of waste production and its harmfulness, in particular by:
 - a) the development of clean technologies;
 - b) the technical development and marketing of products to reduce

their environmental impact

c) the development of appropriate technologies for the final disposal of dangerous substances contained in waste destined for recovery;

5. Encouraging:

a) the recovery of waste by means of recycling, reuse or reclamation;

b) the use of waste as a source of energy.

Section 44A of EPA 90 sets out that the waste strategy must include:

- a statement of the Secretary of State's policies for attaining the objectives listed above;
- provisions relating to the type, quantity and origin of waste to be recovered or disposed of;
- provisions relating to general technical requirements; and
- provisions relating to any special requirements for particular wastes.

ANNEX 2

policies and actions for inclusion in the Wales Waste Strategy.

Background and preparatory work

1. A firm foundation for the development of a Wales Waste Strategy is provided by:

- A scoping study report commissioned for the Assembly "*Options for a Waste Strategy for Wales*"
- Environment Agency Wales' Strategic Waste Management Assessment for Wales (to be published on 17th November 2000);
- the WLGA's '*Waste in Wales: the local government agenda for a sustainable waste policy for Wales*';
- Cylch's document on its 'Cleanstream' initiative;
- the Institute of Welsh Affairs report on the development of recycling markets in Wales ('*Waste in Wales - a National Resource*');
- feedback at the Assembly's '*Challenging Waste in Wales*' Conference held on 26/27 October 2000.

Key issues, policies and actions for inclusion in the Strategy

2. The following 'headline' policies and actions for waste in Wales are proposed. In some areas it will be necessary to work with the other home administrations to derive the greatest effect.

- **A waste elimination led strategy:** The Assembly places as the top priority in Wales action to not only curb future growth in waste but also to reduce the amount of waste produced, particularly hazardous waste. The Assembly will promote a waste minimisation programme in the public sector. Consideration will be given to the setting of waste reduction targets for municipal waste.
- **Re-use of materials will be encouraged:** The increased use of re-usable products, particularly packaging (eg. bottles), will be strongly encouraged in order to prevent them becoming waste.
- **Recycling is the key to sustainable waste management:** Recycling is the preferred way to manage non-renewable natural resources in Wales and specific action will be taken to increase recycling rates including consideration of the introduction of household waste recycling targets.
- **Segregation of waste at source:** The Assembly recognises that in order to extract maximum value from waste materials it is preferable for them to be segregated at source. Initiatives involving the community sector will be encouraged.
- **Minimising the landfilling of biodegradable waste:** The landfilling of biodegradable waste will be reduced as far as practically possible through investment in biological processing facilities and in seeking markets for eg compost.
- **Better waste data:** Work will continue to improve the availability of municipal waste data in Wales, and to determine amounts and composition of other waste streams. The system of collation of waste statistics will be reviewed to find ways to simplify the process. Better data is essential to aid selection of policy options and planning of facilities.
- **Achieving the EC Landfill Directive targets for the reduction in the landfilling of biodegradable municipal waste.** The Assembly will ensure that Wales achieves its share

of the UK targets, and a mechanism for achieving those targets will be proposed in the draft strategy.

- **Other solutions to managing waste sustainably:** Whilst the Assembly has a preference for recycling it recognises that for some wastes, and in some circumstances, there may be other more sustainable ways of dealing with them. One option is to recover energy from wastes via technologies such as incineration, gasification and pyrolysis and other recovery techniques such as anaerobic digestion. However, the Assembly recognises that there are concerns about the potential impacts of some of these processes on health and wishes such potential impacts to be more thoroughly examined before endorsing their use. The Assembly will identify appropriate demonstration projects to evaluate whether various other alternative technologies can provide the sustainable solution.
- **A minimum need for landfilling:** A switch from landfill is not going to happen immediately and it is likely that for the foreseeable future there will be some residual inert or stabilised wastes for which landfill is the BPEO. The Assembly therefore recognises the continued need to make provision for adequate landfill capacity in Wales, ensuring that strict controls are in place to prevent harm to human health or damage to the environment.
- **Development of recycling and composting markets in Wales:** The Assembly recognises the need to make recycling/composting economically self-sustaining and to reduce the environmental damage caused by transporting recyclable materials, and the opportunities for job creation offered by recycling. Reflecting the recommendations made within the Institute of Welsh Affairs report, the Assembly will work with the Waste and Resources Action Programme to develop appropriate recycling and compost markets in Wales.
- **Funding:** The Assembly recognises the short to medium term need for investment in new ways of managing waste in Wales, particularly with respect to the collection and management of municipal waste, and the development of appropriate markets in Wales. Action will be taken to identify appropriate funding, from the Assembly in conjunction with other sources, for example the Landfill Tax Credit Scheme, the New Opportunities Fund and European Structural Funds.
- **Development planning for new waste facilities:** If the move away from the landfilling is to succeed, and if Wales is to comply with the requirements of various EC Directives, then new waste handling and recycling facilities will have to be developed in Wales. It is essential that the development planning process ensures that the right facilities are developed in the right place and that adequate provision of land is made for these facilities. The Assembly will therefore introduce new planning guidance for waste to ensure that local authority Unitary Development Plans enable this to happen.
- **A regional approach:** Those who produce the waste need to be part of the solution in managing it; furthermore local communities are best placed to decide how their waste should be managed. The Assembly will consider with Welsh local authorities the production of regional waste plans (as proposed in the draft Technical Advice Note for waste development planning). These will determine the need for new facilities and will, subject to agreement, allocate provision for facilities to the appropriate areas.
- **Education and awareness:** A new culture is required in Wales for the way people consider waste. Everyone produces waste therefore all are responsible for reducing it and accepting the need to manage it as close to its source as possible. The Assembly will implement a waste education strategy which forms part of the waste strategy.

ANNEX 3

Allocation of the UK total for the landfill of biodegradable municipal waste between the home administrations

1. Based on the UK definition of municipal waste, the total UK municipal waste arisings in 1995 was 29 million tonnes. The Environment Agency’s National Household Waste Survey gives the biodegradable waste proportion as 60% giving a total in 1995 of 17.4 million tonnes. In order to meet the requirements of the Landfill Directive this limits the amount of biodegradable municipal waste going to landfill in the UK as follows:

2010 13.05 million tonnes

2013. 8.7 million tonnes

2020 6.09 million tonnes

This total needs to be apportioned between the home administrations. There are three obvious methods for apportioning the UK's Landfill target between the devolved administrations, described in more detail below.

- 1995 Municipal Waste Arisings
- Household Data (1998/99)
- Population Data (1998/99)

Data

<i>All figures in millions</i>	England	Northern Ireland	Scotland	Wales	UK
1995 municipal waste arisings (tonnes)	24.4	0.89	2.21	1.5	29

Population (1998/9)	49.753	1.692	5.119	2.937	59.501
Households (1998/9)	20.54	0.597	2.170	1.185	24.492

Option 1. Allocation from 1995 Municipal Waste Arisings

2. This form of apportionment would be based on the same figures as the UK target under the Directive. There is a clear and logical link between using the same baseline figures for both the target and the apportionment. This has the advantage of transparency and simplicity. The figures are already known. It would also make explicit the direct link between the targets and the efforts needed by each devolved administration.

3. The disadvantage is that the figures are now five years old so may not necessarily reflect the present situation. However, using more recent figures would not be any fairer. For example, regions would not receive any credit for waste minimisation undertaken since 1995. Also they would not have any relation to the UK target in the Directive.

4. With this method the apportionment would be as follows:

	England	Northern Ireland	Scotland	Wales	UK
Percentage of 1995 arisings	84.14%	3.07%	7.62%	5.17%	100%

Options 2. & 3. Allocation from Household or Population Figures

5. The UK target alternatively could be divided on the basis of the proportion of the number of households in each devolved administration or on the basis of population. On the face of it, this would have the advantage of being simple, transparent and equitable. However, there are a number of disadvantages. It is questionable whether household or population figures can be an

accurate proxy for the amount of waste produced. They can hide distortions-for example 4 one-person households will produce more waste than a single four-person household.

6. As with the distribution of grant to local authorities, there is pressure to take into account local or regional circumstances such as sparsity, economic deprivation or other factors. This can lead to an initially simple distribution method based on, for example, population becoming very complicated and arguably less fair. If the apportionment method were to become more complicated it could undoubtedly take longer to agree and could become politically divisive.

7. This method does not have any direct link to the landfill Directive targets themselves or to the amount of waste produced, in particular the amount of commercial and industrial waste within local authorities' control. The following table sets out how what the proportions would be if the target were apportioned by population or household data.

	England	Northern Ireland	Scotland	Wales	UK
<i>All figures in percentages</i>					
Population	83.62	2.84	8.6	4.94	100
Households	83.86	2.44	8.86	4.84	100

Preferred method

8. Basing the allocation on the 1995 waste arisings figures would seem to be the most logical and practical way forward. It also has the advantage of giving Wales a slightly higher limit than the alternatives.

9. Apportionment on the basis of 1995 municipal waste arisings would allocate permitted tonnages for landfill between the home administrations as follows:

<i>All figures in million tonnes</i>	England	Northern Ireland	Scotland	Wales	UK
2010 targets	10.980	0.400	0.995	0.675	13.05
2013 targets	7.32	0.267	0.663	0.45	8.7
2020 targets	5.124	0.1869	0.4641	0.315	6.09

ANNEX 4

SUMMARY OF RESPONSES IN WALES TO THE 'LIMITING LANDFILL' CONSULTATION PAPER RELATING TO THE ALLOCATION OF PERMITS

Preferred option for limiting biodegradable municipal waste going to landfill

There was general consensus that it would be preferable to have a mechanism based on the amount of biodegradable municipal waste to be landfilled rather than the amount of waste to be diverted away from landfill. IWM commented that it is easier to track a single route for waste (eg. to landfill) than the multi-route diversion from landfill which could involve home and commercial composting, recycling schemes, garden fires, bottle banks etc. However, a number of respondents were critical that the problem is being tackled at the wrong end; the place to start is waste minimisation, then to create wealth from waste via recycling.

Of those who identified which option they preferred for an instrument to limit the use of landfill, all chose option 4, namely that the primary obligation to meet the Article 5 targets should be placed on the local authority. However, both Environment Agency Wales and FoE Cymru felt that there may be some merit in an approach that used elements of Option 3 together with Option 4. This would ensure that each landfill operator should also have an obligation implemented via a permit, perhaps imposing limits to the sites.

There was some concern, particularly from the local government, that there were a number of possible options for placing the obligation on local authorities other than just the one presented as Option 4. The WLGA have put forward an alternative mechanism for local authorities to comply

with the Directive. This is summarised as follows:

- Phase 1 - Analysis stage
- Each Local Authority to establish the BPEO for the management of their municipal waste. (The WLGA acknowledge the need for ensuring consistency of approach in establishing BPEO but do not suggest a proven and accepted methodology)
- Each Authority to declare to the Government/Assembly their landfill requirements associated with the BPEO (ie. this would constitute an Authority's application for the 'BPEO landfill' tonnage)
- The Government/Assembly to draw up a national picture regarding total landfill requirements based on all Authorities' BPEOs and the adjustment needed to achieve the requirements of the Directive calculated (ie. the difference for each local authority between the 'BPEO landfill' tonnage and the 'Directive landfill' tonnage required to contribute to the overall achievement of the UK target)
- Phase 2 - Implementing the adjustment needed to achieve the requirements of the Directive
- Where the 'BPEO landfill' tonnage exceeds the 'Directive landfill' tonnage the local authority to be required to undertake a parallel tendering exercise as follows:

a) Tender 1 to be based on the BPEO tonnage for each authority

b) Tender 2 to be based on the higher level diversion from landfill to meet the Directive

- Authority evaluates tenders and applies to Government/Assembly to make a contract based on Tender 2
- Government/Assembly accept application and fund the contract and the Authority hands back the permit to the value of the adjustment;

OR

- Government/Assembly rejects the application, in which case the local authority is funded only up to the BPEO landfill tonnage, and accepts Tender 2 at its own cost, and the Authority retains the permit previously awarded.

OR

- Government/Assembly reject the application and the Authority then offers to hand back the permit at a lesser adjustment to its revenue support than would be reflected by the difference between the two tenders (this would in effect have the Authority re-profiling its own revenue expenditure to "subsidise" the higher diversion tender).

IWM suggested that a system of recycling credits and landfill permits proposed by Ecotec (in an unpublished document used to assist the DETR/NAW in developing their approach to the

Directive) would provide a good system of 'carrot and stick'.

Implementation of a permit system

Strong concerns were expressed from local government about the possibility of making permits tradable on the open market. The main fear was that this would create financial uncertainty for local authority long-term planning. In particular, they were concerned that in some local authority areas landfill might be the BPEO and the best value for money as the primary disposal option. Authorities in this position would, under tradable permits, be continually subject to fluctuations in the marketplace in order to retain waste landfilling operations, and would be especially hit hard if permits acquired a significant value. EWA commented that trading of permits should only be allowed where this is achieved as a component part of BPEO and not on cost grounds alone.

Several respondees misunderstood the implications of the trading of permits, fearing (wrongly) that this would necessarily lead to waste being transported to other authorities thus breaking rules of proximity if waste can be sent to landfills in other areas.

One Wales based waste management company, Evans Logistics, commented that the auctioning of permits is sensible, but will have to be regulated very carefully with maximum allowances for specific local authorities who are able to purchase substantially more than smaller local authorities.

Concern was expressed that Government should learn from the problems with the implementation of the Packaging Regulations and not repeat the undue confusion over its administration.

Opinions varied on the apportionment/allocation of targets and permits. Some favoured a simple approach, for example by allocating on the basis of:

- population (M.Hunt)
- population and per capita average arisings (Biffa)
- number of households in each authority (Shanks)

Others preferred more complex methods of apportionment, for example by allocating on the basis of:

- population density (Evans Logistics)
- existing need (on the grounds that this would be a fairer system which should also avoid some authorities being held to ransom) with the number of permits then being reduced over time having regard to the LD targets with greater emphasis being made to both regional economies and the BPEO principle. (C&C Swansea)
- a complex formula, which involves not only waste arisings, environmental factors, and socio-economic factors, but also some of the other factors identified in the document. A good example of the effectiveness and utilisation of complex formulation is cited as the supplementary grant approval, which involves many criteria and changes annually. (IWM)
- BPEO, lowest costs, ability to deliver and ability to fund. (WLGA, Caerphilly CBC,

Environment Agency)

- the principle given in *Limiting Landfill* that the 'greatest amount of diversion of biodegradable municipal waste from landfill occurs where the additional costs of diversion are lowest.' (WLGA)

Shanks commented that it may be prudent for unused permits to be returned to Central Government for possible reallocation. This could be combined with a financial credit system for returned permits.