



Emissions Trading Scheme

The impact of proposed extension to include emissions from burning waste



What is ETS and why waste?

- A maximum cap set on carbon emissions allowed from burning fossil fuels for energy and aviation
- Individual allowances are allocated to producers and then reduced each year, incentivising decarbonisation
- Inclusion of fossil carbon emissions from thermal treatment of waste from 2028



What is the impact?

- Likely range of costs is from £270m to £1,160m per year, starting in 2028 and rising as the cap is reduced
- Equivalent to £45 to £77 per tonne (source: Tolvik)
- Likely knock-on effect on Landfill Tax, to ensure it doesn't become cheaper option, could rise to £175/tonne.
- Some costs will be offset by Extended Producer Responsibility and new burdens funding



Association for Public Service Excellence

What should we do?

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1. Plan

- Add this to your corporate risk register
- Show impact in your medium term financial strategy
- Ensure your Section 151 Officer understands the issue as well as you do
- Make members aware of the urgent need to increase recycling and reduce residual waste



2. Engage with your suppliers

- ‘Legal change’ clauses in contracts are harder to apply than you think
- Suppliers may face financial distress and need certainty/support
- Financial mechanisms are likely to be complicated
- Successful negotiation will only come from openness and integrity by all parties



3. Support your suppliers to decarbonise

- The objective is to cut carbon emissions from burning waste, not to minimise compliance costs
- Operators will be trying to access funding, so work with them to support this



4. Review and improve your collection arrangements

- Cut residual waste capacity through smaller bins and if allowed, less frequent collections
- Optimise recycling provision
- In two-tier areas, share the capital burden



5. Enhance communications activities

- Target recycling messages to focus on plastics, electricals, textiles
- Focus efforts directly onto householders at the point of using their bins, making recycling the default choice
- Understand and apply best practice in behaviour change



6. Invest in advanced IT systems

- Data is your friend, use it to learn about who recycles, who contaminates etc
- Householder communications are most effective when in-cab systems are directly linked to your contact centre and website
- Go digital, go mobile



Conclusions



- This is going to be expensive, deliberately so
- Compliance by paying the penalty is not as good as stopping the carbon pollution, you have scope to act
- Active engagement with plant operators is the only way to optimise outcomes
- This is a flawed system as it does not make the polluter pay and does not achieve aims of the waste hierarchy, but it's here to stay

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