What is the problem under consideration? Why is government intervention necessary?
Part of the rationale for implementing the Landfill Directive was to mitigate the harmful effects of landfilling waste on the environment and human health. As such, the Directive regulates the amount of municipal biodegradable waste that can be landfilled. The UK implemented the Directive on the basis of municipal waste referring to waste collected by local authorities. Discussions with the European Commission over the last twelve months have led us to agree that the UK’s existing approach is focused too narrowly on waste collected by local authorities which is too small a subset of the totality of waste produced, and would not necessarily ensure that the environmental benefits of the Directive are being met. Should the UK choose to remain with its original definition, there is a significant risk of infraction proceeding against the UK.

What are the policy objectives and the intended effects?
The Government is proposing to change the approach the UK takes to calculating the EU Landfill Directive targets to reduce the amount of biodegradable municipal waste sent to landfill. The new approach will include more commercial waste than currently and bring the UK approach into line with that adopted by other Member States. This will assist in bringing greater convergence between approaches to management of household and commercial waste, and will mitigate the risk of infraction proceedings.

What policy options have been considered? Please justify any preferred option.
Option 1: Do nothing (reference option)
Option 2: Change the definition of municipal waste
The preferred option is to change the definition to include more commercial waste and to remodel the baseline and targets. This will mitigate the risk of infraction and complement wider policies to bring greater convergence between the drivers on different waste streams to address the harmful impacts of sending landfill to waste regardless of source. We do not anticipate any additional action will be required by local authorities or business, over and above a business-as-usual scenario.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?
A second consultation will be held to look at the impact of these changes and the future of the Landfill Allowance Trading Scheme (LATS), possibly linked to a promised review of LATs after 2010.

Ministerial Sign-off For Consultation stage Impact Assessments:
I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.
Signed by the responsible Minister: Signed by Dan Norris on 8 February 2010
### Summary: Analysis & Evidence

#### Policy Option: 2

**Description:**

Description and scale of key monetised costs by ‘main affected groups’ There are no costs as a result of this definitional change as no policy changes are proposed.

<table>
<thead>
<tr>
<th>Description</th>
<th>Scale</th>
<th>Key Assumptions/Sensitivities/Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ANNUAL COSTS</strong></td>
<td></td>
<td>Should our projections of future landfilling of municipal waste be inaccurate, then there may be a requirement for further policy measures. However, no such measures are proposed.</td>
</tr>
<tr>
<td>One-off (Transition)</td>
<td>Yrs</td>
<td></td>
</tr>
<tr>
<td>£ 0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Annual Cost (excluding one-off)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>£ 0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Cost (PV)</td>
<td>£ 0</td>
<td></td>
</tr>
</tbody>
</table>

Other key non-monetised costs by ‘main affected groups’

<table>
<thead>
<tr>
<th>Description</th>
<th>Scale</th>
<th>Key Assumptions/Sensitivities/Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ANNUAL BENEFITS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One-off</td>
<td>Yrs</td>
<td></td>
</tr>
<tr>
<td>£ 0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Annual Benefit (excluding one-off)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>£ 0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Benefit (PV)</td>
<td>£ 0</td>
<td></td>
</tr>
</tbody>
</table>

Other key non-monetised benefits by ‘main affected groups’

<table>
<thead>
<tr>
<th>Key Assumptions/Sensitivities/Risks:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Should our projections of future landfilling of municipal waste be inaccurate, then there may be a requirement for further policy measures. However, no such measures are proposed.</td>
</tr>
</tbody>
</table>

#### Key Assumptions/Sensitivities/Risks:

- English

- Price Base Year: 2009
- Time Period: Years 11
- **Net Benefit Range** (NPV): £ 0
- **NET BENEFIT** (NPV Best estimate): £ 0

- What is the geographic coverage of the policy/option? England
- On what date will the policy be implemented? December 2010
- Which organisation(s) will enforce the policy? Environment Agency
- What is the total annual cost of enforcement for these organisations? £ 0 (additional)
- Does enforcement comply with Hampton principles? Yes
- Will implementation go beyond minimum EU requirements? No
- What is the value of the proposed offsetting measure per year? £ N/A
- What is the value of changes in greenhouse gas emissions? £ N/A
- Will the proposal have a significant impact on competition? No
- Annual cost (£-£) per organisation (excluding one-off): Micro - Small - Medium N/A Large N/A
- Are any of these organisations exempt? - - N/A N/A

#### Impact on Admin Burdens Baseline (2005 Prices)

- **Increase of £ - **
- **Decrease of £ - **
- **Net Impact £ - **

**Key:**

- Annual costs and benefits: (Net Present)
Evidence Base (for summary sheets)

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and
detailed narrative from which you have generated your policy options or proposal. Ensure that the
information is organised in such a way as to explain clearly the summary information on the preceding
pages of this form.]

Background

The Landfill Directive (1999/31/EC) set challenging targets for Member States to reduce the
amount of biodegradable municipal waste sent to landfill. This was in line with its overall
objective to prevent or reduce as far as possible the negative effects of landfilling on the
environment as well as any resultant risk to human health. The Directive includes a definition of
municipal waste (Article 2) as

\[
\text{waste from households, as well as other waste which, because of its nature or composition, is similar to waste from households.}
\]

It defines ‘biodegradable waste’ as

\[
\text{any waste that is capable of undergoing anaerobic or aerobic decomposition, such as food and garden waste, and paper and paperboard.}
\]

These definitions are used as the basis for the landfill diversion targets included in Article 5(2) of
the Directive. The UK takes advantage of a four year derogation allowed by the Directive for
Member States which landfilled 80% or more of their waste in 1995. Therefore the UK’s targets
are to reduce the amount of biodegradable municipal waste (BMW) sent to landfill to:

- 75% of the total amount produced in 1995 by 2010
- 50% of the total amount produced in 1995 amount by 2013
- 35% of the total amount produced in 1995 amount by 2020

Member States may be subject to penalties from the European Commission if they fail to meet
their targets.

These targets were transposed into UK legislation with the Waste Emissions Trading (WET) Act
2003. This legislation also provided the legal basis for landfill allowance schemes in each of the
four administrations in the UK. These schemes were established as the primary means for
ensuring that the UK as a whole met the Directive targets.

The definition of municipal waste set out in the Directive was included in the WET Act. However,
in further developing the landfill allowance schemes it was felt necessary to provide greater
clarity to the definition of municipal waste. In doing so municipal waste was in practice defined
as waste that is collected by local authorities, and the landfill allowance schemes were
established to apply to local authorities only.

In order to meet the Landfill Directive targets the Government introduced the Landfill Allowance
Trading Scheme (LATS) as a driver on local authorities to reduce the amount of BMW to landfill.
Since the introduction of the Landfill Allowance Trading Scheme in 2005/06 in England, and in
combination with other policies, the municipal recycling rate has risen from 26.7% to 36.9% in
2008/09. In addition the amount of biodegradable waste sent to landfill by Waste Disposal
Authorities has fallen by 25% over the same period.
The Environment Agency published its report on the 2008/09 scheme year in December 2009. This showed that 9.3m tonnes of BMW was landfilled by local authorities in England. This is 1.9m tonnes less than the scheme maximum for 2010, and only 1.8m tonnes more than the 2013 scheme maximum. This would suggest that the scheme has been a very effective driver on local authority behaviour to divert biodegradable waste from landfill to date.

**New Approach**

Discussions with the European Commission over the last twelve months have led us to agree that the UK’s existing approach is focused too narrowly on waste collected by local authorities. That this approach focuses on too small a subset of the totality of waste produced, and that the environmental objectives of the Directive to reduce the negative effects of landfilling would be better addressed by a broader definition. This is consistent with the increased focus we want to place on commercial waste; and to bring greater convergence between the management of household and commercial waste so that the environmental impacts of waste are addressed regardless of its source.

The Government is proposing to change the approach the UK takes to calculating the EU Landfill Directive targets to reduce the amount of biodegradable municipal waste sent to landfill. The new approach will include more commercial waste than currently and bring the UK approach into line with that adopted by other Member States.

This definitional change will not mean that any additional waste is sent to landfill and is simply a change to the way waste is classified. Nor will it change the responsibilities of who deals with the waste. Local authorities will still be responsible for collecting household waste and commercial and industrial waste where asked to do so. Private waste companies will still deal with the vast majority of commercial and industrial waste.

The consultation addresses the implications of changing the UK’s approach to meeting the Landfill Directive targets. This includes setting out the new definition; revisions to the 1995 baseline and targets; the reporting and monitoring obligations necessary to enable robust reporting against the targets to the European Commission; and the domestic policy instruments necessary to ensure that the targets are met.

The requirements set in the Landfill Directive are at a UK level and the amended definition and targets will affect all four administrations of the UK. However, the overall UK target is apportioned to each of the four administrations. The consultation will address the reporting and monitoring obligations for England, and whether the policy instruments currently in place are sufficient for England to meet its share of the UK target.

To ensure that Defra can report robust, credible data to the European Commission on the amount of BMW being sent to landfill we need to review the reporting obligations currently in place, and if necessary, consider additional measures. A number of possible approaches have been considered in discussion with the Environment Agency and the Devolved Administrations. These are presented in outline in the consultation and require further thinking and development.

The existing approach to reporting is a ‘mass balance’ approach based on data reported by local authorities through WasteDataFlow. This approach is based on an assumed biodegradable content of municipal waste collected, with deductions being made for biodegradable waste diverted via alternative management methods prior to landfill, to leave a calculated figure for BMW landfilled. This approach could be extended, to a greater or lesser extent, to the new coverage of municipal waste. Further work is needed to consider how this approach would work in practice and the additional reporting and monitoring obligations considered necessary.
Alternatively, BMW to landfill could be measured at the point of landfill. Given that we are concerned with a target at the point of landfill there is a certain attractiveness to the logic of such an approach. Under the LATS Regulations landfill operators are already required to keep records and report to Environment Agency. This covers waste sent to a landfill by a Waste Disposal Authority, and must be coded using the six digit European Waste Catalogue approach.

More generally the European Waste Catalogue, or List of Wastes, is used to code waste for Waste Transfer Notes, Environmental Permits, PPC permits and Waste Management Licences. Therefore, use of the codes is well established within the waste management industry. Under the Environmental Permitting Regulations quarterly and annual returns are required, including from landfill sites. This would include reporting to the Environment Agency on the amount of waste sent to landfill from the various codes that are incorporated in the new approach to municipal waste. In addition the Environment Agency provide guidance “Using the List of Wastes to code waste” to aide consistency of reporting.

Defra provisionally favours measuring BMW to landfill based on returns made by landfill operators, as coded by European Waste Catalogue code, with an assessment of the biodegradable content made by Defra and the Environment Agency. However, this is dependent on further work to confirm that this will produce robust and credible data, in particular to assess the biodegradable content of mixed waste. This approach would not place any additional burden on top of existing reporting obligations, since the information is already included in returns made to the Environment Agency

The following table shows both the previous and new position with the amount sent to landfill relative to the original/revised targets. The revised model shows that in 2008 England landfilled 15.04 tonnes of municipal waste, some 6 million tonnes below the revised target of 21.9 and only 0.5 million tonnes above the 2013 target.

Table 1: Progress against old and new targets

<table>
<thead>
<tr>
<th>BMW to landfill (million tonnes)</th>
<th>2008</th>
<th>2008/09</th>
<th>2010</th>
<th>2013</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Previous Position</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK Targets</td>
<td>13.7</td>
<td>9.13</td>
<td>6.39</td>
<td></td>
<td></td>
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<tr>
<td>England Targets</td>
<td>11.2</td>
<td>7.46</td>
<td>5.22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Latest England Position</td>
<td>9.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>New Position</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK Targets</td>
<td>26.76</td>
<td>17.84</td>
<td>12.49</td>
<td></td>
<td></td>
</tr>
<tr>
<td>England Targets</td>
<td>21.77</td>
<td>14.51</td>
<td>10.16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Latest England Position</td>
<td>15.0</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

The previous approach to meeting the targets imposed by the Landfill Directive targets in England had LATS at its core. LATS covered the totality of the waste covered by the Landfill Directive targets, and thus compliance with LATS ensured compliance with England’s portion of the targets. As noted above, local authorities on the whole have so far overachieved in terms of BMW diversion, relative to targets, and are well placed to meet their 2013 and 2020 LATS targets, should progress continue as before.

Under the new definition, there is not currently a policy mechanism, such as LATS, which if successfully implemented necessarily ensures compliance with Landfill Directive targets. Therefore, in adopting the new approach, it is important to ask whether we believe the revised targets will be met. If they are not met in a ‘business-as-usual’ scenario – i.e. without the introduction of any additional policy measures – this implies there will be additional action required by either local authority/business in order to comply with the Directive.
Meeting the New Target

In order to assess whether we think that we will meet the revised targets, it is necessary to make some assumptions about what we expect to happen in the future. These projections are clearly subject to uncertainty, an uncertainty which increases further in the future. However, by using a range of assumptions, we can see how sensitive the ability to meet the revised target is to different assumptions.

As a result of the uncertainties, it is not possible to estimate the trajectory of the specific codes of the EWC that are being included in the new definition\(^1\). These codes do not distinguish whether a waste stream is household, or commercial and industrial (C&I). However, in modelling the new baselines and targets, we have been able to estimate what proportion of the total municipal waste is attributable to the household, and commercial and industrial waste streams. Combining this information with projections of what will happen to the landfilling of these two streams (in general) enables us to arrive at an overall estimate of our progress towards meeting the revised targets. Implicit in these estimates are several assumptions:

(i) That the proportional split of the waste categorised against the codes between C&I and household is correct. If, for example, we expect household waste to landfill to fall much faster than C&I, but our estimated split of municipal waste is too heavily-weighted towards the household sector, then we will overestimate our progress towards the target.

(ii) That the progress in landfilling of the respective streams in general is consistent with that of the particular EWC codes, as reported at the landfill site. Given that projections do not provide such information this assumption is necessary. It is also reasonable, as the codes included in the new definition cover a significant proportion (or all in the case of household) of the waste streams.

(iii) Further to the above, that the reduction in landfilling across the waste streams attributable to the included codes is proportionately the same, or that differences in future reductions across codes do not impact on overall biodegradability of the waste sent to landfill. This assumption is reasonable. It is expected that there will be an increase in the amount of MBT-type treatments (included in Chapter 19), and outputs from these processes are only assigned 50% biodegradability, compared to mixed municipal wastes (68% biodegradable) which form a high proportion (around 70%) of overall waste landfilled under the new definition. Even if all the rest of the revised definition was non-biodegradable (which it is not), the addition of more landfilled waste in Chapter 19 would have a very similar overall biodegradability to the rest (50% vs 48%). Therefore, if such wastes increased their proportion of the landfilled waste in the revised definition by ten percentage points, then the overall biodegradability of the stream would only increase by 0.02%.

(iv) That the biodegradability of mixed municipal waste assumption (68%) used is correct, and does not change over time (as a result of either improved data/estimation, or as a result of diversion of particular wastes out of the residual stream). A change to this presents a larger risk to meeting the targets than the assumption in (iii) above. Defra will be working to improve certainty around this estimate.

(v) That the diversion of the household stream is proportional to that of the old-definition municipal stream (some of the C&I wastes from which will have been included in the revised definition, although only a small proportion of the overall total).

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\(^1\) Please see consultation for further details
(vi) That C&I waste to landfill stays constant from 2013/14 onwards. Projections for this waste stream only extend to 2014, so we have flat-lined the series thereafter. This may be a pessimistic assumption, as C&I waste is likely to continue being diverted from landfill post this date as the waste management market responds to policy measures from previous years and more infrastructure comes on stream. Therefore, central post-2014 projections on C&I may be at the upper end of outcomes (all else equal).

With these in mind, presented below are some scenarios of what may occur. These scenarios are based on indexing our estimates of household and C&I wastes to the current estimate of that sent to landfill (15.0mt in 2008), and applying an index of our projections in order to generate forecasts to 2020. A simplified example is set out below:

Example:

Of the 15.0mt of biodegradable waste landfilled against the relevant codes for municipal waste in 2008, 43% is assumed to be of commercial and industrial origin. Therefore, the landfilled tonnages from the household and C&I streams are 8.6mt and 6.4mt respectively.

If we know that household index is to have fallen by 20% by 2013, and the C&I by 15%, then the projection for 2013 is simply \((0.8\times 8.6) + (0.85\times 6.4) = 12.32\). Thus, in this illustrative situation, the target for 2013 (14.5mt) is easily met.

The amount of household biodegradable waste landfilled has dropped sharply since 2005 as a result of the effect of the LATS scheme. The amount of all waste landfilled by local authorities has dropped by 23% between 2005/06 and 2008/09. The forecast is for continued improvement, both because of the coming on-stream of already planned/in construction waste infrastructure becoming operational, and because of the continuing impact of the LATS scheme. In addition, the increased landfill tax has also become a significant driver on local authority decision-making, and will continue to do so as the tax rate escalates to £72/tonne for standard-rated wastes.

In terms of C&I waste, the primary instrument is the landfill tax. Overall taxable standard-rated tonnages have dropped by 24% from 2005/06 to 2008/09, a very similar figure to the old-definition municipal figure. Therefore, overall drops in landfilling in the two streams must be similar. A caveat here, however, is that 11 percentage points of the 24% drop has occurred between 2007/08 and 2008/09 – some of which will be driven by the first year of the £8/t escalator, but some by the impacts of the economic downturn.

The central projection in this Impact Assessment is based on the following:

- Local Authorities manage their waste according to current projections.
- Projections of C&I waste to landfill, based on the current suite of policies

Applying the relevant indexes (as described above), produces the following, which projects landfilling of the relevant EWC codes, for both household and C&I streams:

---

2 This has been arrived at by estimating the landfilling of household wastes (which is assumed to be classified entirely in the included EWC codes), on the assumption that the proportion of household wastes sent to landfill is in the same proportion as old-definition municipal waste. Taking the 68% biodegradability assumption allows estimation of biodegradable household wastes. Subtracting this figure from the overall 15.0mt in 2008, allows an estimate of the amount of waste in the included EWC codes which is of C&I origin.

3 From Defra’s LAWRD (Local Authority Waste Recovery Recycling and Disposal) model
### Table 2: Central projection (‘000 tonnes)

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>House</td>
<td>8,601</td>
<td>7,552</td>
<td>6,426</td>
<td>5,429</td>
<td>4,516</td>
<td>3,857</td>
<td>3,359</td>
<td>3,293</td>
<td>3,252</td>
<td>3,216</td>
<td>3,197</td>
<td>3,186</td>
</tr>
<tr>
<td>C&amp;I</td>
<td>6,443</td>
<td>6,443</td>
<td>5,869</td>
<td>5,647</td>
<td>5,387</td>
<td>5,313</td>
<td>5,313</td>
<td>5,313</td>
<td>5,313</td>
<td>5,313</td>
<td>5,313</td>
<td>5,313</td>
</tr>
<tr>
<td>Total</td>
<td>15,044</td>
<td>13,995</td>
<td>12,294</td>
<td>11,076</td>
<td>9,903</td>
<td>9,170</td>
<td>8,673</td>
<td>8,606</td>
<td>8,566</td>
<td>8,530</td>
<td>8,511</td>
<td>8,500</td>
</tr>
</tbody>
</table>

As can be seen, under the revised interpretation of the definition, and under an unchanged policy scenario, targets for all years are met. The 21.8mt target for 2010 is almost certain to be met. The 2013 and 2020 targets, 14.5mt and 10.2mt respectively, are also met with some headroom. In the case of the 2013 target, this is met even if the projections underestimate landfilling of biodegradable waste by more than 30% in that year. In this central case, England would meet its part of the UK Landfill Directive targets without any additional policy measures. Hence the impact of implementing these changes in the central case are zero (i.e. there are no costs and benefits because no additional action to the business-as-usual case is required).

The conclusion that under a central set of assumptions, the revised targets will be met clearly relies upon those assumptions being accurate. Also implicit in the modelling that has created the projections is an assumption that infrastructure will be in place in order to allow the shift of waste away from landfill, in line with the policy landscape, to occur – i.e. that there will not be insurmountable planning/financing problems that impact on the development of the necessary infrastructure.

**Sensitivities:**

The above relates to a central assumption about the future, but it is also prudent to examine a wider range of possible outcomes. Two sensitivities which look at a more optimistic/pessimistic outcome than the central case are examined here.

(i) Local authorities fail to achieve LATS targets (they overshoot by 20%), C&I as for the central case:

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</thead>
<tbody>
<tr>
<td>House</td>
<td>8,601</td>
<td>12,439</td>
<td>11,062</td>
<td>9,683</td>
<td>8,302</td>
<td>7,952</td>
<td>7,600</td>
<td>7,248</td>
<td>6,896</td>
<td>6,543</td>
<td>6,190</td>
<td>5,836</td>
</tr>
<tr>
<td>C&amp;I</td>
<td>6,443</td>
<td>6,443</td>
<td>5,869</td>
<td>5,647</td>
<td>5,387</td>
<td>5,313</td>
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<td>5,313</td>
<td>5,313</td>
<td>5,313</td>
<td>5,313</td>
</tr>
<tr>
<td>Total</td>
<td>15,044</td>
<td>18,881</td>
<td>16,931</td>
<td>15,330</td>
<td>13,690</td>
<td>13,265</td>
<td>12,914</td>
<td>12,562</td>
<td>12,209</td>
<td>11,857</td>
<td>11,503</td>
<td>11,149</td>
</tr>
</tbody>
</table>

This scenario is slightly less optimistic about the effects of current policy on local-authority collected waste (assumes LATS is not achieved). In this case, the 2013 target is still achieved, albeit with only around an 800,000 tonne biodegradable waste margin. However, the 2020 target is exceeded by around 1mt of biodegradable waste.

(ii) As in the central case for household wastes, but more optimistic assumptions about the impact of current policies on the amount of C&I waste landfilled.

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<td>3,252</td>
<td>3,216</td>
<td>3,197</td>
<td>3,186</td>
</tr>
<tr>
<td>C&amp;I</td>
<td>5,954</td>
<td>5,166</td>
<td>4,671</td>
<td>4,264</td>
<td>3,935</td>
<td>3,935</td>
<td>3,935</td>
<td>3,935</td>
<td>3,935</td>
<td>3,935</td>
<td>3,935</td>
<td>3,935</td>
</tr>
<tr>
<td>Total</td>
<td>14,555</td>
<td>12,737</td>
<td>11,097</td>
<td>9,693</td>
<td>8,451</td>
<td>7,792</td>
<td>7,295</td>
<td>7,228</td>
<td>7,166</td>
<td>7,152</td>
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</table>

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4 The targets set in the Landfill Directive are for July within the year in question, so for example July 2013. We are in discussion with the Commission on the precise data it requires Member States to report. We are using a conservative approach of considering landfilling in 2012/13 in relation to the 2013 target.
The more optimistic assumptions about the impact of policy leads to a scenario where the margin of comfort in meeting the revised targets is increased to over 40%, and over 30%, for 2013 and 2020 respectively.

Overall, the sensitivity analysis demonstrates that, assuming the data we have used is accurate and the biodegradability assumptions are unchanged, the 2013 target is met in all the cases. This is partly a result of the starting point of 2008/09, which is only just above the 2013 target itself. However, the 2020 target is not met in all of the cases. Indeed, in the first sensitivity where the LATS trajectory is not achieved by local authorities, the 2020 target is missed by around 14%.

Conclusions from the analysis

Conclusions from this initial analysis of the likelihood of meeting the revised targets suggest that England is on a trajectory which should lead it towards meeting its portion of the overall UK target, with the 2013 target being met even with a pessimistic assumption of the effect of policy. The 2020 target is also met in the central case, though not under pessimistic policy assumptions. As more data emerges and further work is undertaken, Government will be able to firm up views on this analysis, with the option of implementing further measures if required. With further time, the effect of the economic downturn on landfilling, as opposed to the effect of policy measures, should be more readily identifiable. Should waste arisings and landfilling rebound strongly with the economy in 2010 and 2011, then the above analysis may need to be revisited to evaluate both the continued progress towards the new targets, and the potential need for further measures. The caveats and assumptions to the analysis are noted above.

The analysis does not consider the cost of meeting the targets, as no further policy measures are currently proposed. The projections detailed above stem from the expectation of what current policy will deliver, and thus there are no additional costs and benefits. Later this year, Defra will be reviewing and consulting on the mix of policies currently in place in order to meet the Landfill Directive targets. Should any new policy proposals arise at this point, there would be an assessment of the likely costs and benefits in the corresponding Impact Assessment.

In addition to the conclusion that no new policies will be required to meet the revised target, Defra have also considered the necessary reporting obligations. As described earlier on in this document, the approach that is provisionally favoured will not entail any additional reporting requirements.

The current and future policy landscape

Since LATS was introduced in 2005/06 there have been significant developments in other incentives to divert waste from landfill, most notably the landfill tax. In 2005/06 the tax was set at £18, and rising at £3 per year. Subsequent to that the escalator was increased to £8 per year, with the tax reaching £40 in 09/10, and set to rise by £8 per year to £72 in 2013/14. Anecdotal evidence suggests that landfill tax is becoming a more significant driver on local authority plans to divert waste from landfill than LATS, and as the level of tax continues to rise this trend can be anticipated to become more pronounced. In addition it is a policy driver that also impacts on private sector waste management companies so will address both the old, and new, approach to municipal waste.

In addition continuing existing, and future, efforts on waste prevention, re-use and recycling, either driven by the desire to avoid landfill tax or for other reasons, will all contribute to diverting waste from landfill. Furthermore, it can be anticipated that the Renewable Obligation Certificates system will drive progress in the provision of waste treatment capacity to further divert waste from landfill. It provides support for electricity generation from renewable sources including waste. The recent reforms made by DECC to this system provide greater support to Anaerobic
Digestion, increase investor certainty (e.g. by extending the lifetime of the scheme until 2037) and remove barriers to the burning of secondary recovered fuel (a type of processed waste) at co-firing stations.

As illustrated above, our central assumption is that there will be no need for England to implement additional measures in order to comply with the Landfill Directive targets, in light of the revised definition of municipal waste. Nonetheless, the change to the UK’s approach provides an opportunity to review the suite of policies in place to ensure that England meets the targets set. To meet the previous approach to the targets the Landfill Allowance Trading Scheme was introduced in England. The revision to the targets provides the opportunity to review the effectiveness of this policy, particularly against the context of the range of other existing and potential new policies in place to divert biodegradable waste from landfill. These include the planned increases to landfill tax and the possibility of landfill bans for certain materials (which is not assessed here as a means of meeting the revised target, but separately as a policy in itself).

Therefore, the current consultation sets out the range of policies that Defra considers should be reviewed, including LATS and will ask for Stakeholder views and evidence on the combination of policies Defra should pursue to ensure that England meets its targets. This will help shape further work Defra intend to conduct to assess the impact of existing policies to divert biodegradable waste from landfill ahead of the planned second consultation.

Specific Impact Tests:
There are no implications from this proposal for any of the specific impact categories as there are no new policy proposals as a result of the re-definition of municipal waste. This Impact Assessment aims to illustrate the likely progress towards the revised target.
Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

<table>
<thead>
<tr>
<th>Type of testing undertaken</th>
<th>Results in Evidence Base?</th>
<th>Results annexed?</th>
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<td>Small Firms Impact Test</td>
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