

Title: Review of Schedule 2 of the Controlled Waste Regulations 1992 Lead department or agency: Defra Other departments or agencies:	Impact Assessment (IA)
	IA No: Defra 1035
	Date: 02/08/2010
	Stage: Consultation
	Source of intervention: Domestic
	Type of measure: Secondary legislation
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Summary: Intervention and Options

What is the problem under consideration? Why is government intervention necessary? If asked, local authorities are required to collect & dispose of waste from institutions listed in Schedule 2 of the Controlled Waste Regulations 1992, but may only make a charge for the cost of collection. Disposal costs are now over 50% of total waste management costs and with current regulations preventing Local Authorities from charging for disposal of waste from Schedule 2 organisations, this market distortion is adversely affecting Schedule 2 customers ability to choose the most appropriate service. This also has an impact on local authority budgets as more customers choose the subsidised service. Amendment of the regulations is therefore needed.	
What are the policy objectives and the intended effects? To ensure that legislation effectively contributes towards Government policy aims of reducing waste, increasing recycling rates and providing waste services funded on the 'polluter pays' principle. To remove the market distortion created by public subsidy of disposal costs, increasing the ability of publicly-funded organisations to choose appropriate waste management services and removing the subsidy from private sector organisations. To clarify the status of charities and other organisations who contribute towards waste reduction by encouraging and facilitating reuse.	
What policy options have been considered? Please justify preferred option (further details in Evidence Base) Issue Guidance Secondary Legislation The preferred option is a change to secondary legislation. This will achieve our policy aims as outlined above.	
When will the policy be reviewed to establish its impact and the extent to which the policy objectives have been achieved?	It will be reviewed 06/04/2014
Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?	Yes

SELECT SIGNATORY 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 SELECT SIGNATORY: Date:

Summary: Analysis and Evidence

Policy Option 1

Description:

Issue Guidance - To issue more detailed guidance to clarify interpretation of the legislation.

Price Base Year 2010	PV Base Year 2010	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: -£0.05m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate			

Description and scale of key monetised costs by 'main affected groups'

The admin costs of issuing guidance are not substantial as the information will be posted on the internet. The one off admin burdens however on business cost £0.05m. The disposal costs to Local Authorities involved with handling the additional Schedule 2 waste is estimated to be £29million for England and £1million for Wales in present value terms over the 10 year period. Please note these costs are transfer costs and therefore are not included in the final NPV.

Other key non-monetised costs by 'main affected groups'

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate			

Description and scale of key monetised benefits by 'main affected groups'

Transparency benefits which should lead to fewer disputes over the interpretation between authorities and their customers and right levels of infrastructure investment as a result of legislation certainty. It is however not possible to quantify these benefits.

Other key non-monetised benefits by 'main affected groups'

Local authorities and their customers will have a better understanding of their respective rights and duties. Private and public-sector Schedule 2 customers will continue to benefit from subsidised waste disposal.

Key assumptions/sensitivities/risks

Discount rate (%)

3.5%

The assumptions in the modelling of costs are discussed in detail in relevant sections. There is no information available to evaluate how the schedule 2 waste is treated by commercial operators in comparison to local authorities.

In terms of risks, firstly with insufficient infrastructure, Local Authorities may be forced to send more waste to landfill which incurs additional environmental costs.

Secondly the switch of schedule 2 waste from the private sector could have adverse effects for commercial operators due to loss of revenue.

Impact on admin burden (AB) (£m):		Impact on policy cost savings (£m):		In scope
New AB: 0.05m	AB savings:	Net:	Policy cost savings:	Yes/No

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?		England and Wales			
From what date will the policy be implemented?		06/04/2011			
Which organisation(s) will enforce the policy?					
What is the annual change in enforcement cost (£m)?					
Does enforcement comply with Hampton principles?		Yes/No			
Does implementation go beyond minimum EU requirements?		Yes/No			
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)		Traded:		Non-traded:	
Does the proposal have an impact on competition?		Yes/No			
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?		Costs:		Benefits:	
Annual cost (£m) per organisation (excl. Transition) (Constant Price)	Micro	< 20	Small	Medium	Large
Are any of these organisations exempt?	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No

Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on...?	Impact	Page ref within IA
Statutory equality duties¹ Statutory Equality Duties Impact Test guidance	Yes/No	
Economic impacts		
Competition Competition Assessment Impact Test guidance	Yes/No	
Small firms Small Firms Impact Test guidance	Yes/No	
Environmental impacts		
Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance	Yes/No	
Wider environmental issues Wider Environmental Issues Impact Test guidance	Yes/No	
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	Yes/No	
Human rights Human Rights Impact Test guidance	Yes/No	
Justice system Justice Impact Test guidance	Yes/No	
Rural proofing Rural Proofing Impact Test guidance	Yes/No	
Sustainable development Sustainable Development Impact Test guidance	Yes/No	

¹ Race, disability and gender Impact assessments are statutory requirements for relevant policies. Equality statutory requirements will be expanded 2011, once the Equality Bill comes into force. Statutory equality duties part of the Equality Bill apply to GB only. The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Summary: Analysis and Evidence

Policy Option 2

Description:

Amend Secondary Legislation to allow waste disposal authorities to charge for all of Schedule 2 waste excluding charity shops and re use groups.

Price Base Year 2010	PV Base Year 2010	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: -£0.14m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate			

Description and scale of key monetised costs by 'main affected groups'

The admin costs are not substantial as the information will be posted on the internet. The one off admin burdens however of amending secondary legislation are greater at £0.14m. Should LA's be able to recover all the disposals costs of schedule 2 waste handled in the baseline, this would yield savings in present value terms of £329.3million for England and £16.8million for Wales. These are transfer costs and therefore are not included in the final NPV

Other key non-monetised costs by 'main affected groups'

The option does not incur any non monetised costs.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate			

Description and scale of key monetised benefits by 'main affected groups'

Promotes the Polluter Pays Principle. The objective of the principle is to shift the responsibility of dealing with waste from governments to the firms producing it. Schedule 2 companies will face full costs of waste disposal which may incentivise them to produce less waste. A potential 1% reduction in schedule 2 waste arisings over the 10 years would generate cumulative avoided GHG emissions benefits of up to £7.58m and a 1% increase in recycling of £2.35m for England and Wales.

Other key non-monetised benefits by 'main affected groups'

Other benefits include the removal of market distortions which should create greater economic efficiency and similar to option 1, transparency and policy certainty benefits.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5%

The assumptions and sensitivities in the modelling of schedule 2 waste are discussed in detail in relevant sections. To reiterate, due to no data being available on forecasting schedule 2 waste arisings or how it is managed between LA's and Schedule 2 waste premises, assumptions have been made to illustrate the magnitude of the impacts.

Impact on admin burden (AB) (£m): New AB: 0.14m	AB savings:	Net:	Impact on policy cost savings (£m): Policy cost savings:	In scope Yes/No
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Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?	England and Wales				
From what date will the policy be implemented?	06/04/2011				
Which organisation(s) will enforce the policy?	Defra and WAG				
What is the annual change in enforcement cost (£m)?					
Does enforcement comply with Hampton principles?	Yes				
Does implementation go beyond minimum EU requirements?	N/A				
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)	Traded:		Non-traded:		
Does the proposal have an impact on competition?	No				
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?	Costs:		Benefits:		
Annual cost (£m) per organisation (excl. Transition) (Constant Price)	Micro	< 20	Small	Medium	Large
Are any of these organisations exempt?	No	No	No	Yes	Yes

Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on...?	Impact	Page ref within IA
Statutory equality duties² Statutory Equality Duties Impact Test guidance	No	17
Economic impacts		
Competition Competition Assessment Impact Test guidance	No	17
Small firms Small Firms Impact Test guidance	Yes	17
Environmental impacts		
Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance	No	17
Wider environmental issues Wider Environmental Issues Impact Test guidance	No	17
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	No	17
Human rights Human Rights Impact Test guidance	No	17
Justice system Justice Impact Test guidance	Yes	17
Rural proofing Rural Proofing Impact Test guidance	Yes	18
Sustainable development Sustainable Development Impact Test guidance	Yes	18

² Race, disability and gender Impact assessments are statutory requirements for relevant policies. Equality statutory requirements will be expanded 2011, once the Equality Bill comes into force. Statutory equality duties part of the Equality Bill apply to GB only. The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Evidence Base (for summary sheets) – Notes

Use this space to set out the relevant references, evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Please fill in **References** section.

References

Include the links to relevant legislation and publications, such as public impact assessment of earlier stages (e.g. Consultation, Final, Enactment).

No.	Legislation or publication
1	
2	
3	
4	

+ Add another row

Evidence Base

Ensure that the information in this section provides clear evidence of the information provided in the summary pages of this form (recommended maximum of 30 pages). Complete the **Annual profile of monetised costs and benefits** (transition and recurring) below over the life of the preferred policy (use the spreadsheet attached if the period is longer than 10 years).

The spreadsheet also contains an emission changes table that you will need to fill in if your measure has an impact on greenhouse gas emissions.

Annual profile of monetised costs and benefits* - (£m) constant prices

	Y ₀	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅	Y ₆	Y ₇	Y ₈	Y ₉
Transition costs										
Annual recurring cost										
Total annual costs										
Transition benefits										
Annual recurring benefits										
Total annual benefits										

* For non-monetised benefits please see summary pages and main evidence base section

Evidence Base (for summary sheets)

There is discretion for departments and regulators as to how to set out the evidence base. However, it is desirable that the following points are covered:

Problem under consideration;

Rationale for intervention;

Policy objective;

Description of options considered (including do nothing);

Costs and benefits of each option;

Risks and assumptions;

Administrative burden and policy savings calculations;

Wider impacts;

Summary and preferred option with description of implementation plan.

Problem under consideration

At present, Local Authorities are required to collect waste, if asked, from organisations listed in Schedule 2 of the Controlled Waste Regulations (CWR). This list includes among others, schools, hospitals and prisons and does not distinguish between private and public sector organisations. The current split of public to private schedule premises is 32% and 57% respectively (with an additional 10% being categorised as either public or private). The public sector creates around 73% of Schedule 2 waste. The current regulations allow Local Authorities to make a charge for the collection of this waste, but not for its disposal.

To date, much of this Schedule 2 waste has been collected by private waste contractors even though they charge for both collection and disposal. This may be because Schedule 2 premises are unaware of their right to free disposal, or because the private sector provide additional or specialist services that local authorities do not. However, the escalating costs of disposal including pre-treatment requirements and Landfill Tax means that many of these contracts are becoming a more expensive option than Local Authority collection and there is a risk that large amounts of waste, which Local Authorities have not budgeted for, will come back into the public sector for disposal.

For 2007/08 the Enviro report calculated this would amount to an additional 600,000 tonnes of waste transferring into the public sector. If we further assume that recycling rates of 30% can be achieved for this waste, then around 400,000 tonnes would be landfilled, placing an additional cost of £24-£32 million pounds, based on charges of £60-£80 per tonne of waste and also assuming that the recycling services cover their own costs. This represents an increase of between 2.2% and 2.9% in disposal costs for local authorities however such costs are transferred from the commercial sector.

Rationale for intervention

Local Authorities are concerned about the effect of large amounts of Schedule 2 waste coming back into the public sector because the disposal costs could be a potential drain on their resources and this material has not been included in their strategies for meeting their landfill diversion targets as required under the EU Landfill Directive.

The existing Regulations pre-date, and consequently do not reflect, the polluter pays principle (PPP) that underpins all EU and UK waste legislation of the past fifteen years. They insulate organisations listed in schedule 2 from the full costs of the environmental impact the waste they produce causes and provides less incentive to reduce waste or to recycle.

The lack of discrimination between private and public sector in the current Regulations means that there is potential for private sector organisations to receive a subsidy from the taxpayer for their waste disposal costs.

Policy Objectives

Current regulations prevent Local Authorities from charging for disposal of waste from Schedule 2 organisations, this means local authority waste services are:

- 1) Subsidising the waste disposal of Schedule 2 organisations, many of which are run as businesses and
- 2) Removing any financial incentive on Schedule 2 organisations to reduce the amount of waste they produce and sustainably manage that which they cannot avoid generating.

In reality, we would expect very few local authorities to be able to offer Schedule 2 organisations waste services at prices competitive with the private sector, if it were not for the legal requirement to exclude disposal costs.

Description of Options considered

1) Issue Guidance

If nothing is done and with the continuing rising cost of waste disposal, it is very likely that Local Authorities will find themselves with an increasing demand for waste services and an increasing shortfall in funds to cope. Eventually Government will have to provide these additional funds and organisations covered by Schedule 2 will continue to have little financial incentive to recycle or reduce waste. The waste management market will suffer increasing distortion to the detriment of private companies, particularly the smaller local operators.

Furthermore, with no clarification of the legislation some local authorities will continue to misclassify sources of waste, resulting in some organisations paying for disposal while other similar bodies do not, increasing the number of disputes

The original guidance, issued in 1992, does little more than restate the legislation, a factor that has contributed to the current variation in interpretation. Consequently we would seek to issue more detailed guidance, to clarify our interpretation of the legislation, and encourage stakeholders who disagree with our interpretation to seek judicial review to clarify the legislation in the Court.

There are no additional costs associated with this option but it is likely to accelerate the rate at which Schedule 2 organisations move back to local authorities. We assume that, as waste disposal becomes progressively more expensive, all Schedule 2 waste that is currently handled by the private sector would come back into the public sector to avoid waste disposal charges. Issuing new guidance can be expected to make more Schedule 2 organisations aware, sooner of the 'free waste disposal' available to them if they use local authority services.

We have assumed schedule 2 premises will gradually move towards LAs for their waste collection and disposal to reflect, though to a lesser extent as a result of the guidance, imperfect information on LA charging and Schedule 2 premises holding long term contracts with commercial operators.

2) Amend the secondary legislation – the Controlled Waste Regulations 1992

This is Defra's preferred option. We propose to amend the legislation to allow waste disposal authorities to charge for disposal of all waste arising from non-domestic properties with the exception of charity shops and re-use groups* that take waste out of the household waste stream. Local authorities recognise that these organisations actually reduce the amount of household waste the authorities have to deal with and are keen to be helpful to them, reciprocating by providing free waste collection and disposal. The regulations will be amended to explicitly define waste from these sources as being household waste, and ensure that they are entitled to free collection and disposal. The proposed powers would continue to be permissive, allowing local authorities the ability to make decisions on charging that best suit their local area and needs.

*re-use groups are bodies that take old but serviceable items such as white and electrical goods or furniture that would end up as waste and repair or refurbish them for sale back into the community. Their primary function is to train people (usually the long-term unemployed) for new careers but by their actions they reduce the amount of waste local authorities have to deal with.

Baseline - Do Nothing

In order to assess the implications of both options being adopted, the table below shows the amount of Schedule 2 waste Local Authorities would face if no further intervention took place.

The methodology involved uses the 2007/08 Schedule 2 waste figures from the Enviro report and projects these forward based on the following assumptions.

1. The proportion of total scheduled waste in the MSW stream, 4% is assumed to be constant
2. The rate of MSW waste growth (and therefore the level of schedule 2 waste arisings) is assumed to be the same over the time period. As in the England Waste Strategy 2007, we have opted for a conservative estimate of 0.75% per annum and this is projected from actual MSW figures for 2008/09 for both England and Wales.
3. The composition of the Schedule 2 waste is assumed to remain constant based on the 2007/08 split.
4. The amount of Schedule 2 waste that is estimated to be dealt with by the private sector progressively decreases as disposal costs continue to increase. The rate at which it shifts to the MSW stream will be incrementally faster during the period of the landfill tax increases
5. It is assumed that by 2019/20 only those schedule 2 premises which require specialised services that only commercial operators can provide will remain within the private sector. This is estimated to be for illustrative purposes around 10% of the total schedule 2 waste.

6. Prior to 2019/20, we have modelled schedule 2 premises gradually using LAs for their waste collection and disposal to reflect imperfect information on LA charging and Schedule 2 premises holding long term contracts with commercial operators.

Table1: Schedule 2 waste arisings in England and Wales for the years 2010 to 2020

Schedule 2 Premises	2010/11	2011/12	2012/13	2013/14	2014/15
Total Waste arisings England and Wales	29,416,562	29,637,186	29,859,465	30,083,411	30,309,036
NHS Hospitals	85,074	85,713	86,355	87,003	87,656
Private Hospitals	5,154	5,193	5,232	5,271	5,311
Residential Hostels	2,234	2,251	2,268	2,285	2,302
Care Homes	110,084	110,909	111,741	112,579	113,424
Child care facilities (pre-school)	46,074	46,420	46,768	47,118	47,472
LEA Schools	269,867	271,891	273,930	275,985	278,055
Private Schools	19,161	19,305	19,449	19,595	19,742
Further Education Colleges	159,398	160,594	161,798	163,012	164,234
Universities	260,210	262,162	264,128	266,109	268,105
Self Catering Accommodation	32,867	33,114	33,362	33,612	33,864
Caravan Sites	47,699	48,056	48,417	48,780	49,146
Campsites	18,848	18,989	19,131	19,275	19,419
Penal Institutions	41,512	41,824	42,137	42,453	42,772
Charity Shops	14,565	14,674	14,784	14,895	15,007
TOTAL SCHEDULE 2 WASTE	1,112,748	1,121,093	1,129,502	1,137,973	1,146,508
Within MSW stream	686,759	742,545	799,129	856,520	891,096
% Within MSW stream	62%	66%	71%	75%	78%
Outside Waste stream	425,988	378,548	330,373	281,453	255,412
% Outside MSW stream	38%	34%	29%	25%	22%

Schedule 2 Premises	2015/16	2016/17	2017/18	2018/19	2019/20
Total Waste arisings England and Wales	30,536,354	30,765,377	30,996,117	31,228,588	31,462,802
NHS Hospitals	88,313	88,975	89,643	90,315	90,992
Private Hospitals	5,350	5,390	5,431	5,472	5,513
Residential Hostels	2,319	2,337	2,354	2,372	2,390
Care Homes	114,274	115,131	115,995	116,865	117,741
Child care facilities (pre-school)	47,828	48,187	48,548	48,912	49,279
LEA Schools	280,140	282,241	284,358	286,491	288,639
Private Schools	19,890	20,040	20,190	20,341	20,494
Further Education Colleges	165,466	166,707	167,957	169,217	170,486
Universities	270,115	272,141	274,182	276,239	278,310
Self Catering Accommodation	34,118	34,374	34,632	34,892	35,154
Caravan Sites	49,514	49,886	50,260	50,637	51,016
Campsites	19,565	19,712	19,860	20,009	20,159
Penal Institutions	43,093	43,416	43,741	44,070	44,400
Charity Shops	15,119	15,233	15,347	15,462	15,578
TOTAL SCHEDULE 2 WASTE	1,155,106	1,163,770	1,172,498	1,181,292	1,190,151
Within MSW stream	926,142	961,664	997,667	1,034,156	1,071,136
% Within MSW stream	80%	836%	85%	88%	90%
Outside MSW stream	228,964	202,105	174,831	147,136	119,015
% Outside MSW stream	20%	17%	15%	12%	10%

To summarise for both England and Wales the total schedule 2 waste dealt by local authorities between 2010/11 to 2019/20 is estimated to be 8.97million tonnes and for commercial operators 2.54million tonnes.

Disposal Costs

Though the analysis will calculate the estimated disposal costs LA's will face as a result of both options, this will not be included in the final NPV. This is because waste collection and disposal costs merely transfer from the commercial sector to the public sector for both options and therefore do not incur new additional costs.

To begin with, the table below shows the degree to which collection costs contribute to the majority of total costs and how this decreases as the years' progress.

The disposal of recyclables is not included as recycling services cover their own costs and so the collection costs of £90 includes the gate fee and the sale of the materials.

Table 2: Disposal and collection cost split

Year	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Collection costs for recycling (£90 per tonne)	£27,895	£31,151	£35,019	£38,444	£41,093	£43,111	£44,983	£47,050	£48,930	£50,642
Collection costs residual waste (£52 per tonne)	£19,594	£20,614	£21,321	£22,327	£22,594	£23,251	£24,016	£24,694	£25,505	£26,439
Total Collection Costs	£47,489	£51,765	£56,341	£60,771	£63,688	£66,362	£68,999	£71,744	£74,436	£77,081
Disposal costs for landfill	£26,377	£30,921	£35,262	£40,360	£41,527	£43,625	£46,002	£48,296	£50,937	£53,926
Collection costs as % of total costs	64%	63%	62%	60%	61%	60%	60%	60%	59%	59%
Disposal costs as % of total costs	36%	37%	38%	40%	39%	40%	40%	40%	41%	41%

Landfill Allowance Scheme

Local Authorities may face additional costs from the Landfill Allowance Trading Scheme when dealing with the additional schedule 2 waste managed previously by commercial operators. Currently, waste statistics show that Local Authorities are making good progress towards meeting the 2010 target and are in fact sending less biodegradable waste to landfill than the total allowances allocated to them. This situation however may change for future targets as the diversion will be more difficult to achieve.

It is possible to estimate the additional waste to landfill both the English and Welsh LA's will face from Schedule 2 waste premises. If we are to assume that the composition of schedule 2 waste is the same as that from households, the amount of biodegradable waste in MSW is assumed to be 68% for England and 61% for Wales.

In order to provide central estimates, if the Schedule 2 waste uses treatment/disposal routes in the same proportion as those used for MSW it is possible to estimate the additional amount sent to landfill for the target years.

Table 3: Additional biodegradable tonnage of waste in MSW assumed to be landfilled in England

Year	Schedule 2 Waste within the MSW stream	Additional tonnage sent to landfill	% to landfill	Biodegradable (68%)	England Target
2012/13	753,878	226,163	30%	153,791	7,459,998

For Wales the figures for landfill were obtained by using the "Towards Zero Waste" strategy which includes targets for the maximum level of landfill for years 2019/20 of 10%. The percentage sent to landfill was interpolated from the 2008/09 actual figures.

Table 4: Additional biodegradable tonnage of waste in MSW assumed to be landfilled in Wales

Year	Schedule 2 Waste within MSW stream	Sent to landfill	% to landfill	Biodegradable (61%)	Wales Target
2012/13	45,251	18,100	40%	11,041	470,000

The consequence of this will be dependent upon how well LA's are meeting their target. If all allowances are close to if not all used, the impact of the additional waste coming into the LA waste stream could potentially drive up allowance prices resulting in additional costs for LA's.

Costs and Benefits of Each Option

The following sections describe the costs and benefits associated with each policy for both England and Wales. Please see page 16 for the summary table of the policies.

Please note there is no data available on the growth of schedule 2 waste or how it will be managed between commercial operators and local authorities for future years. For this reason please take the following calculations as being illustrative of the broad order in magnitude of the potential costs and benefits.

Option 1 – Issue Guidance

Option 1 assumes that with better information on the current legislation, more businesses will become aware of the free disposal costs made available by Local Authorities and hence more waste from the schedule 2 premises will be diverted from the commercial sector at a faster rate. With the landfill tax rates increasing disposal costs, businesses will be more likely to consider different options in managing their waste and therefore we assume the maximum amount of schedule 2 waste of which can be redirected to the MSW stream will have taken place by 2013/14. The results are as follows:

Table5: Schedule 2 waste arisings in England with issue guidance

Year	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Schedule 2 Waste	1,053,298	1,061,198	1,069,157	1,077,175	1,085,254	1,093,394	1,101,594	1,109,856	1,118,180	1,126,566
Within MSW stream	648,140	700,634	753,878	807,881	841,072	874,715	908,815	943,378	978,407	1,013,910
% Within MSW stream	62%	71%	81%	90%	90%	90%	90%	90%	90%	90%
Outside MSW stream	405,158	360,564	315,279	269,294	244,182	218,679	192,779	166,478	139,772	112,657
% Outside MSW stream	38%	29%	19%	10%	10%	10%	10%	10%	10%	10%

Table6: Total Schedule 2 waste arisings in Wales with issue guidance

Year	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Schedule 2 Waste	59,450	59,896	60,345	60,798	61,254	61,713	62,176	62,642	63,112	63,585
Within MSW stream	38,619	43,908	49,274	54,718	55,128	55,542	55,958	56,378	56,801	57,227
% Within MSW stream	65%	73%	82%	90%	90%	90%	90%	90%	90%	90%
Outside MSW stream	20,831	15,988	11,071	6,080	6,125	6,171	6,218	6,264	6,311	6,359
% Outside MSW stream	35%	27%	18%	10%	10%	10%	10%	10%	10%	10%

The incremental difference in comparison to the baseline is as follows. As expected the biggest divergence is in the earlier years however after 2016/17 in the baseline the majority of firms have shifted their waste to Local authorities

Table 7: Additional Schedule 2 waste entering the MSW stream due to issuing guidance for England

Schedule 2 Premises	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Addition to MSW stream	0	53,060	106,916	161,576	135,657	109,339	82,620	55,493	27,954	0

Table8: Additional Schedule 2 waste entering the MSW stream due to issuing guidance for Wales

Schedule 2 Premises	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Addition to MSW stream	0	1,997	4,023	6,080	5,104	4,114	3,109	2,088	1,052	0

Costs of Option 1:

Disposal Costs

Collection costs of both residual and recycling waste can be recovered by collection charges if the LA so chose and therefore such figures are not included in this IA.

Figures taken from the LAWRRD model in Defra provide MSW recycling rates for England and applying this to the Schedule 2 waste within the MSW waste stream can provide estimates on the remaining amount of residual waste and corresponding disposal costs.

For Wales, the "Towards Zero Waste" 2009 strategy provides targets on the amount recycled and composted for years up to 2019/20 and these percentages again were used to estimate the residual waste figures.

The additional waste that will enter the MSW waste stream as a result of the better guidance imposes higher disposal costs for England and Wales as follows.

Table9: Disposal costs for LA in England (£ thousand)

Year	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Disposal costs for landfill	£0	£2,212	£4,736	£7,651	£6,359	£5,190	£3,988	£2,714	£1,393	£0
Gate fee	£0	£624	£1,212	£1,791	£1,464	£1,170	£881	£587	£295	£0
Landfill Tax	£0	£1,588	£3,524	£5,861	£4,895	£4,020	£3,107	£2,127	£1,098	£0

Table10: Disposal costs for LA's in Wales (£ thousand)

Year	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Disposal costs for landfill	£0	£82	£166	£263	£215	£169	£125	£83	£41	£0
Gate fee	£0	£23	£42	£62	£49	£38	£28	£18	£9	£0
Landfill Tax	£0	£59	£124	£201	£165	£131	£98	£65	£32	£0

Option 1 assumes that the benefit of free disposal costs being publicly made more aware will encourage the majority of Schedule 2 waste that is currently handled by the private sector to enter back into the public sector by 2013/14 as opposed to 2019/20 in the baseline. Assuming a gate fee of £22 plus landfill tax, Local Authorities in England and Wales would face additional costs in present value terms of approximately £29million and £1million respectively over the 10 year period.

Such costs reflect the most recent landfill tax rate announcements; that is the April 2009 Budget announcement to continue the £8/tonne per annum escalator to a rate of £72/tonne in 2013/14. The March 2010 Budget included an announcement to continue this to £80/tonne in 2014/15 but as this was not included in the accompanying Finance Bill (the rate is set each year in the Finance Bill) this last increase has not been included.

As stated previously, though these costs have been analysed and assessed, they are not included in the final NPV of the IA as they represent redistribution costs from commercial waste management operators to Local authorities.

Landfill Allowance Scheme

As option 1 results in waste from the commercial sector entering the MSW stream at a faster rate, the additional biodegradable waste going to landfill is 21,811 tonnes for England and 981 tonnes for Wales.

For England these figures are provided by the Local Authority Waste Recycling Recovery and Disposal (LAWRRD) model.

Table 11: Additional biodegradable tonnage of waste in MSW assumed to be landfilled in England

Year	Additional Schedule 2 Waste within the MSW stream	Sent to landfill	% to landfill	Biodegradable (68%)	England Target
2012/13	106,916	32,074	30%	21,811	7,459,998

For Wales the figures for landfill were obtained by using the “Towards Zero Waste” strategy which includes targets for the maximum level of landfill for years 2019/20 of 10%. The percentage sent to landfill was interpolated from the 2008/09 actual figures.

Table12: Additional biodegradable tonnage of waste in MSW assumed to be landfilled in Wales

Year	Additional Schedule 2 Waste outside MSW stream	Sent to landfill	% to landfill	Biodegradable (61%)	Wales Target
2012/13	4,023	1,609	40%	981	470,000

Local Authorities who have insufficient capacity in alternative treatments to landfill would either have to buy additional allowances or face fines of £150/tonne in England and £200/tonne in Wales.

GHG disbenefits from earlier shift to LAs

We have assumed that the treatment of Schedule 2 waste remains the same under either commercial operators or LA’s. There is no quantitative evidence available which shows how Schedule 2 waste is treated by commercial operators however with sufficient infrastructure and revenue, more of the waste could be recycled or less sent to landfill in comparison. Such differences generate environmental costs if more of the Schedule 2 waste is diverted to Local Authorities. Every tonne of residual waste diverted from landfill saves approximately 420kg of carbon at an environmental cost of £45 (Landfill Bans model).

Admin Costs

The guidance will be published on the website and therefore does not incur any substantial additional costs. The one off administrative burdens are defined as “administrative activities that businesses are required to conduct in order to comply with the information obligations that are being imposed”.

For Option 1 the time it would take to read the guidance would be 1 hour and the hourly cost of the member of staff in business completing this is £19.20. The price is therefore 1x£19.20.

The main admin burden will fall on all 378 Local Authorities in England and Wales resulting in admin costs of £7,258. Although most of the customers will rely on their local authority for information, many of the small customers like caravan parks and self-caterers will get advice from their trade bodies and the big premises (prisons, universities, hospitals and colleges) may also read the guidance fully. Such trade bodies and Schedule 2 premises account for approximately 2000 businesses and additional admin costs of £38,400.

The total admin costs for Option 1 is £45,658.

Costs to private business

Private sector waste contractors will be increasingly disadvantaged in the marketplace for handling Schedule 2 waste, as they are undercut by local authorities who are unable to charge for disposal of the waste.

Benefits of Option 1

Transparency Benefits

Issuing guidance would reduce the number and range of interpretations currently in use. Many local authorities are only looking for clarity and are not that concerned about the finer legal points. However, those that have devised strategies and invested heavily around alternative interpretations would not be so open to change and may persist with their interpretation until a court rules otherwise.

Infrastructure certainty

The key factor to consider is whether, as the Enviro report states, the facilities currently used by local authorities have the capacity to accept the tonnage which is currently managed by commercial operators. Policy certainty can help LA’s forecast future waste arisings and subsequent disposal treatment demands, however a level of long-term uncertainty will remain as Schedule 2 customers can opt in and out of local authority services.

Benefits to private-sector Schedule 2 business

Private businesses of a type listed in Schedule 2 will continue to benefit from a public subsidy of their waste disposal costs if they have their waste collected by their local authority, and more businesses may take up the subsidy as the guidance makes them aware of their rights.

Option 2 – Amend the Secondary Legislation

Costs of Option 2:

Admin Costs

The guidance will be published on the website and therefore does not incur any substantial additional costs. The one off admin burdens for Option 2 are greater as the guidance would take longer to read; 3 hours therefore the total cost of activity for 378 local authorities and 2000 large Schedule 2 premises and trade bodies is £136,973.

Behavioural effects

There may be perverse consequences, such as Schedule 2 premises whose requiring building users to take their rubbish home, increasing the amount of waste in the domestic waste stream. However, we consider that this is highly unlikely and would also incentivise people to reduce the amount of waste they create in the first instance.

Benefits of Option 2:

Recovery of disposal costs

As stated previously, the amendment of the Secondary legislation will enable Local Authorities to charge for both collection and disposal costs for all non-domestic premises excluding Charity shops and reuse organisations.

Ultimately the choice of service provider will rest as previously with the creator of the waste based on who can provide the most appropriate service, however, this time without the distortion of the public subsidy. In general, we would expect that private contractors will be more competitive on price, due to economies of scale, however should local authorities handle this waste, they too would be able to recover all costs.

Excluding charity shops, Local authorities could now recover the disposal costs of all the waste they would previously have dealt with. In relation to the baseline and assuming the same recycling rates, the savings are as follows:

Table 13: Savings in disposal costs for Schedule 2 waste for Local Authorities in England (£thousand)

Year	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Disposal costs for landfill	£24,312	£28,628	£32,773	£37,588	£38,756	£40,837	£43,173	£45,430	£48,035	£50,986
Gate fee	£7,641	£8,075	£8,384	£8,797	£8,921	£9,208	£9,536	£9,828	£10,176	£10,576
Landfill Tax	£16,671	£20,554	£24,389	£28,791	£29,835	£31,629	£33,637	£35,603	£37,859	£40,410

Table 14: Savings in disposal costs for Schedule 2 waste for Local Authorities in Wales (£thousand)

Year	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Disposal costs for landfill	£1,505	£1,682	£1,837	£2,070	£2,071	£2,076	£2,101	£2,122	£2,140	£2,155
Gate fee	£473	£474	£470	£485	£477	£468	£464	£459	£453	£447
Landfill Tax	£1,032	£1,208	£1,367	£1,586	£1,595	£1,608	£1,637	£1,663	£1,687	£1,708

The costs transferred from Local Authorities to Schedule 2 premises would be approximately in present value terms £329.3million for England and £16.8million for Wales.

Polluter Pays Principle

Legislation covering this area more completely will reflect the polluter pays principle. Schedule 2 waste producers would now have greater responsibility for waste production and their choice to use sustainable waste management options. This will yield GHG benefits in the form of waste prevention or increasing rates in recycling.

In our analysis we have not factored in waste prevention as we are not attempting to control the amount of waste in the public waste stream, only to ensure that local authorities are able to recover these costs for the waste they do handle.

To illustrate the environmental benefits of incentivising better behaviour please see box below.

Polluter Pays Principle

Effect 1: Waste prevention – Assuming a 1% reduction in Schedule 2 waste arisings per annum under the baseline

Financial Savings: The savings this would yield range from £0 (if the firm has to invest in certain technology in order to achieve such reductions) to £74 plus landfill tax, the most expensive form of collection and disposal per tonne of waste. For a 1% reduction in schedule 2 waste per annum under the baseline, the cumulative financial savings are between £0-£31.7m.

Environmental Benefits: The maximum environmental benefits are the savings from landfill disposal and the embedded emissions. The maximum GHG benefits in for the 10 year period come to £7.58m.

Effect 2: - Assuming an additional 1% of the total Schedule 2 waste per annum is recycled

Financial Savings: The financial savings from recycling between 2010/11 to 2019/20 are £6.38m

Environmental Benefits: The saving in embedded emissions from recycling and landfill disposal yield benefits of approximately £2.35m.

Transparency Benefits

Similar to Option 1 there are greater transparency benefits from amending the legislation. More clearly worded and easily understood legislation would lead to fewer disputes over interpretation between authorities and their customers

Local accountability

Local authorities will be able to choose whether or not to charge for collection and/or disposal, giving them the flexibility to support local social and private enterprise, and ensure best use of local budgets in a way that reflects the priorities of local people.

Infrastructure certainty

There would also be greater transparency of budgets again for the local authorities and publicly funded Schedule 2 organisations. They would have a better understanding in estimating current and future waste arisings and therefore be more likely to invest in the correct levels of infrastructure.

Other Benefits

There are a number of additional benefits in adopting this option.

Market distortions caused by local authorities being unable to charge for disposal would be removed. Hidden subsidies in the form of free waste disposal encourage waste creation as businesses willingness to pay for every tonne of waste disposed becomes greater than the actual cost of disposing that tonne. This also leads to the crowding out effect as the subsidy to Schedule 2 premises could potentially put viable waste operators out of business.

Finally the option also increases the potential for greater economic efficiency for both local authorities and publicly funded Schedule 2 organisations. Increasing competition would generate lower prices and encourage more environmentally efficient treatment of waste.

Risks and Assumptions

The main risk is whether Local Authorities will have sufficient infrastructure to deal with the additional Schedule 2 waste. For option 1 and 2, such incapacity could drive more of the additional waste to landfill and therefore result in higher disposal costs than estimated in this analysis.

The main key assumptions regarding the analysis were 0.75% growth and the proportion that is assumed to be landfilled for schedule 2 waste. If we were to change these assumptions the range in the disposal costs is as follows.

Table 15: Sensitivity analysis results

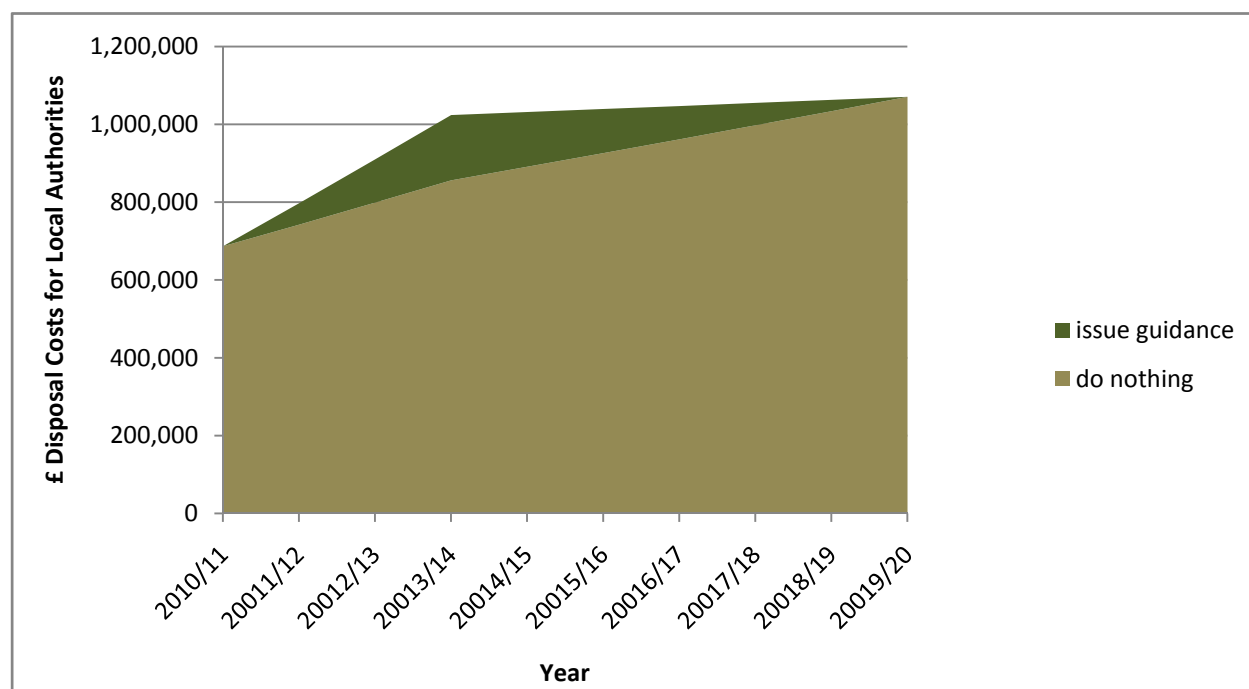
	England (£thousand)			Wales (£thousand)		
Total Disposal Costs	Standard	0% Waste Growth	100% to landfill	Standard	0% Waste Growth	100% to landfill
Option 1	£431,407	£409,500	£871,058	£21,214	£20,179	£49,473
Option 2	-£390,518	-£370,458	-£788,765	-£19,759	-£18,789	-£46,159

To reiterate, without any evidence available on how much waste will transfer to Local Authorities as a result of the proposals we have had to make assumptions around the percentage split. Taking into account policy instruments however it is possible to estimate conceptually what could happen and provide corresponding figures.

Summary and preferred option with description of implementation plan

Overview of the disposal costs

The graph below is included to show the potential disposal cost impacts for all options.



For option 1, as can be viewed in the graph, issuing guidance incurs total additional disposal costs against the baseline of £35.39million for both England and Wales. For option 2 disposal costs are now being charged for by LA's and so for all waste that would have been handled in the baseline, these could now be recovered (excluding charity organisations). The potential savings for England and Wales are £429.83million for the period between 2010/11 to 2019/20.

A second point to mention is that the public/private sector split for schedule 2 waste is different for England and Wales. In 2007/08 for England it was 48%/52% however for Wales there was a 50%/50% divide. Proportionally this varies how much additional waste or current waste is being managed by Local Authorities for the specified period and the subsequent savings or added costs in disposal.

Table 16: Distribution of costs

Option	Who is collecting S2 waste?	Who is paying for the disposal of the S2 waste?	Who is paying for the collection of the S2 waste?
1) Issue Guidance	Increasingly LAs, but possibly quicker than option 1 as situation made more explicit through guidance	Local Authorities	S2 Premises
2) Secondary Legislation	LAs or Commercial Operators, depending on who offers more cost-effective service in individual situations	S2 Premises	S2 Premises

Table 17: Summary of Costs and Benefits

Option	Costs	Benefits
1) Issue guidance	<p>LAs incur additional maximum disposal costs of £30m over the 10 year period. These are transfer costs and therefore are not included in the final NPV.</p> <p>Costs of issuing guidance - £2.8m</p>	<p>Transparency Benefits</p> <p>Infrastructure investment due to policy certainty.</p>

<p>2) Amend secondary legislation</p>	<p>Disposal cost savings in present value terms of £346million for England and Wales. These are transfer costs and therefore are not included in the final NPV.</p> <p>Cost of amending secondary legislation - £8.44m</p>	<p>Transparency Benefits- Clearer guidance, leading to fewer disputes and less confusion</p> <p>Infrastructure certainty</p> <p>Imposing PPP correctly</p> <p>Removal of market distortions, creating greater economic efficiency</p>
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Specific Impact Tests for preferred policy choice: Option 2 - Amend Secondary Legislation

Equality Impact Assessment

The impact on Equalities of the proposed changes to the Regulations have been considered and found not to be relevant. The changes concern the power of authorities to charge institutions for waste disposal and therefore have no impact on individuals.

Competition Assessment

Removing the subsidy local authorities are required to provide by Law on waste disposal to ensure a level playing field for commercial operators.

Small Firms Impact Tests

The majority of ‘small firms’ likely to be affected by the proposed change of the Regulations are in the self-catering holiday accommodation and childcare (pre-school) categories. We believe that the majority of these are currently recipients of local authority waste services so potentially could see the greatest impact on their budgets, if local authorities choose to charge them for waste disposal. We have no data on the additional costs potentially incurred by these sectors, and are seeking further information as part of the public consultation.

Businesses are required by law to pay for their waste services but those that fall under Schedule 2 and use local authorities are currently receiving a subsidy from the public sector, which they would lose under this proposal.

Greenhouse Gas Impact Assessment

Landfill tax incentivises both sectors to increase recycling and recovery operations and reduce landfill. Public and private sector waste managers will be subject to the same requirements to collect key recyclables separately from the residual waste stream under the revised Waste Framework Directive. Therefore we consider that any transfer of waste between the public and private sectors will have minimal impact on GHG emissions.

However, by allowing local authorities to recoup the full costs of handling Schedule 2 waste, we expect that many will be able to offer an improved recycling service to their current Schedule 2 customers. Removing the distorting effect of the current subsidy, will also encourage Schedule 2 customers to seek out cost-effective recycling services from the private sector where their local authority is unable to meet their requirements. Overall, therefore, there may be a small positive impact on GHG emissions.

Wider Environmental Issues Impact Assessment

There are no wider environmental issues arising from the proposed change to the Regulations. The changes may cause a movement from one service provider to another but the laws governing waste management apply equally to private contractors and local authorities.

Health and Well-being Impact Test

Local authorities will retain the duty to collect from Schedule 2 premises, if requested, so public health will not be compromised. The proposed changes to the Regulations have no impact on the Health and well-being of service recipients or providers. The laws governing Health and Safety and the management of waste apply to whoever is providing the service.

Human Right Impact Assessment

The proposed changes have no direct impact on Human Rights.

Justice Impact Test

The proposed changes will make the Regulations more complete, remove the opportunity for variation in interpretation, reduce the need for legal challenge and ensure potential customers have a clear understanding of the services they can expect from their local authority at no additional cost.

Rural Proofing Impact Test

The duty on a local authority to make arrangements to collect waste falling under Schedule 2, if asked, has been retained in the proposed new Regulations to ensure that those in remote rural areas can be sure their waste will be collected even if private waste contactors refuse to collect from remote areas.

Sustainable Development Impact Test

The proposed changes are expected to foster the principles of sustainable development, by requiring Schedule 2 Institutions that use local authority services to pay for disposal of their waste they will be, for the first time, incentivised to reduce the amount of waste they produce (the highest aspiration of the waste hierarchy).

Annexes

Annex 1 should be used to set out the Post Implementation Review Plan as detailed below. Further annexes may be added where the Specific Impact Tests yield information relevant to an overall understanding of policy options.

Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

<p>Basis of the review: [The basis of the review could be statutory (forming part of the legislation), it could be to review existing policy or there could be a political commitment to review];</p>
<p>Review objective: [Is it intended as a proportionate check that regulation is operating as expected to tackle the problem of concern?; or as a wider exploration of the policy approach taken?; or as a link from policy objective to outcome?]</p>
<p>Review approach and rationale: [e.g. describe here the review approach (in-depth evaluation, scope review of monitoring data, scan of stakeholder views, etc.) and the rationale that made choosing such an approach]</p>
<p>Baseline: [The current (baseline) position against which the change introduced by the legislation can be measured]</p>
<p>Success criteria: [Criteria showing achievement of the policy objectives as set out in the final impact assessment; criteria for modifying or replacing the policy if it does not achieve its objectives]</p>
<p>Monitoring information arrangements: [Provide further details of the planned/existing arrangements in place that will allow a systematic collection systematic collection of monitoring information for future policy review]</p>
<p>Reasons for not planning a PIR: [If there is no plan to do a PIR please provide reasons here]</p> <p>The proposed change to the regulations will give local authorities the power to charge Schedule 2 institutions for disposing of their waste, the choice of whether to use this power will be with the authorities and market forces will dictate most of their decisions in this regard.</p>

Add annexes here.

Sustainable Development Impact Test

Stage 1

1. Environmental Standards

1a. Are there any significant environmental impacts of your policy proposal (see Wider Environment Specific Impact Test)?

Yes

If the answer is 'yes' make a brief note of the impacts below:

By requiring institutions whose waste falls under schedule 2 to pay for waste disposal they are incentivised to reduce the amount of waste they generate and re-use or recycle more of that which cannot be avoided.

1b. If you answered 'yes' to 1a., are the significant environmental impacts relevant to any of the legal and regulatory standards identified?

No

If the answer is 'yes' make a brief note of the relevant standards below:

If you answered 'yes' to 1b, have you:

1c. Notified the Government Department which has legal responsibility for the threshold and confirmed with them how to include the impacts appropriately in the analysis of costs and benefits?

1d. Informed ministers where necessary?

1e. Agreed mitigating or compensatory actions where appropriate?

2. Intergenerational impacts

2a. Have you assessed the distribution over time of the key monetised and non-monetised costs and benefits of your proposal? This assessment can be included in your Evidence Base or put in an annex.

Yes

The key monetised and non-monetised costs and benefits have been calculated for the next ten years and have been included in the Evidence Base.

2b. Have you identified any significant impacts which may disproportionately fall on future generations? If so, describe them briefly.

No

If you answered 'yes' to 2b. , have you:
2c. Informed ministers where necessary? If so, provide details.
2d. Agreed mitigating or compensatory actions where appropriate? Provide details.

Stage 2

3. The purpose of the second stage is to bring together the results from the impact assessment with those from the first stage of the SD test. The following questions are intended to reflect the uncertainties in the cost benefit analysis and help you consider how to proceed in the light of further evidence from the first stage of the SD test.

3a. Indicate in the appropriate box whether the balance of monetised costs and benefits is:				
Strongly positive	Moderately positive	Roughly neutral / finely balanced	Moderately negative	Strongly negative
		X		

3b. Indicate in the appropriate box whether the balance of non-monetised costs and benefits is likely to be:				
Strongly positive	Moderately positive	Roughly neutral / finely balanced	Moderately negative	Strongly negative
	X			

3c. Indicate in the appropriate box whether the results of the SD questions 1-3 are, on balance, likely to be:				
Strongly positive	Moderately positive	Roughly neutral / finely balanced	Moderately negative	Strongly negative
	X			

3d. Indicate in the appropriate box whether, overall, the balance of the monetised and non-monetised costs and benefits and the sustainability issues is considered to be:				
Strongly positive	Moderately positive	Roughly neutral / finely balanced	Moderately negative	Strongly negative
	X			

3e. Provide an explanation of the final result from 3d, explaining, for example, how you have compared monetised and non-monetised costs and benefits and how you have resolved any conflicts between the cost-benefit results and the SD results.				
There are no conflicts between the cost-benefit results and SD results, the proposal should bring a significant number of institutions into line with sustainable development principles.				

Chief Economist sign-off statement:

On behalf of the Chief Economist, the Deputy Director of Environment and Growth Economics has reviewed the consultation stage Impact Assessment on the Review of Schedule 2 of the Controlled Waste Regulations.

She notes that the additional costs of both the proposed options are relatively small one-off administrative costs of getting familiar with and applying the new guidance. All other costs are transfers between Local Authorities and Schedule 2 premises (both public and private). Option 1 is intended to bring consistency to the way current regulation is interpreted, leading to a likely transfer of costs from Schedule 2 premises to local authorities. Option 2 proposes to amend current regulation to allow local authorities to charge for waste collection from Schedule 2 premises (with some exceptions), transferring costs from local authorities to Schedule 2 premises.

She also notes that both options provide benefits in terms of increasing transparency and providing policy certainty to help ensure adequate infrastructure investment. However, option 2 is likely to provide additional benefits by ensuring that waste producers face the full cost of collecting and disposing the waste. While the Impact Assessment does not quantify these benefits, the scale of the benefits are likely to outweigh costs (particularly for option 2).

Overall, she approves the approach taken to the cost-benefit analysis and advises that the Impact Assessment represents a reasonable view of the likely costs, benefits, and impacts of the leading options. She suggests developing the benefits analysis further, using the consultation period to get greater certainty on the likely scale benefits for both the proposed options.