

**Scoping paper on proposal for a London
single waste authority and enhanced
Mayoral waste planning powers**

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This scoping paper sets out the Mayor's proposal for a London single waste authority and enhanced Mayoral waste planning powers to inform the ongoing debate about the Review of Mayoral Powers. This paper has been informed by the following reports :

- Costs of a Single Waste Authority for London Compared with Current Disposal Arrangements – produced by Mouchel Parkman
- Evaluation of Options for the Future Governance and Administration of Waste Disposal for London – produced by Mouchel Parkman
- Policy Drivers for a Single Waste Disposal Authority for London – produced by Mott MacDonald
- Opportunities for Efficiency Gains in Waste Management Services : London Pilot Study Review of Contracts – produced for the GLA and DEFRA by Mott MacDonald

All of the above documents are available on : www.london.gov.uk

1. PROPOSAL

- 1.1 The proposal is that there should be a London Single Waste Authority (LSWA) and that the Mayor should become responsible for waste planning in London. The LSWA would have responsibility for the sustainable management of London's municipal waste¹. It would replace the existing 16 waste disposal authorities in London. Its funding could be based on a central government grant and regional tax raising powers, for example through the GLA precept. This would enable either directly or through contracted private sector partners, to put in place the recycling and waste treatment infrastructure London needs. It should also have compulsory land purchase powers similar to those of existing GLA functional bodies². The LSWA would be directly responsible for delivery of the relevant aspects Mayor's Municipal Waste Management Strategy. Its responsibilities would relate to the disposal³ of London's waste. It would be a functional body of the GLA, accountable to the Mayor of London. However, waste planning has a significant land-use element and the arrangements for that will also need to be addressed to allow the LSWA to make the necessary progress.
- 1.2 In respect of the linked second part of the proposal, giving the Mayor responsibility for waste planning in London, he should be given powers to identify specific sites for waste management within London and development control powers in relation to such sites. This would replace the current arrangements whereby each of the 32 London boroughs and the Corporation of London are their own waste planning authority. This responsibility would cover all wastes⁴, including municipal waste, commercial and industrial waste, construction and demolition waste and hazardous waste. The waste planning function would sit within the Greater London Authority alongside the Mayor's broader planning powers. These powers would be subject to call in by the Secretary of State.
- 1.3 London boroughs would cease to have responsibilities for waste planning and waste disposal. Waste collection responsibilities would remain with the boroughs. However, a final element to the proposal on waste is that the Mayor should be given an appropriate degree of oversight over waste collection contracts, to ensure that they are in conformity with the operational strategy of the LSWA.

¹ Municipal waste is household waste and any other wastes collected by a Waste Collection Authority, or its agents, such as municipal parks and gardens waste, street cleansing waste, litter, civic amenity waste, commercial or industrial waste (where requested to collect it), and waste resulting from the clearance of fly-tipped materials.

² The London Development Agency has compulsory purchase powers for regeneration purposes. Transport for London has compulsory purchase powers for transport purposes.

³ For the purposes of this paper "disposal" includes the reduction, transfer, reprocessing, treatment and disposal of municipal waste

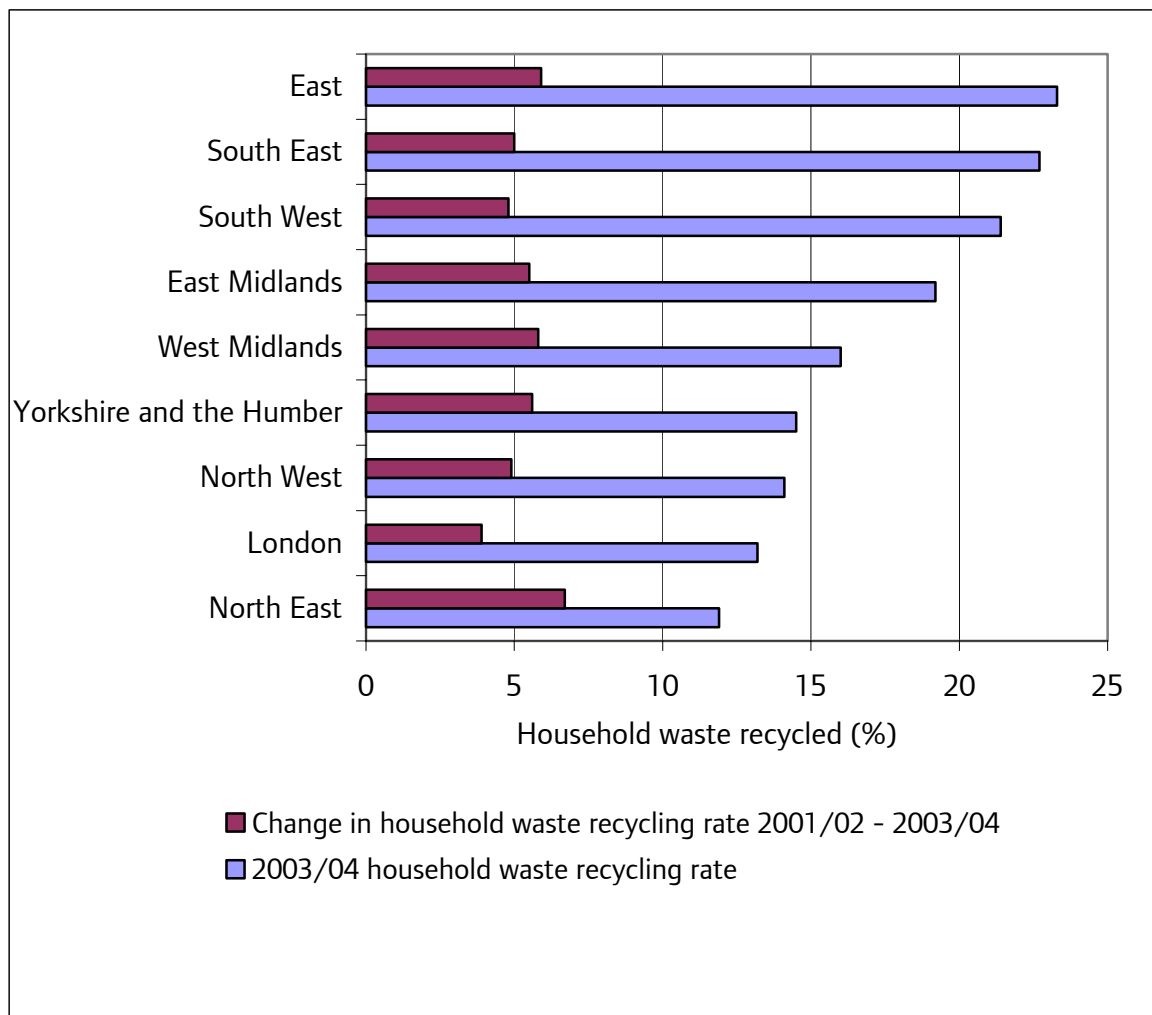
⁴ Controlled wastes as defined by Controlled Waste Regulations 1992

2. THE CASE FOR CHANGE

(a) What are the problems that the proposal will address?

2.1 London's waste disposal arrangements are failing. 25 of London's 37 waste authorities (collection and disposal) failed to meet their statutory household waste recycling targets for 2003/04. 11 of London's 16 waste disposal authorities failed to meet their statutory recycling targets. London is the second worst performing region on recycling waste, and on current trends will soon become the worst. Five of the 12 worst performing local authorities in England are in London. Further details are contained in Appendix 1.

Figure 1 Household waste recycling performance by region



Source: Defra

Table 1: The 12 worst recycling authorities in England (2003/04)

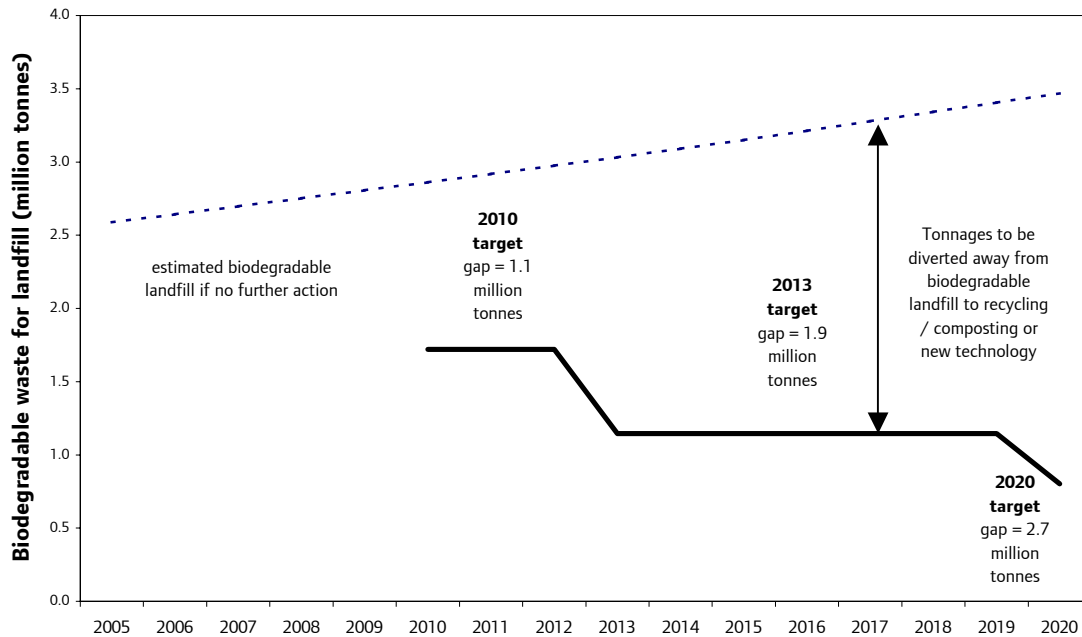
Authority	Household Recycling Rate (per cent)	Position (out of 395)
LB Southwark	7	384th
Wirral MBC	7	385 th
LB Hackney	7	386th
LB Barking & Dagenham	7	387th
Sunderland City Council	7	388 th
Rochdale MBC	6	389 th
Oldham MBC	6	390 th
LB of Newham	6	391st
Kettering BC	5	392 nd
LB of Tower Hamlets	5	393rd
Liverpool City Council MBC	4	394 th
Isles of Scilly Council	0	395 th

Source: Audit Commission

- 2.2 Not only is London failing now to meet its household waste recycling targets, but the waste challenges it faces are becoming more severe. London faces a growth challenge (the London Plan forecasts an increase in the population of 800,000) which will give rise to increased waste management needs. In addition:
- London will need to reduce dependence on landfill as a means of dealing with its municipal waste; and
 - as landfill opportunities outside of London dry up, London will have to become almost totally self-sufficient in the management of waste.
- 2.3 Currently 70 per cent of London's municipal waste is sent to landfill. But this is not a sustainable waste management option. It is a significant contributor to greenhouse gas emissions, it fails to make best use of recycling potential, and, particularly relevant to London, sites for landfill are becoming increasingly scarce.
- 2.4 The challenge of reducing the dependence on landfill is given extra bite by the EU Landfill Directive. This directive requires member states to progressively reduce the amount of biodegradable municipal waste that is sent to landfill by:
- 75 per cent of 1995 levels by 2010
 - 50 per cent by 2013
 - 35 per cent by 2020.
- 2.5 Figure 2 below demonstrates the size of the challenge for London relating to avoiding EU directive fines and is based on the analysis undertaken in the Strategy Unit Report on waste⁵.

⁵ Waste not want not – A strategy for tackling the waste problem in England, Strategy Unit, November 2002

Figure 2 Estimated biodegradable waste for landfill in London versus the EU Landfill Directive targets (Business as Usual scenario)



Source: Waste Modelling Options for Mayor's Municipal Waste Management Strategy

- 2.6 In line with this directive, central Government has set each waste disposal authority landfill allowances to ensure the targets above are met. The landfill allowances that came into force on 1 April 2005 become progressively more challenging between 2005 and 2020. If a waste disposal authority landfills more than its permitted allowance it must purchase additional allowances from other waste disposal authorities which have landfilled less than their permitted allowance. If an authority cannot purchase additional allowances, it must pay a penalty fine of £150 per tonne over the excess. The current levels of performance in recycling and non-landfill technologies in relation to Landfill Directive targets mean that waste disposal authorities in London risk facing government fines of up to £104 million in 2010, £187 million in 2013 and £278 million in 2020. On a worst-case scenario, this represents cumulative fines of up to £2.5 billion between 2005 and 2020. This does not include EU non-compliance penalties of £0.5 million per day from 2010 onwards that the UK Government could face. The Government has stated that it intends to pass this penalty on to failing authorities.
- 2.7 The London Plan sets a target for London to be 85 per cent self-sufficient in the management of all its wider wastes (municipal, commercial and industrial, construction and demolition) by 2020. Landfill capacity within London is running out. London has within the GLA's boundaries two landfill sites for municipal waste, the larger of which will be full by 2012. However, less than ten per cent of municipal waste sent to landfill is managed within London, the remainder (2.8 million tonnes) is exported to the surrounding regions. The capacity for landfill in surrounding regions is also diminishing. London's access to landfill in other regions is also being significantly reduced by the policies of the east and south-east regions and available capacity. Landfill capacity within the south east of England is expected to fall by four fifths of current levels by 2024. The east of England has approximately six years of landfill capacity remaining. Decisions about waste

disposal also need to take account of national environmental appraisal guidance. Decisions need to take account of the waste hierarchy, the proximity principle (waste should be managed as close to the point of generation as possible), regional self-sufficiency and other social, environmental and economic factors. This is particularly challenging for London due to its reliance on landfill and the pressure on land within London.

2.8 These core challenges give rise to an unprecedented problem in respect of waste infrastructure and management. Doing nothing is not an option: unless there is a step change, not only will fines hit waste authorities hard, but there could be financial ramifications for the public through the Council Tax. If facilities are not located within London, authorities will continue to rely on diminishing and finite landfill capacity in other regions or further afield, if it is available. The costs and environmental impact of sending waste further and further afield will be significant. Ultimately the increasing costs could result in other services of local authorities being affected. To meet the challenge, 331 new waste facilities will be required for waste management as a whole by 2020⁶ (amounting to the need for 356 hectares of land, of which 113 hectares is potentially available from the changing use of existing waste sites), giving rise to a significant waste planning challenge.

2.9 The Figure 3 below illustrates the challenge facing London.

Figure 3 Breakdown of municipal waste management

Now			2020 target		
Million tonnes			Million tonnes		
	Landfill	Alternative treatment	Landfill	Alternative treatment	
Dealt with in London	0.264	1.316	0	5.666	5.666
Dealt with outside London	2.759	0	0.799	0	0.799
	3.023	1.316	0.799	5.666	6.465

Source: Defra municipal waste management survey and waste options modelling for Mayor's Municipal Waste Management Strategy

Note: 'Alternative treatment' refers to management by recycling, composting, new technology or existing incineration.

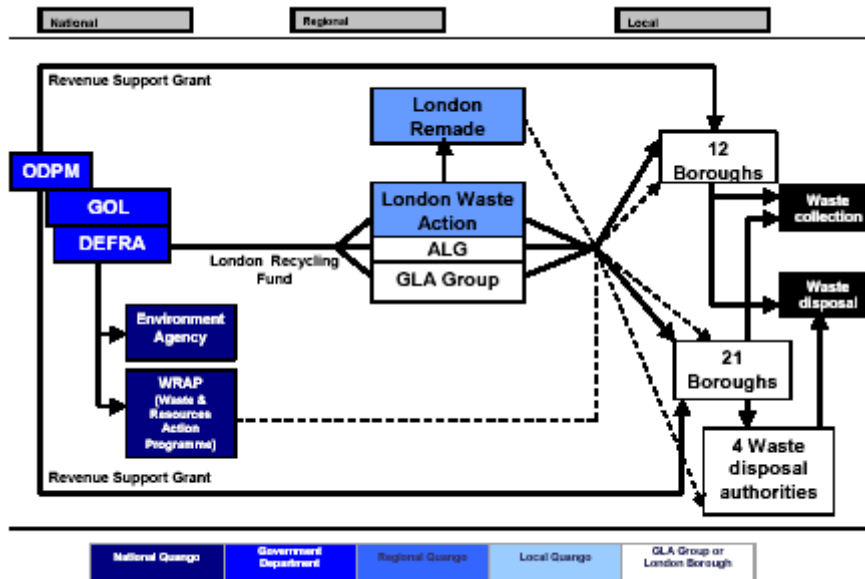
⁶ The draft London Plan Alterations Planning for Waste, Planning for Minerals, July 2005 estimate that 331 facilities will be needed in London by 2020 to manage wider waste. This includes 208 materials reclamation facilities (recycling), 62 in-vessel composting facilities, 35 mechanical biological treatment, 27 anaerobic digestion plants and 31 gasification / pyrolysis plants

2.10 The increase in the requirement for alternatives to landfill will inevitably give rise to the need for significant increased levels of investment. This requirement was identified by the Strategy Unit's project on waste: a key conclusion of their report was that there needed to be a strategy for delivering "additional funding for new waste infrastructure, supported by effective delivery structures". The current arrangements for waste management in London are contributing to the current failure. The political will and capacity to secure necessary capital investment within London's boundaries is disaggregated between 37 existing authorities. It seems highly unlikely that they will all be able to secure the necessary investment.

Disposal

2.11 Meeting the waste challenge, unless there is a change in structure, will rely on the current waste disposal authorities: these are the bodies that would need to drive the required waste infrastructure investment and tightly manage the waste disposal contracts. But London's current waste disposal arrangements are chaotic, based on no more than the pattern of the waste disposal contracts of the Greater London Council when it was abolished in 1986 and failed voluntary arrangements. London has 33 waste collection authorities, 11 boroughs and the Corporation of London are also responsible for the disposal of their municipal waste. Four statutory joint waste disposal authorities are responsible for the disposal of waste from the remaining 21 boroughs. The 32 London boroughs and the Corporation of London are waste planning authorities for their area. Appendix 2 sets out existing waste management arrangements in further detail.

Figure 4 Waste collection and disposal arrangements



Source: Commission on London Governance

2.12 The current arrangements for waste disposal are not fit for purpose.

- They operate on a basis of tension between local interests and London interests with the former often overriding the latter. For example a number of waste transfer facilities or civic amenity sites have been sold by boroughs or have been under threat since the abolition of the GLC. Many other sites face external pressures from neighbouring developments including sites in Richmond-upon-Thames, Wandsworth and Merton. This is at a time when

London as a whole actually needs more sites not less. Examples include the loss of sites in Enfield and Westminster. Some authorities continue to consider options that are detrimental to the Mayor's Strategy, such as long-term disposal solutions outside the boundaries of the London. Many other sites are also under pressure from neighbouring developments

- Existing Mayoral powers in relation to waste are not sufficient to ensure delivery of his Waste Strategy. This is outlined further in 2.18 and 2.19.
- London's waste authorities have failed to identify or deliver suitable sites and facilities. Since the abolition of the GLC in 1986 to the present, only one major piece of disposal infrastructure has been built in London (SELCHP incinerator in Lewisham). East London Waste Authority has now begun to build two biological mechanical treatment plants in east London.
- The present arrangements disperse what expertise and drive for prioritisation there is in London. Inadequate resourcing and priority is given to sustainable waste management. The current funding mechanism does not incentivise waste reduction and does not address the problems in parts of London of poor recycling performance or need for disposal infrastructure (see Appendix 3).
- Finally, the current arrangements do not operate efficiently, cost-effectively or sustainably. At present there are 16 waste disposal authorities managing between 50,000 to 940,000 tonnes of waste each.

Planning

2.13 The need for additional waste facilities in London will put huge pressure on the planning system, and given the shortage of sites, London will require a Londonwide strategic perspective to be taken. To meet the demands of the EU Landfill Directive and the recycling targets of the Government and the Mayor, London will require around 330 new facilities to deal with its wider wastes. This will in turn require hundreds of hectares of land. London boroughs are not strategically placed and do not have sufficient waste planning expertise or resources to drive forward this agenda.

2.14 This problem is already biting. Nearly all borough Unitary Development Plans (UDPs)/ Local Development Documents (LDDs) fail to protect existing waste management sites. London has 750 sites that are used to manage waste or recyclables, yet less than 2 per cent of these are protected in UDPs/LDDs. There is no strategic land-use plan for waste in London. The London Plan ultimately cannot be site specific, but the early alteration will give broad indications of location, numbers and types of facility needed. Enfield Council has recently sold off a civic amenity site despite a London Plan policy requiring boroughs to conserve such sites.

2.15 The ability of a LSWA to deliver the sites required in London could be frustrated if powers to plan and secure the location of waste disposal facilities were not undertaken regionally. If individual boroughs were able to refuse planning permission for the location of waste disposal facilities within their areas, then in respect of future investment the waste disposal authority would not be optimal. London's planning authorities have failed to plan or identify suitable sites for waste in their UDPs.

Contracts

2.16 The GLA Act gives the Mayor a general power of direction to require waste authorities to undertake their functions in a manner specified where he considers it

necessary for the purposes of the implementation of the Municipal Waste Management Strategy.

- 2.17 Waste authorities letting new waste collection or disposal contracts must notify the Mayor before alerting the market place through the first information notice. The Mayor can review contract information for the purposes of deciding whether it is detrimental to the Strategy. Where contract documentation is considered detrimental the Mayor may direct a waste authority.
- 2.18 The Mayor's powers are currently being used as well as they can be, given the existing arrangements. However there are a number of limitations that significantly reduce their effectiveness in delivering the Mayor's Municipal Waste Management Strategy. For example:
- The Mayor cannot issue a direction to an authority that requires them to terminate a contract before the expiry of the term of that contract or to do anything that breaches a contract. Waste disposal contracts can be as long as 30 years. Nine of London's sixteen Waste Disposal Authorities (accounting for almost two thirds of London's municipal waste) have long-term contracts in place that do not expire until after 2014. The Mayor's ability to influence existing arrangements within these authorities is therefore extremely limited.
 - Section 41 (5) (c) of the GLA Act states that Mayor must have regard to the resources available for implementation of his waste strategy.
 - Waste authorities are only required to *have regard to* the Mayor's strategy when undertaking their functions. Waste authorities could have regard to the Strategy and conclude that they should not implement certain aspects.
- 2.19 There are also a number of issues relating to the timing of the Mayor's involvement with waste contracts. For example:
- Waste authorities must notify the Mayor of their intention to let a new contract 56 days before the publication of their first information notice. In reality contract documentation is often not prepared at this point and in some cases may not be available until after the second notice is published. With regards to new contracts the Mayor's ability to use his contract powers to direct an authority cease at the publication of the second notice.
 - An increasing number of contracts are following a 'negotiated' procedure and many PFI/PPP contracts are not finalised until they are signed. Contract documentation can continue to change after the second information notice and could become detrimental to the implementation of the Strategy despite earlier consideration by the Mayor.
 - Many waste authorities do not publish a first information notice in OJEU. In such circumstances the Mayor may not be aware of an authority's intention to let a new contract until the publication of the second notice or at best at very short notice before.
- 2.20 The strengthening of the Mayor's powers will be essential for the transitional period between current arrangements and the establishment of a LSWA to ensure that assets are not stripped and momentum towards targets is not lost.
- 2.21 Oversight of waste collection contracts once a LSWA is operational will also be crucial for ensuring that contracts are in line with the Mayor's Strategy and operations of the LSWA. Existing Mayoral contract powers need to be

strengthened to ensure that London borough operations are in conformity with the operational strategy of the LSWA. At the very least these would need to make certain that the LSWA receives the required quantities of materials for recycling or residual waste are delivered to facilities and meet the process specifications.

(b) How will the proposal enable London to meet its strategic challenges?

Disposal

- 2.22 In fulfilling its remit, the LSWA will enable London to
- i) dramatically increase levels of recycling and composting and reduce the amount of municipal waste generated;
 - ii) meet the requirements of the Landfill Directive;
 - iii) become regionally self-sufficient in the management of its municipal waste;
 - iv) manage municipal waste as close to the point of production as possible
 - v) increase investment in sustainable waste management
 - vi) operate more efficiently by securing a single centre of procurement and waste management expertise; and
 - vii) reconcile local and Londonwide interest in a contentious area.
- 2.23 The LSWA will assist in achieving national household waste recycling targets of 30 per cent (1.3 million tonnes) in 2010 and 33 per cent (1.6 million tonnes) in 2015. London currently recycles 13 per cent of its household waste. A total of 45 per cent (2.5 million tonnes) of municipal waste will need to have value recovered from in 2010 (by recycling, composted or energy recovery), rising to 66 per cent (4.0 million tonnes) in 2015 to meet national targets. London currently recovers value from 31 per cent of its municipal waste.
- 2.24 The LSWA would also ensure significant investment in recycling and new and emerging technologies (such as anaerobic digestion and mechanical biological treatment) by taking a strategic overview of investment needs and priorities and ensuring appropriate and timely input, and prioritising recycling and new technology over landfill and incineration. This is a step change from reliance on landfill in surrounding regions to sustainable management within London. In order to maximise the effectiveness of a LSWA it should be given powers of compulsory purchase of land similar to those of the London Development Agency. The existing haphazard structure has and will not deliver the key objectives in a strategic, cost-effective, timely or sustainable manner.
- 2.25 The LSWA will be charged with delivering the additional 2.9 million tonnes of recycling and composting and 1.9 million tonnes of new technology capacity needed by 2020. A single, resourced, expert team will be needed to procure this technology. There is a skills shortage in the waste industry. London boroughs do not have sufficient resources to deliver this step change individually. Authorities rely heavily on consultants to undertake both their strategy and contract development. There is a clear benefit in pooling resources and expertise at the regional level.
- 2.26 The LSWA will offer significant economies of scale and flexibility and could make a significant contribution to the Gershon efficiency agenda. Presently waste management costs (excluding overheads, street cleansing) for London are in the region of £300 million per year (approximately 40 per cent of this cost relates to waste disposal). Independent research estimates that over £5 billion of expenditure

will be required between 2004-2020 in London's waste management (collection and disposal costs, excluding overheads)⁷. Savings of delivering the Mayor's targets through the LSWA compared with the existing 16 waste disposal authorities could be as high as £39.2 million a year.

Planning

- 2.27 The Mayor in his response to PPS10 Planning for sustainable waste management stated that the existing arrangements for planning are neither resource efficient nor capable of delivering the significant changes necessary in London. It also stated that the Mayor should take on the role as waste planning authority for London, in the same way as County Councils act as the Waste Planning Authorities for their areas. County Councils are responsible for strategy preparation, strategy implementation, and development control.
- 2.28 The core proposal is for the existing responsibilities for wider waste planning, including both plan making and development control, to be transferred to the Mayor. This would ensure the protection of existing waste management sites (circa 750), identify and deliver new sites and reconcile at the strategic and local levels the need for waste facilities, housing and other local concerns. It will mean that there is one waste plan for London, rather than 33 local plans. This will allow location decisions to take account of the full range of relevant issues, including consideration of transport and the proximity principle. This option is likely to be strongly opposed by the London boroughs. The opposition should be mitigated, however, by the recognition that the Mayor's decisions would still be subject to call-in by the Secretary of State.
- 2.29 Locating waste planning at the regional level would provide a resourced and expert team for London. However, this proposal would require an increase in staff. The GLA now has a wealth of experience of dealing with essentially complex, new waste technology planning applications – more so than any other planning authority in the UK. Recent waste applications include mechanical biological treatment sites in East London, an in-vessel composting plant in Sutton and Havering, the UK's biggest Material Recycling Facility in Wandsworth, and a construction and demolition wastes recycling plant in Hammersmith and Fulham (capacity 1.6 million tonnes). We are expecting applications for gasification and anaerobic digestion later this year.
- 2.30 Giving the Mayor a positive development control function in relation to waste applications will ensure consistency in the determination of strategic planning applications for waste. Giving the Mayor responsibility for waste planning should overcome the inadequacy of the existing arrangements that have so clearly failed to take account of, or deliver, regional needs.
- 2.31 An alternative option would be to strengthen the Mayor's existing planning powers in relation to waste. For instance, the review could make provision for more locational specificity to be allowed in the London Plan (currently the London Plan cannot be site specific). This would be similar to the position with regard to the View Management Framework and Safeguarded Wharves, although these two documents only have supplementary planning guidance status and are not part of the London Plan. In this approach London boroughs would retain the development

⁷ Cost modelling for London, unpublished

control responsibility. Proposed waste alterations to the London Plan will go some way to addressing some of the planning issues facing London. It will contain broad numbers, types and location of facilities needed in London on a sub-regional basis. But the London Plan currently cannot be site specific and relies on boroughs identifying waste sites in their LDDs, something that has failed to happen in the past. The main advantage to the option of simply building a greater degree of site specificity into the London Plan is that it is likely to face less opposition from the boroughs. However, if the development control function remained with the London boroughs this could frustrate or delay the success of a LSWA in building facilities in London. It should be noted that in every other region, planning, relevant development control, and disposal sit within the same tier of local government.

(c) What Mayoral and government priorities would this change address?

- 2.32 Securing sustainable waste management over the long-term is arguably the UK's biggest environmental challenge after addressing climate change. The case for action has been accepted at all levels of government⁸.
- 2.33 The proposals set out in this paper will enable a step change in London's ability to meet the waste disposal targets of the Mayor and the Government and to avoid potentially crippling fines in the event of failure to meet the requirements of the European Landfill Directive (see above).
- 2.34 A LSWA operating across London with a focused agenda will be best placed to deliver the Mayor's Municipal Waste Management Strategy. The LSWA will also contribute towards the Gershon efficiency agenda, as well as European landfill directive and national recycling targets.
- 2.35 A LSWA would contribute to the Mayor's vision to develop London as an exemplary, sustainable world city. It could also make a positive contribution towards the regeneration, skills and transport agendas.
- 2.36 A LSWA could make an important contribution to the climate change agenda. Landfill sites account for 25 per cent of UK methane emissions⁹.

(d) Why is the proposed level of devolution (i.e. to a London-wide body rather than a sub-region or a borough) the right level of devolution?

- 2.37 London is a distinct urban agglomeration, largely defined by the ring of its green belt. The pattern of the volume of municipal waste is consistent across London. The pattern of waste facility opportunities within London is not. The demand on land in London will be significant. An uncoordinated response, which does not take account of wider strategic needs will make the delivery of the present range of targets even less likely.
- 2.38 There are problems with basing the governance of waste disposal at sub-regional level. Where existing sub-regional arrangements are in place:

⁸ Waste not want not – A Strategy for tackling the waste problem in England, Strategy Unit, November 2002

⁹ Waste not want not – A Strategy for tackling the waste problem in England, Strategy Unit, November 2002

- The arrangement depends on cooperation between boroughs. Progress can be made only at the pace of the slowest borough. Wandsworth decided to publish its recently increased commercial waste rates, along side the rates of private sector waste collection companies operating in the area, in a letter to their existing customers. As a result Western Riverside Waste Authority made an application, which was subsequently dismissed, for a judicial review of this decision by its constituent borough, and sought orders to quash that decision even though the clerk and treasury services for Western Riverside are provided by Wandsworth. Despite the efforts of North London Waste Authority to produce a joint strategy for their area in partnership with their constituent boroughs, only seven of the eight authorities have formally agreed it. The London Borough of Barnet has not agreed the joint Strategy and are 'concerned about the apportionment of the Authority's costs through its levy...'¹⁰.

2.39 Sub-regional structures would also face problems delivering in an effective, timely and efficient way forward for London:

- The centre and south of London will have altogether more limited suitable opportunities to locate waste facilities. Table 2 below shows the land requirement for wider waste facilities by the London Plan's existing sub-regions. The overall land requirement needed for central London to manage its wider waste is over 100 hectares, however the majority of this requirement (92 hectares) will need to be managed by other sub-regions, due to the lack of available land in central London. It is unlikely that such strategic pressures could be resolved satisfactorily by sub-regional groupings working in the interests of their administrative area alone.
- The opportunities for efficiency saving by five (or six) free standing sub-regional waste disposal authorities compared with one are less, as are the advantages of having a single body of expertise to procure and operate waste disposal facilities. The lack of relevant expertise is a significant, known and growing problem.

Table 2 Indicative sub-regional provision of additional land requirement for strategic wider waste recycling and treatment facilities 2005-2020

	overall land requirement (ha)	from re-use of transfer capacity (ha)	sub regional requirement (ha)	re-allocation of central London deficit (ha)	sub regional Land provision (ha)	Land requirement per annum (ha)
East	85.5	40.5	45.0	+ 46	91.0	6.1
West	73.0	45.4	27.6	+ 26	53.6	3.6
North	34.7	23.3	11.4	+ 20	31.4	2.1
South	56.3	3.5	52.8	0	52.8	3.5
Central	106.8	0.0	106.8	- 92	14.8	1.0
London total	356.3	112.7	243.6	N/a	243.6	16.2

2.40 Keeping the governance of waste disposal at borough level will further exacerbate the location and efficiency issues set out above. Other issues include

¹⁰ North London Waste Authority Best Value Performance Plan, 2004

- Economies of scale, efficiency, ability to manage risk and commercial attractiveness.
- the ability of boroughs to deliver in partnership. Some boroughs have looked for opportunities to jointly procure with surrounding boroughs but have been frustrated by existing contractual arrangements.
- Collaborations between boroughs are voluntary and therefore fragile e.g. in the event of change of political control.
- Wales operates a single tier collection and disposal system. However it has been criticised by the Audit Commission because the current system has done little to progress regional and strategic approaches. The Audit Commission state that opportunities for joint working and regional planning need to be explored urgently if public funds are not to be duplicated in feasibility studies and the possible overprovision of facilities¹¹. This is also a key emerging theme in Scotland.
- Many residents of south London have been denied entry to (or are charged for using) their nearest Reuse and Recycling Centre, if it is in a neighbouring borough. The South London Boroughs have recently commissioned a study into the feasibility of removing the bans or charges and putting in place alternative compensatory arrangements, so far the Boroughs have been unable to implement such arrangements. The Borough Councils took control of the sites in 1986.
- Local needs often compete with regional needs. For example, the number of Reuse and Recycling Centres in London has decreased from 50 under the GLC to 38 under existing arrangements. Enfield has recently sold one of their two sites at a time when London actually needs more not less sites, despite the London Plan policy to safeguard existing sites. Other examples where waste management sites have been lost include Westminster.

3. IF AGREED TO, WHAT WOULD BE INVOLVED IN IMPLEMENTING THE CHANGE?

(a) Could the proposal be delivered through administrative action, or is legislation required?

3.1 Both the creation of a LSWA and the enhancement of the Mayor's waste planning powers would require primary legislation.

(b) Can the proposal be delivered without legislation?

3.2 It would be possible to set up a body with powers to procure, finance and run London's waste disposal facilities without legislation (e.g. set up a joint committee of Boroughs under section 101 of 1972 Local Government Act). It is thought that the Mayor could not be part of such a committee as he may only enter arrangements under section 101 in respect of functions that are exercisable by him on behalf of the GLA. In addition, where waste disposal is the responsibility of a borough executive, it is, in certain circumstances, prohibited from arranging disposal by another local authority. This is very unlikely to be an appropriate solution as it requires voluntary agreement from all parties and the ability to deliver timely decisions. The political complexity could hamper effectiveness. There are

¹¹ Audit Commission , Themed Paper No. 9 February 2005

significant risks associated with this approach in ensuring delivery of both facilities and targets.

- 3.3 The criteria for referral to the Mayor of planning applications could be changed by secondary legislation. But such a change would not be sufficient given that the issue in relation to planning is largely around the risk of boroughs not identifying sites and refusing to grant planning permission.

(c) What is the potential timescale for delivery?

- 3.4 Setting up the LSWA will be a complex task. Aside from getting the legislation through both Houses of Parliament, there will need to be extensive consultation with stakeholders, renegotiation of existing contracts and the setting up of a new organisation from scratch.
- 3.5 There is not a firm proposed timetable for implementation at this stage. At the very earliest, a Bill could appear in the October 2006 Queen's speech for the legislation to be enacted in the 2006/7 Parliamentary session. Following the precedent of the setting up the Greater London Authority, which started full operation eight months after the enactment of the 1999 Greater London Authority Act, and assuming no hitches, then the new body could start operation some time in late 2007 (assuming early agreement with Government). This timetable is aggressive. However given that the length of time needed to let new contracts, receive planning permission and construct new facilities could be at least six years, it is imperative that progress is made sooner rather than later. Potentially crippling fines and the need to protect assets including existing sites requires an early commitment from Government and an accelerated timetable.

(d) What would be the organisational ramifications for the GLA?

- 3.6 The GLA has the relevant expertise to establish a new functional body and transitional arrangements to merge existing structures.
- 3.7 The GLA group does not currently have the expertise needed to run a waste disposal authority. The relevant staff would need to be recruited from existing waste disposal authorities and from the private sector. Transport for London was set up from scratch in approximately one year, amalgamating 14 organisations.
- 3.8 Arrangements would need to be put in place to manage the transitional period, in particular to ensure that no momentum towards targets is lost and to safeguard existing assets.

(e) What are the financial implications?

- 3.9 It should be noted that Table 3 shows initial estimates of maximum potential savings until 2020 of a LSWA achieving the Landfill Directive obligations through meeting the Mayor's Municipal Waste Management Strategy targets for London, in comparison to the 16 existing waste disposal authorities achieving the same Mayoral targets. This gives an indication of the order of savings that could be made. The operational costs (collection and disposal) of achieving these targets are estimated to be over £5 billion between 2004-2020 (excluding overheads, street cleansing costs). A LSWA undertaking this task, as opposed to the existing 16

waste disposal authorities could make significant savings in landfill allowance penalties by having a pooled London allowance, avoiding over-surplus of capacity, capital profiling, planning delay and the avoidance of additional site development. Savings of delivery through the LSWA could be as high as £39.2 million a year.

3.10 Table 3 takes no account of the fact that current arrangements involving 16 waste disposal authorities are unlikely to meet the requirements of the Landfill Directive. The potential accumulative landfill fines facing London’s waste disposal authorities for failing to achieve the Landfill Directive targets could be as high as £2.5 billion between 2005-2020.

Table 3 Cost impact of a LSWA meeting the Mayor’s Municipal waste Management Strategy targets compared with 16 existing waste disposal authorities.

Item	Annual savings of LSWA delivering Mayor’s targets compared with existing 16 waste disposal authorities
	Savings £ millions
Overhead savings ¹²	0.2
Waste disposal savings ¹³	29.7
Pooling of landfill allowances	3.4
Procurement savings ¹⁴	5.9
Total savings	39.2

Source: Based on Mouchel Parkman

3.11 As previously discussed London faces a significant challenge in diverting waste from landfill and avoiding fines. Figure 5 shows the worst-case scenario of fines facing London waste authorities year on year until 2020. This scenario takes account of waste growth rates forecast in the Mayor’s Municipal Waste Management Strategy, existing recycling schemes and new schemes for which funding has been secured. The scenario also takes into account existing incineration capacity and any new capacity that has received planning consent in London. Unpooled exposure shows the total sum of fines facing London waste disposal authorities. The pooled exposure shows the fines facing London taking account of waste disposal authorities that may have spare allowances to trade. Figure 5 takes account of municipal waste growth¹⁵, London waste authority recycling services and committed (funded) improvements to those services, existing incineration capacity. Where authorities have received planning consent for recovery facilities these have been included.

¹² Overhead costs. Revenue costs includes staffing, office & facilities and finance. Capital costs are savings on multiple procurements

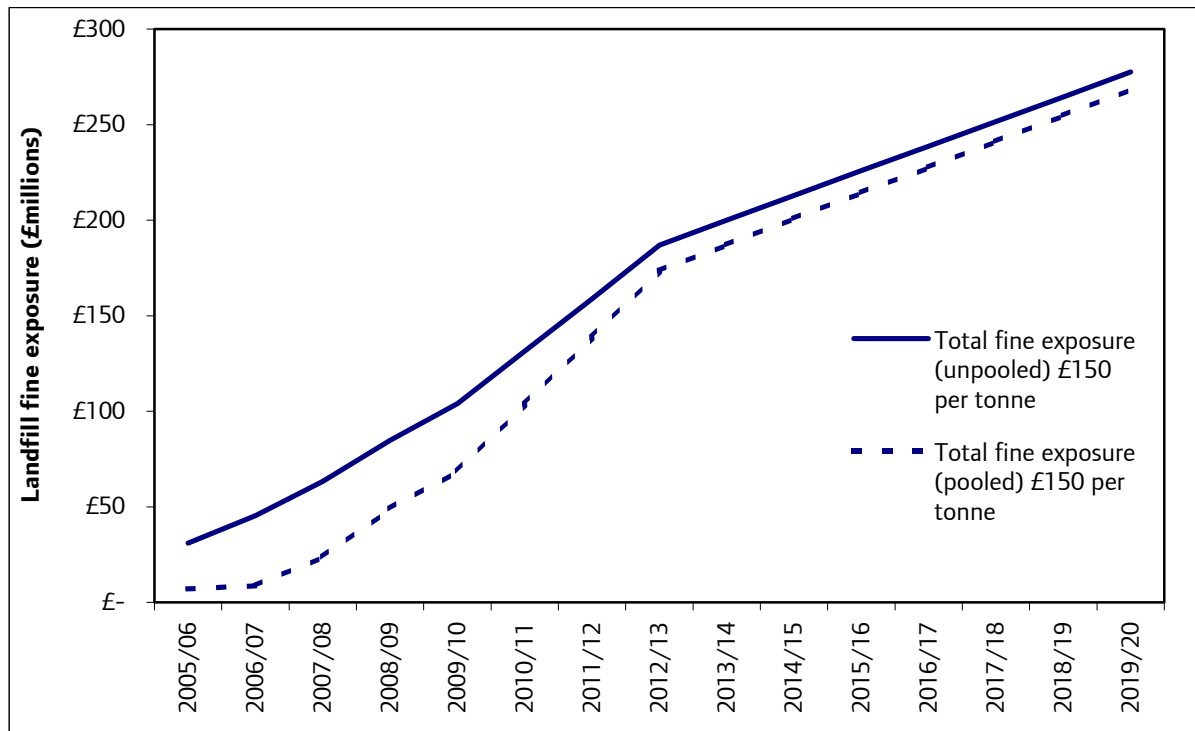
¹³ Waste disposal savings. Capital costs includes risk of planning delay, avoiding surplus capacity and surplus site development, procurement capital profile (i.e. investing when facilities are needed rather than 16 long-term waste contracts with capacity for 2020).

¹⁴ Based on 5% savings of total contract costs assuming. Assumes £1 billion of capital investment and that 40% of total cost is disposal related revenue costs

¹⁵ Waste growth is based on the ‘central’ growth scenario, Municipal Waste Options: Technical Report, Mayor’s Municipal Waste Management Strategy and equates to 3.5 per cent per year until 2006 and 2 per cent thereafter

3.12 Authorities can of course buy allowances from other authorities in England that may have a surplus. The cost of these allowances is likely to be somewhere between the fine and the cost of managing that waste. No details are available as yet as the landfill allowances scheme began on 1 April 2005. However the amount of allowances within the system will reduce year on year, and therefore become more challenging, in line with the Landfill Directive targets. The estimated annual cost of fines in 2010, the first Landfill Directive target year, is £104 million. The cost of fines increases dramatically by 2013 to £187 million, as targets get progressively harder. In 2020, London could face a total of £278 million in fines. These costs under present arrangements will not be borne equally by London. In fact some authorities may in the short to medium term be able to sell their surplus of allowances, however other authorities face an acute difficulty with fines from 2005 onwards. It is estimated that nine of the 16 waste disposal authorities will exceed their permitted levels of landfill within 2005. If there is no improvement on present landfill performance, London could face cumulative fines of £2.5 billion until 2020.

Figure 5 Potential costs of landfill fines until 2020



Source: London cost modelling project

4. POLICY CONTEXT

- 4.1 The Mayor's Municipal Waste Management Strategy states that the Mayor will develop an environmental and business case for a single waste authority and consider the views of London's waste authorities. This was also a second term manifesto commitment.
- 4.2 There are, in addition to this Mayoral commitment, two relevant current discussions in Government. First, the Government wishes to be satisfied that waste disposal arrangements across the country will enable the UK to meet the stringent demands of the EU Landfill Directive and their own recycling targets. In this context the LSWA has been raised. DEFRA, ODPM and GOL officials have made it clear that they will need assurance that:
- a change in governance arrangements will not divert attention from targets
 - existing Mayoral powers are being used to their best effect
 - there are no other solutions which may prove better or have the same impact for less investment or changes in legislation
- 4.3 Second, Gershon efficiency discussions are relevant. In a programme led by the Office of Government Commerce, local authorities are being asked to make efficiency savings amounting to 2.5 per cent of their total expenditure in each of the three years 2005/6 to 2007/8. This is likely to be a long-term requirement given the growing pressures on public finances.
- 4.4 Setting up a LSWA would make a major contribution to enabling London Boroughs to meet the Government's efficiency targets. As set out previously the expenditure required in waste management until 2020 is significant (around £5 billion). Initial estimates suggest that annual savings could be as high as £39.2 million under a LSWA compared with existing arrangements¹⁶.

5. CONCLUSION

- 5.1 Creating a LSWA and enhancement of the Mayor's waste planning powers will enable London to meet its waste infrastructure challenge, and thereby meet the Government's recycling and landfill targets. This will require legislation. But the scale and importance of the challenge merits it.

¹⁶ Costs of a Single Waste Authority for London compared with Current Disposal Arrangements, Mouchel Parkman, July 2005

Current management of London's municipal waste

London currently produces 4.3 million tonnes of municipal waste. A total of 11 per cent of this is recycled. 19 per cent is managed in London's two municipal waste incinerators at SELCHP in Lewisham and Edmonton in Enfield. The remaining 70 per cent is sent to landfill. This is set out in Table 5 below. Almost two thirds of London's municipal waste is managed by other regions.

Table A1.1 Municipal Waste Management 2001/02 to 2003/04

Method	London (000's tonnes)		
	2001/02	2002/03	2003/04
Landfill	3,244 (73%)	3,163 (71%)	3,021 (70%)
Incineration with energy recovery	842 (19%)	872 (20%)	826 (19%)
Incineration without energy recovery	2 (0%)	1 (0%)	1 (0%)
Recycled/composted	351 (8%)	410 (9%)	490 (11%)
Total	4,438	4,446	4,339

Performance of London as a region

In terms of the percentage of household waste recycled, London is the second worst performing region in the country. The national recycling average for household waste in 2003/04 was 17.7 per cent, exceeding the Government's target of 17 per cent. London recycled 13.2 per cent of its household waste in 2003/04. Table A1.2 puts London in the context of the other regions. The Mayor's Strategy aims to exceed national recycling targets. The next target in 2005/06 is for 25 per cent of household waste to be recycled.

Table A1.2 Regional recycling rates (per cent) 2001/02 – 2003/04

Region	2001/02	2002/03	2003/04
North East	5.2	6.6	11.9
North West	9.2	11.3	14.1
Yorkshire and the Humber	8.9	11.2	14.5
East Midlands	13.7	15.1	19.2
West Midlands	10.2	13.0	16.0
East	17.4	19.4	23.3
London	9.3	10.9	13.2
South East	17.7	19.6	22.7
South West	16.6	18.6	21.4
England	12.5	14.5	17.7

Table A1.3 Recycling performance of London waste authorities against their statutory household waste recycling targets

Authority	Baseline household recycling rate 1998-99 (%)	Household recycling rate 2003-4 (%)	Statutory recycling target 2003-4 (%)	2003-4 target missed by % points
Croydon	14	14	28	14
Bexley	18	21	33	12
Hounslow	14	16	28	12
Kingston-upon-Thames	15	19	30	11
Havering	9	10	18	8
Ealing	10	12	20	8
Sutton	16	26	33	7
Richmond-upon-Thames	14	22	28	6
Kensington and Chelsea	11	16	22	6
Tower Hamlets	3	5	10	5
Newham	2	6	10	4
East London Waste Authority	4	8	12	4
Lambeth	7	11	14	3
Barking and Dagenham	3	7	10	3
Merton	9	15	18	3
Hackney	2	7	10	3
Southwark	3	7	10	3
Camden	11	19	22	3
Harrow	8	13	16	3
Enfield	9	16	18	2
Islington	3	8	10	2
Redbridge	7	12	14	2
Lewisham	4	8	10	2
Haringey	5	8	10	2
Brent	5	9	10	1
Barnet	9	17	18	1
Western Riverside Waste Authority	8	15	16	1
West London Waste Authority	9	17	18	1
Hammersmith and Fulham	8	15	16	1
Waltham Forest	6	12	12	0
North London Waste Authority	6	13	12	-1
Westminster	6	13	12	-1
Wandsworth	8	18	16	-2
Greenwich	4	12	10	-2
Bromley	7	20	14	-6
Corporation of London	0	19	10	-9
Hillingdon	7	24	14	-10
Greater London	8%	13.2%	17% #	3.8%

Source : Capital Waste Facts and Mayor's Municipal Waste Management Strategy 2003.

Notes:

non – statutory target

East London Waste Authority - incorporates Barking and Dagenham, Havering, Newham and Redbridge

North London Waste Authority - incorporates Barnet, Camden, Enfield, Hackney, Haringey, Islington and Waltham Forest

Western Riverside Waste Authority - incorporates Hammersmith and Fulham, Kensington and Chelsea, Lambeth, and Wandsworth

West London Waste Authority - incorporates Brent, Ealing, Harrow, Hillingdon, Hounslow, Richmond

Five of the twelve worst performing local authorities in terms of recycling in England are in London. Just four (of 37) London waste authorities are in the top quartile of recyclers in England. 16 of London's waste authorities are in the lowest quartile. Only eight of London's waste authorities achieved their statutory recycling targets for 2003/04.

Table A1.3 shows the recycling performance of London's 37 waste authorities against their statutory recycling targets in 2003/04.

Table A1.4 shows the types and throughput of facilities needed to manage London's municipal waste in the Landfill Directive target years. There are issues around the public acceptability of these facilities.

Table A1.4 Capacity required to meet London's Landfill Directive needs

Waste Facility	Capacity required in Landfill Directive target years (million tonnes)		
	2010	2013	2020
Recycling & Composting	1.920	2.017	2.909
Mechanical Biological Treatment	0.023	0.865	1.255
Anaerobic Digestion	-	0.144	0.210
Gasification/Pyrolysis	-	0.289	0.426
Conventional Incineration	0.865	0.865	0.865
Landfill	2.772	1.866	1.275

EU Landfill Directive

The EU Landfill Directive requires Member States to progressively reduce the amount of biodegradable municipal waste they send to landfill to;

- 75 per cent of 1995 levels by 2010
- 50 per cent by 2013
- and 35 per cent by 2020

Collectively London's waste authorities need to reduce the amount of biodegradable municipal waste they send to landfill to;

- 1.72 million tonnes by 2010
- 1.15 million tonnes by 2013
- and 0.80 million tonnes by 2020.

From April 2005, waste disposal authorities that fail to achieve their targets to divert waste from landfill face fines of £150 per tonne for every tonne of waste above their permitted level of.

National recycling and recovery targets

- By 2005, recycle 25 per cent of household waste and recover value from 40 per cent of municipal waste
- By 2010, recycle 30 per cent of household waste and recover value from 45 per cent of municipal waste
- 2015 recycle or compost at least 33 per cent of household waste and recover value from 67 per cent of municipal waste

Achieving these targets means around 1.0 million tonnes of household waste will need recycled in London by 2005, 1.3 million tonnes in 2010 and 1.6 million tonnes in 2015. A total of 2.0 million tonnes of municipal waste will need to be recovered in 2005 (by recycling, composted or energy recovery), rising to 2.5 million tonnes in 2010 and 4.0 million tonnes in 2020.

Mayoral Targets

- Reduction in the growth of municipal waste
- Aim to exceed national recycling and composting targets
- Diversion of waste from landfill, through a balance of mixed technologies and best use of existing incineration capacity
- Making London more self-sufficient in managing its wider waste (85 per cent by 2020).

Appendix 2

Existing arrangements and responsibilities for waste management

Following abolition of the GLC in 1986, its waste responsibilities (including strategic waste planning) were transferred to London's local authorities. The Government at the time had believed that co-operative arrangements for disposal would emerge of their own accord. However, no such proposals came forward and the Government had to impose such arrangements based on the then existing cross borough facilities and contracts.

Disposal

The Secretary of State for the Environment established, under powers contained within the Local Government Act 1985, four statutory Joint Waste Disposal Authorities (JWDAs) comprising 21 London boroughs. The four JWDA's are East London Waste Authority; North London Waste Authority; West London Waste Authority and Western Riverside Waste Authority (see Figure A2.1). The JWDAs are led by a committee of councillors from their constituent boroughs.

The joint waste disposal authorities are governed by committees constituted from two representatives from each member authority (one in the case of West London). They are designed to operate as separate authorities in their own right, and representatives are there to make decisions in the interests of the disposal authority for the collective area. Unlike in other English regions where the waste disposal authority is the planning authority, in the case of the joint waste disposal authorities the London Boroughs remain the planning authority.

The 11 London boroughs and the Corporation of London remaining outside of the JWDAs became unitary waste authorities responsible for both collection and disposal. The unitary authorities did cohere into more informal 'waste strategy groupings', but these did not prove to be vehicles for extensive joint strategy development and procurement or delivery of new facilities and indeed all of them eventually fell into abeyance.

Collection

Each of the 32 London boroughs and the Corporation of London have a statutory duty for the collection of municipal waste.

Strategy

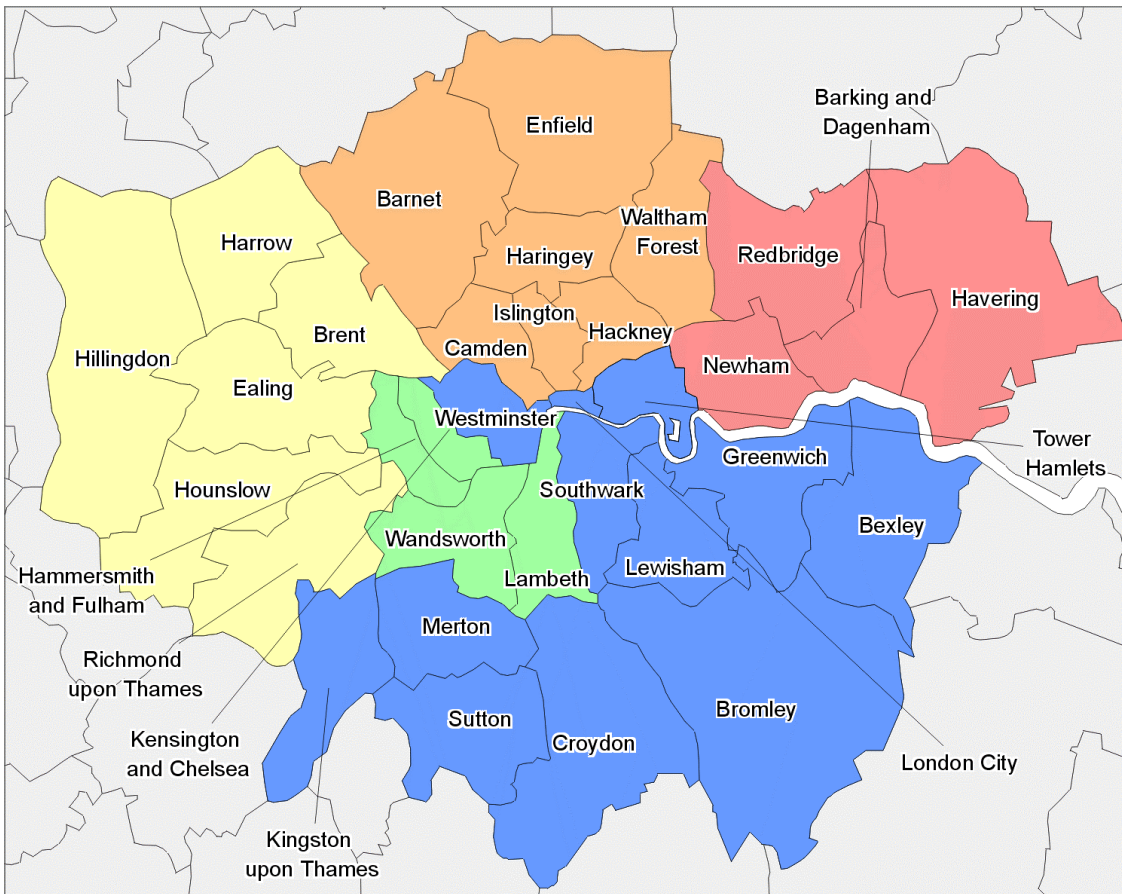
The Greater London Authority is the strategic waste authority for London. The Mayor of London is responsible for producing a municipal waste management strategy for London. Waste authorities must have regard to the Mayor's Municipal Waste Management Strategy when undertaking their waste functions. The Mayor has some powers in relation to contracts and may direct an authority to act in a manner specified, for the purposes of implementing his Strategy.

Planning

Planning applications for waste facilities managing more than 50,000 tonnes of waste are referable to the Mayor. The Mayor can direct refusal if an application is contrary to the London Plan or prejudicial to its implementation, or contrary to good strategic planning in London. The Mayor cannot direct planning consent.

The Government Office for London (GoL) has no statutory role in relation to waste management for London but has a small team, which acts as part of its wider role on sustainable development and planning as a conduit between Government departments and the region. GoL will advise as appropriate on the use of Secretary of State powers of intervention. The Secretary of State can direct the Mayor in relation to both the London Plan and the Waste Strategy. The Secretary of State also has powers to 'call in' certain types of waste planning applications for his determination.

Figure A2.1 London's waste governance arrangements



Key: Yellow = West London Waste Authority
 Orange = North London Waste Authority
 Red = East London Waste Authority
 Green = Western Riverside Waste Authority
 Blue = Unitary Waste Authorities

Appendix 3

Funding and the levy in two tier authorities

The 32 London boroughs and the Corporation of London's waste responsibilities are funded through the Environmental Protective and Cultural Services (EPCS) block of Formula Spending Share (FSS). Those that are unitary authorities will seek to pay directly for the range of both collection and disposal arrangements they have in place from the EPCS block. Heavy pressure on this non-ringfenced block means that waste has not been prioritised against other services.

In the case of Joint Waste Disposal Authorities (JWDAs), the services they provide are paid for by their constituent boroughs. JWDAs, like counties in two-tier areas, must essentially precept off their constituent authorities as they are unable to have separate council tax arrangements.

The funding arrangements for waste disposal in two tier areas are not equitable or incentivised to reduce waste or avoid landfill being based on the proportion of Council Tax band D properties in each borough rather than the amount of waste produced.

The costs each constituent authority faces are therefore independent of their actual level of waste generation. An example is given below in Table A3.1 for two boroughs in the North London Waste Authority. The exception to this rule is East London Waste Authority, which as part of the arrangements for its long term PFI contract is progressively moving to a levy based on tonnage provided by each constituent authority.

Table A3.1 Effects of the levy system in North London on Hackney and Barnet

Borough	2003/04 Levy for h'hold waste (based on Council Tax band D properties) (£m) ¹⁷	2003/04 h'hold waste produced (Tonnes) ¹⁸	Estimated cost based on tonnes of h'hold waste produced (£m)	Difference (£ m)
Barnet	7.72	127,322	6.60	+1.12
Hackney	3.37	89,153	4.60	-1.23

Following public consultation, the Government has now put in place legislation to enable disposal authorities to move towards a tonnage based levy (through the Clean Neighbourhoods and Environment Act 2005). However in the words of North London Waste Authority, 'Since the formation of the Authority in 1986, there has never been unanimous agreement on an alternative method for apportioning the levy and therefore the [North London Waste] Authority has relied upon the default arrangements'¹⁹.

Existing funding mechanisms also mean that constituent authorities are paid a recycling credit by the JWDA for waste they recycle. This leads to a circular money system, whereby JWDAs pay boroughs for what they recycle only to recharge them again through the levy / precept. As a consequence those authorities, which are facing significant

¹⁷ North London Waste Authority Best Value Performance Plan, 2003

¹⁸ North London Waste Authority, DEFRA/GLA Municipal Waste Management Survey Return 2003/04

¹⁹ North London Waste Authority Best Value Performance Plan, 2004

socio-economic challenges in terms of improving recycling, and require the greatest investment will receive only a minimal financial return for their recycling performance through the recycling credit, whilst in effect paying for the performance of the higher recycling authorities.

Landfill Directive – charges to waste disposal authorities

The reduction targets set by the EU Landfill Directive are:

- By 2010 to reduce the amount of biodegradable municipal waste (BMW) going to landfill to 75% of that produced in 1995²⁰;
- By 2013 to reduce the amount of BMW going to landfill to 50% of that produced in 1995; and
- By 2020 to reduce the amount of BMW going to landfill to 35% of that produced in 1995.

EU penalty fines

Failure to meet the targets in the EU Landfill Directive would mean that the UK Government could face a non compliance penalty of up to £0.5m a day after the first target date in 2010. However it is not known what actual fines the European Court of Justice would impose on the UK government in the event of failure to secure the above reductions by the target years. The government has stated that it intends to pass this penalty on to failing authorities. No mechanism for this is yet in place.

Landfill trading scheme and Waste Disposal Authority Landfill fines

To deliver this reduction in landfill and ensure that the UK meets its EU obligations, the Government has introduced the Landfill Allowance Trading Scheme (LATS). The scheme began on the 1 April 2005 and was set up under the Waste and Emissions Trading Act 2003. This scheme sets a target for each waste disposal authority (its landfill permit allowance) for the amount of BMW they to send to landfill for each year up to 2020. If a waste disposal authority fails to achieve its landfill permit allowance it will be fined £150 by the government for every excess tonne sent to landfill. If a waste authority achieves its landfill permit allowance (i.e. it landfills less than it is allowed to under the scheme) it may trade its spare landfill permit allowance. A waste disposal authority failing to meet its landfill permit allowance may buy another waste disposal authorities spare permit allowance. A waste disposal authority that has any excess allocation from another authority that has capacity to spare and there is limited flexibility to bank/borrow allowances between years. If a waste disposal authority is unable to buy permit allowances from another authority it has to pay the £150 per tonne fine. The cost of the tradable permit allowance will be less than the cost of the fine and will depend on the demand for permits and the number available in the trading system. The Secretary of State has power to waive these fines if they are due to population growth or special or unforeseen circumstances. The Government has announced its intention to return penalties to local authorities, subject to finding an appropriate and workable means of doing so.

All operational elements of the Scheme, including the fine, will be subject to review in 2007.

²⁰ These targets take account of the four-year derogation taken up by the UK Government for member states that landfilled over 80% of their municipal waste in 1995.

The Government claim that the flexibilities included in the scheme, including the Secretary of State's power to waive or suspend fines in given circumstances and a reconciliation period at the end of each scheme year, means that no authority should face fines unless it takes the conscious decision to do so. In that case, a fine should be paid, but should be set at a level that makes it the most expensive option (£150 per tonne).

Possible fines exposure

The fines related exposure that a single waste authority is potentially exposed to depends on:

- The landfill performance of the existing authorities
- How efficient London is in making use of its own landfill allowance across its disposal authorities
- The extent to which excess landfill permits are purchased (ie within the other authorities' allowance) or triggers fines
- The amount of waste managed by an authority

Efficiency:

Two efficiency options are assessed:

- Pooled efficiency: The net cost to London (the aggregated London position taking account of authorities that meet their target and can sell permits and those failing to meet their targets and facing fines)
- Unpooled efficiency. The cost of fines for those authorities failing to achieve their targets

Table A3.4 shows the effective net London fine situation between 2005-2020. This shows a worst-case scenario but takes account of

- Central waste growth predictions from the Mayor's Municipal Waste Management Strategy (3.5 per cent until 2006 and 2 per cent thereafter)
- London waste authority recycling services and committed (funded) improvements to those services
- Existing incineration capacity recovery technology infrastructure and infrastructure that has received planning permission. and recovery plans. Where authorities have received planning consent for recovery facilities these have been included.

Additional funding for waste management

SR2004 provided an additional £1.2 billion into core local authority funding for waste management by 2007-08, as well as an additional £275m in PFI credits. In addition to this, the Government has also announced a three-year targeted Waste Performance and Efficiency Grant of £260m to support new and more efficient ways of working to deliver waste reduction, increased recycling and diversion from landfill. However these sums are only in line with the LGA estimate of the additional costs to be incurred with increases in the landfill tax. It does not provide any additional funding for LATS fines.

In addition Defra is expecting nearly £300m in efficiency savings over the Spending Review period to be achieved mainly by more effective joint working, promoting best practice and standardisation of procurement operations.

Table A3.4 Maximum Landfill Allowance Fines Facing London Waste Disposal Authorities

Authority	Maximum fine exposure at £150 per tonne (£m)				Total 2005-2020
	Landfill Directive target years				
	2005/06	2009/10	2012/13	2019/20	
West London Waste Authority (£m)	8.7	38.1	59.1	80.5	768.4
Western Riverside Waste Authority (£m)	1.1	20.3	32.3	43.3	403.6
North London Waste Authority (£m)	6.0	4.2	27.2	50.9	372.4
Croydon (£m)	3.9	11.1	15.9	20.5	208.7
Southwark (£m)	5.7	8.6	12.0	14.3	161.8
Tower Hamlets (£m)	1.8	6.2	8.8	11.4	114.8
Merton (£m)	0.8	4.6	7.6	11.1	101.2
Bexley (£m)	2.2	3.1	6.4	9.4	85.9
Bromley (£m)	-	0.6	5.3	9.7	66.4
Sutton (£m)	0.9	3.4	5.2	6.2	64.9
Kingston-upon-Thames (£m)	-	2.0	3.6	4.5	43.2
Corporation of London (£m)	-	1.7	3.1	4.0	35.4
East London Waste Authority (£m)	-	-	0.5	7.4	32.8
Greenwich (£m)	-	-	0.2	4.1	17.1
Lewisham (£m)	-	-	-	-	0.0
Westminster (£m)	-	-	-	-	0.0
London Total Fine Exposure (£m) (existing arrangements)	£ 31.0	£ 104.0	£ 187.0	£ 277.6	£ 2,476.6
London Total Fine Exposure (£m) (permits allocated to London as a whole)	£ 7.0	£ 68.7	£ 173.6	£ 268.4	£ 2,167.5

Source: Based on London cost modelling project

Notes:

1) Exposure is based on the £150 per tonne fine. This does not take into account the trading of permits, allowed under the LATS scheme. As targets become more difficult in later years it is likely there will be less permits in the system and the price for permits is likely to be driven up.

2) This estimate is based on waste authority funded recycling plans and includes facilities coming on line where they have received planning consent

3) This Table uses findings from the London cost modelling project which have been updated to take account of the final landfill permit allocations

4) Westminster, Greenwich, Lewisham and Bromley utilise existing infrastructure in London

5) East London Waste Authority includes Barking & Dagenham, Havering, Newham, Redbridge

6) North London Waste Authority includes Barnet, Camden, Enfield, Haringey, Hackney, Islington, Waltham Forest

7) West London Waste Authority includes Brent, Ealing, Harrow, Hillingdon, Hounslow, Richmond-upon-Thames

8) Western Riverside Waste Authority includes Hammersmith & Fulham, Kensington & Chelsea, Lambeth, Wandsworth