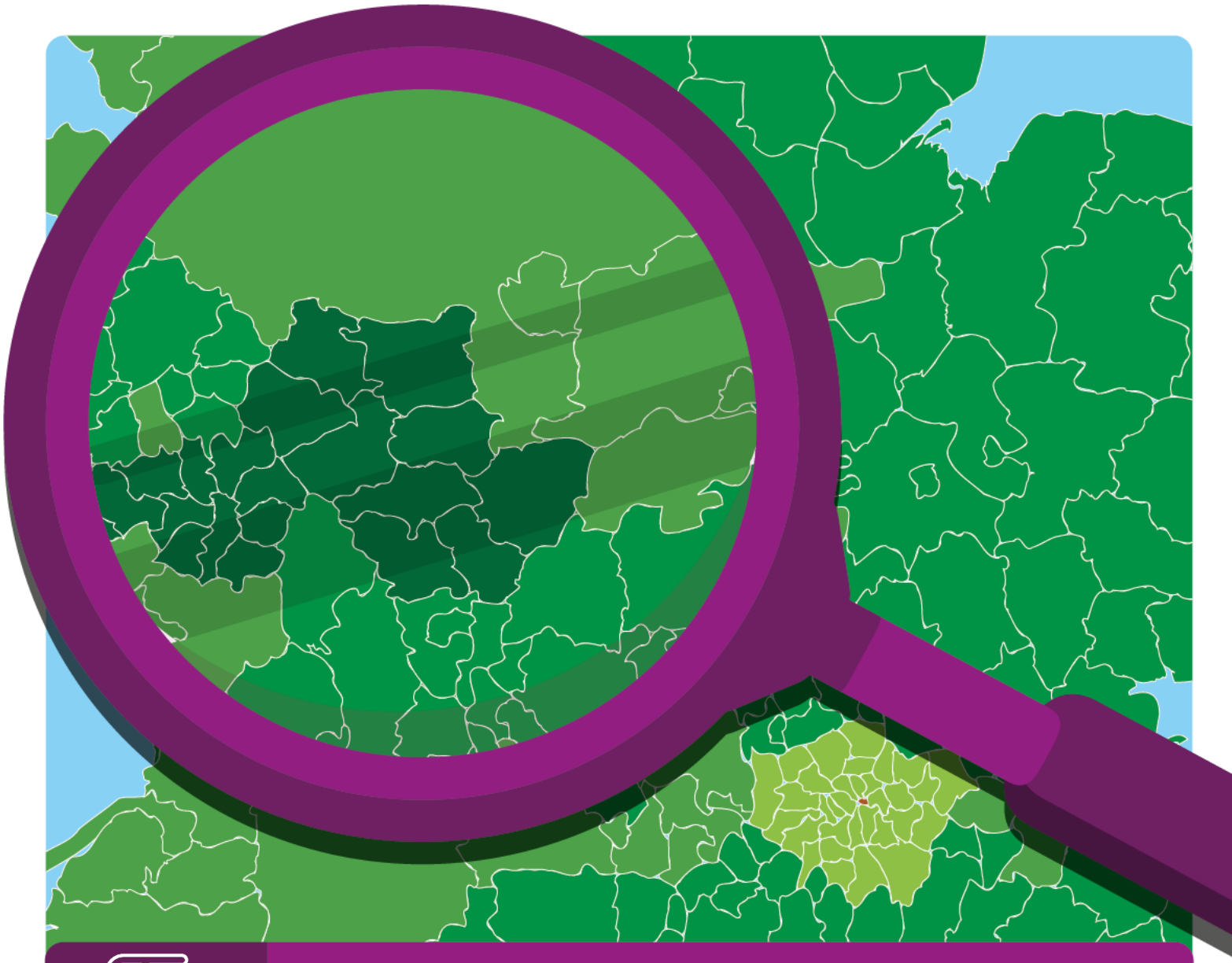
Local Government Association

Emissions Trading Scheme extension to waste

Survey of councils

January – February 2025



Research report

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Summary

Background

In January 2025, the Local Government Association (LGA) sent an online survey to Directors of Environments within single-tier and county councils in England to explore the impact of the costs and viability of different options for local government to mitigate the potential cost to the sector of extending the Emissions Trading Scheme (ETS) to waste from January 2028.

Among the 153 single-tier and county councils in England, 64 responded to the survey – a response rate of 45 per cent. The responding local authorities account for the disposal of nearly 11 million tonnes of waste annually, 45 per cent of the total disposed of by local government. It is worth noting that different local authorities have different services, opportunities and challenges with regards waste and recycling services. For instance, the difference between urban and rural areas.

Key findings

- Local authorities who responded to the survey overwhelmingly agreed with LGA estimates on the costs from the extension to ETS their council is likely to face in 2028 and 2036.
- A vast majority (93 per cent) of respondents said that they would not be able to meet these additional costs within their council's waste and recycling budgets either to a small extent or not at all.
- The most effective service change that respondents thought would reduce the amount of fossil-based waste their authority sends for incineration was the additional sorting of collected waste to remove fossil-based material before incineration, judged very or fairly effective by 80 per cent
- Other service changes frequently judged very or fairly effective in doing this were further communication and promotion of recycling (79 per cent), further

restrictions on residual waste collection (76 per cent), and additional monitoring and enforcement of poor uses of waste services (75 per cent).

- Only three of these service changes were judged to be very or fairly realistic to implement by more than half of respondents, given factors such as costs, timeframes and implementation challenges. These were further communication and promotion of recycling (63 per cent), further activity to support re-use and repair (54 per cent) and further restrictions on residual waste collection (51 per cent).
- Despite being judged the most effective method of reducing fossil-based waste, additional sorting of waste to remove fossil-based material was judged the least realistic to implement given the costs, timescales and implementation challenges, with 81 per cent saying this was either not very or not at all realistic.

Reflecting on the impact of potential new ETS costs on local authorities:

- A large majority (79 per cent) of councils said there would be a negative impact on overall waste and recycling services, of which 42 per cent said this would be a substantial negative impact.
- Of the options, the greatest negative impact was on communication and awareness raising to promote recycling, showing that, whilst this offered the greatest balance of effectiveness and realism in reducing fossil-based waste, it is likely to be directly threatened by the additional costs from the ETS extension.
- Other areas also anticipated to be significantly negatively impacted by the extension were re-use and repair services, household recycling centre services, and fly-tipping services.
- Excluding those who answered ‘don’t know’, 76 per cent of councils expected a significant or moderate reduction in other climate change services, such as on housing, transport and energy system decarbonisation, as a direct result of the additional costs arising from the scheme’s extension.

Introduction

The UK Emissions Trading Scheme (ETS) is a mechanism for managing the financial cost of reducing carbon emissions between different sectors of the economy. From January 2028, the ETS will be extended to include emissions from the incineration of waste, an activity that is widely practiced by English single-tier and county councils. This makes it likely that these councils will face significant additional costs arising from this extension, and raises the necessity of implementing measures to manage the financial implications of the extension when it is applied.

Methodology

An online survey was distributed via email by the LGA's Research and Information Team to all directors of environment within English single-tier and county councils, and was open for responses between 21 January and 28 February 2025.

As Table 1 shows, 59 responses were received for the survey, although one response was submitted on behalf of six local authorities in a shared combined authority area. This equates to 40 per cent of possible responses, and 42 per cent of applicable councils. These councils also tended to be responsible for processing a slightly higher proportion of tonnage of waste than the country overall, accounting for a collective 10.9 million tonnes of annual waste, 45 per cent of the nationwide total of 23.9 million tonnes.

Table 2 and Table 3 show the response rate broken down by council type and region, demonstrating a consistent coverage across these sub-groups, although the level of response was higher among some regions and types (counties and North West councils) than others (unitaries and West Midlands councils). In all, whilst these respondents may not be fully representative of all applicable councils, this level of response means that the results are likely to provide a good indication of the position of the sector more widely.

Table 1: Response rate by tonnage of waste

	Respondents	Total number of councils represented by respondents	Total tonnes of waste
All councils	148	153	23.9m
Respondents	59	64	10.9m
Response rate	40%	42%	45%

Table 2: Response rate by type of council

Type of council	Number of councils	Councils responding	Response rate
County	21	13	62%
London borough	33	14	42%
Metropolitan district	36	19	53%
Unitary	63	18	29%

Table 3: Response rate by region

Region	Number of councils	Councils responding	Response rate
Eastern	11	5	45%
East Midlands	10	4	40%
London	33	14	42%
North East	12	5	42%
North West	24	14	58%
South East	19	8	42%
South West	15	4	27%
West Midlands	14	4	29%
Yorkshire and Humber	15	6	40%

In addition, the following should be considered when interpreting the findings of this survey:

- Where tables and figures report the base, the description refers to the group of people who were asked the question. The number provided refers to the unweighted number of respondents who answered each question. Please note that bases can vary throughout the survey.
- Numbers and percentages are provided for any questions where the base was less than 50. To calculate the number of respondents who provided a certain response for other questions, simply multiply the percentage provided by the base.
- Throughout the report, percentages may not appear to add up to exactly 100 per cent due to rounding.

Emissions Trading Scheme Extension to Waste

This section contains analysis of the full results from the survey.

Understanding the financial implications of extending ETS to waste as currently proposed by Government

The LGA recently produced a set of estimates of the likely additional costs to councils from the extension to the Emissions Trading Scheme. These estimates constituted the gross additional cost to councils arising directly from the extension of the ETS to the incineration of waste in both 2028 and 2036.

Respondents to the survey were shown the individual additional cost estimates for their own council, and were given the opportunity to either accept them or propose another estimate of additional costs that they felt were more realistic. The vast majority of respondents to the survey did not suggest alternative estimates, with only four council respondents (6 per cent) proposing alternative estimates for 2028 and two (three per cent) proposing alternative estimates for 2036. This suggests a high degree of agreement with the published LGA estimates.

Understanding the extent that new ETS costs could be met within waste and recycling budgets

Respondents were asked to what extent, if at all, they expected to be able to meet the additional cost of the ETS within their council's budget for waste and recycling. As Table 4 shows, more than three-quarters of respondents (86 per cent) selected 'not at all', with a further seven per cent answering 'to a small extent'. Two per cent anticipated being able to meet the additional costs to a moderate extent, whilst none expected to be able to do this to a great extent. A further five per cent did not know the answer to this question.

Table 4: To what extent, if at all, do you expect to be able to meet the additional cost of ETS within your council's budget for waste and recycling?

	Per cent
To a small extent or not at all	**93%**
Not at all	86%
To a small extent	7%
To a moderate extent	2%
To a great extent	0%
Don't know	5%

Base: all respondents (59).

Understanding the impacts of potential new ETS costs on wider local authority activities to tackle climate change

Respondents were asked how much, if at all, they expected the additional cost of ETS to result in reduction of other climate change services, such as efforts to reduce emissions from buildings, transport or energy systems. As Table 5 shows, more than two-fifths (41 per cent) expected a significant reduction in services and a fifth (20 per cent) expected a moderate reduction, whilst a smaller proportion expected a minor reduction (five per cent) or no reduction (five per cent). Twenty per cent of respondents did not know the answer to this question. The total percentage anticipating a significant or moderate reduction in other climate change services was 61 per cent, which would have been 76 per cent if those who answered 'don't know' were removed.

Table 5. Reductions of other climate change services to meet the additional costs of ETS

	Number	Per cent
Significant or moderate reduction in services (excluding 'don't know')	**34**	**76%**
Significant or moderate reduction in services (including 'don't know')	**34**	**61%**
Significant reduction in services	23	41%
Moderate reduction in services	11	20%
Minor reduction in services	3	5%
No reduction in services	3	5%
Don't know	16	20%

Base: all respondents (56).

Understanding the impacts of new ETS-related costs on existing waste and recycling services

Respondents were asked, how much of a negative impact, if any, they expected the additional costs of ETS to have on a series of waste and recycling services. As Table 6 shows, the service with the highest percentage of respondents expecting a substantial or moderate negative impact was communication and awareness promoting recycling, at 70 per cent, followed by the overall level of waste and recycling services (65 per cent), activity to support re-use and repair (62 per cent) and the range and availability of services provided by household recycling centres (59 per cent).

Table 6: How much of a negative impact, if any, do you expect the additional cost of ETS to have on the following waste and recycling services?

	Substantial	Moderate	Slight	None	N/A
Communication and awareness promoting recycling	47%	23%	12%	16%	2%
Overall level of waste and recycling services	42%	23%	14%	14%	2%
Activity to support re-use and repair	48%	14%	21%	13%	4%
Range and availability of services provided by household recycling centres	40%	19%	18%	19%	4%
Fly-tipping services	30%	28%	7%	21%	14%
Monitoring and enforcement against poor use of waste services	36%	18%	13%	20%	14%
Street cleaning/littering services	28%	21%	14%	16%	21%
Bulky waste collections	21%	25%	16%	19%	19%
Street bins provision and maintenance	30%	14%	16%	18%	21%
Commercial waste services	25%	19%	12%	14%	30%
Kerbside segregation of materials	32%	4%	14%	25%	26%
Level of sorting collected waste before incineration	21%	5%	16%	37%	21%
Other (please specify)	75%	0%	0%	6%	19%

Base: all respondents (59). Respondents were able to select more than one option.

A total of 16 respondents listed other services which may be impacted, of which 75 per cent anticipated a substantial negative impact to those services, six per cent

expected no negative impact, and 19 per cent did not know whether there would be any negative impact. Only those who expected a substantial negative impact provided comments as to what those service areas were, and these services fell into the following groups:

- a considerable impact on all services and activities, including those in other service areas
- an impact on chargeable and/or non-statutory services, such as garden waste collection and/or replacement bins
- related services classified within other service areas, such as graffiti removal
- other climate change specific services
- potential costs arising from legal disputes with private operators.

Understanding the potential effectiveness of local authority interventions to reduce the level of fossil based waste sent for incineration

Respondents were asked how effective, if at all, they thought a series of service changes would be in reducing the amount of fossil-based waste their authority sends for incineration, assuming that these changes were sufficiently funded. As Table 7 shows, the service change which the most respondents thought would be very or fairly effective, if sufficiently funded, was the additional sorting of collected waste to remove fossil-based material before incineration, at 80 per cent, followed by further communication and awareness promoting recycling (79 per cent), further restrictions on residual waste collection (76 per cent), and additional monitoring and enforcement against the poor use of waste services (75 per cent).

Table 7. How effective, if at all, do you think the following service changes would be in reducing the amount of fossil-based waste your authority sends for incineration, assuming that they were sufficiently funded and practically deliverable?

	Very	Fairly	Not very	Not at all	N/A
Additional sorting of collected waste to remove fossil-based material before incineration	36%	44%	15%	3%	2%
Further communication and awareness promoting recycling	20%	59%	19%	2%	0%
Further restrictions on residual waste collection (such as bin sizes or frequency)	37%	39%	19%	3%	2%
Additional monitoring and enforcement against poor use of waste services	29%	46%	20%	3%	2%
Further kerbside segregation of materials	17%	53%	22%	3%	5%
Increased range and availability of services provided by household recycling centres	12%	56%	25%	3%	3%
Further activity to support re-use and repair	14%	42%	37%	7%	0%
Other (please specify)	71%	14%	7%	0%	7%

Base: all respondents (59). Respondents were able to select more than one option

Some respondents who specified another potential service change provided further details. A total of 14 respondents provided comments, and these have been grouped into the following suggested service changes:

- eliminating plastic packaging and ensure products are repairable and recyclable
- policy drivers such as extended producer responsibility (EPR), higher plastic taxes, material bans, and education
- stronger legislative powers to ensure compliance with recycling services
- recycling infrastructure, including a proposed plastic recycling plant
- packaging changes and full use of kerbside services.

Understanding the realism of implementing changes to reduce the level of fossil-based waste

Respondents were asked how realistic, if at all, it would be to implement the changes that they indicated would be very or fairly effective, considering factors such as costs, timeframes, and implementation challenges. As shown in Table 8, the method which was most often seen as either very or fairly realistic was further communication and awareness promoting recycling, at 63 per cent, followed by further activity to support re-use and repair (54 per cent) and further restrictions on residual waste collection (51 per cent). Despite being judged the most effective method of reducing fossil-based waste, the additional sorting of collected waste to remove fossil-based material before incineration was felt not to be realistic given the costs and timeframes, with 81 per cent deeming this method either not very realistic or not at all realistic. It should also be noted that, as Table 6above showed, whilst communication and awareness promoting recycling was found to be the most effective method of reducing waste, it was also felt to be the service most likely to be negatively affected by the additional costs arising from ETS.

Table 8. Realism of implementing changes to reduce the level of fossil-based waste

	Very	Fairly	Not very	Not at all	N/A
Further communication and awareness promoting recycling	23%	40%	34%	2%	0%
Further activity to support re-use and repair	12%	42%	36%	9%	0%
Further restrictions on residual waste collection (such as bin sizes or frequency)	20%	31%	40%	7%	2%
Additional monitoring and enforcement against poor use of waste services	14%	35%	47%	5%	0%
Increased range and availability of services provided by household recycling centres	3%	35%	50%	10%	3%
Further kerbside segregation of materials	12%	12%	51%	22%	2%
Additional sorting of collected waste to remove fossil-based material before incineration	4%	13%	34%	47%	2%
Other service changes, as specified in the previous question	25%	25%	8%	17%	25%

Base: all respondents (59). Respondents were able to select more than one option.

Likelihood of passing ETS related to trade waste

Respondents were asked to say, if they deliver a trade waste service, to what extent they would be likely to seek to pass ETS costs related to that trade waste on to their trade waste customers. As Table 9 shows, just over half of respondents (54 per cent)

said that they would be likely to pass all of the applicable ETS costs on to their customers in this way. A further five per cent said they would pass most of the additional costs on, two per cent said they would pass on some of the additional costs, and no respondents said they would not pass on any of the additional costs.

Table 9. Likelihood of passing ETS costs related to that of trade waste on to your trade waste customers

	Number	Per cent
All	32	54%
Most	3	5%
Some	1	2%
None	0	0%
Don’t know	4	7%
Not applicable	19	32%

Base: all respondents (59).

Further comments

Respondents had the opportunity to provide any further comments on the topics covered by the survey. A total of 29 respondents provided further comments, and these have been grouped into the following common themes:

- The need to establish a market for plastic removed from incineration, as this material would still need disposing of if not incinerated.
- The significant need for additional funding to help meet ETS costs, or the introduction of further ways in which councils could pass on or share the costs.
- The need for a new approach and a shift in the industry culture to drastically reduce the volume of packaging and other waste generated.

Annex A: Questionnaire

Emissions Trading Scheme Survey

Understanding the impact of the Emissions Trading Scheme extension to waste on local authority services

This short survey has been sent to Directors of Environment, please do feel free to pass it on to your waste teams to respond. If you are part of a Joint Waste Disposal Authority, you may want to engage them in responding to some of the questions.
The eight questions relate to the potentially significant new costs on councils from the extension of the Emissions Trading Scheme to cover the incineration of waste from January 2028. The questions are to understand the impact of the costs, and viability of different options for local government to reduce the extent of costs.
Your responses will be important in helping understand issues further and making the case to government on the challenges and solutions around the planned new costs on incineration. The LGA's consultation response and previous press work is available online.
There are some unknowns about how the scheme might work. For the purposes of this survey, please assume we are referring to the full potential ETS cost relating to fossil-based waste your authority sends to incineration, that there is accurate cost pass through from your operator to your local authority relating to that waste.
All responses will be treated confidentially. Information will be aggregated, and no individual or authority will be identified in any publications without your consent. Identifiable information may be used internally within the LGA but will only be held and processed in accordance with our privacy statement. We are undertaking this survey to aid the legitimate interests of the LGA in supporting and representing authorities.

1. Below are some estimates of the potential gross cost of the Emissions Trading Scheme (ETS) to your local authority in 2028 and 2036.
   These are the forecast additional ETS costs for the incineration of the total fossil-based material in the residual household waste stream for your authority. The

national-level modelling is available here.

Please note, these gross costs relate to a projection of fossil-based waste sent to incineration. It might be that some ETS costs related to packaging waste are passed onto producers, we estimate this would be around 18 per cent.

- Potential ETS costs in 2028
- Potential ETS costs in 2036

2. To what extent, if at all, do you expect to be able to meet the additional cost of ETS within your council's budget for waste and recycling?

- To a great extent
- To a moderate extent
- To a small extent
- Not at all
- Don't know

3. How much, if at all, do you expect the additional cost of ETS to result in reductions to your local authority action to address climate change, such as efforts to reduce emissions from buildings, transport, or energy systems?

- Significant reduction in services
- Moderate reduction in services
- Minor reduction in services
- No reduction in services
- Don't know

4. How much of a negative impact, if any, do you expect the additional cost of ETS to have on the following waste and recycling services?

The below scale will need to be selected for each answer option

- Substantial negative impact

- Moderate negative impact
- Slight negative impact
- No negative impact
- Not applicable

Answer options:

- Overall level of waste and recycling services
- Communication and awareness promoting recycling
- Activity to support re-use and repair
- Kerbside segregation materials
- Monitoring and enforcement against poor use of waste services
- Range and availability of services provided by household recycling centres
- Level of sorting collected waste before incineration
- Bulky waste collections
- Street cleaning/littering services
- Street bins provision and maintenance
- Fly-tipping services
- Commercial waste services
- Other (please specify below)

5. How effective, if at all, do you think the following service changes would be in meaningfully reducing the amount of fossil-based waste your authority sends for incineration, **assuming that they were sufficiently funded and practically deliverable**?

The below scale will need to be selected for each answer option

- Very effective
- Fairly effective
- Not very effective
- Not at all effective
- Not applicable

Answer options:

- Further communication and awareness promoting recycling
- Further activity to support re-use and repair
- Further kerbside segregation of materials
- Further restrictions on residual waste collection (such as bin sizes or frequency)
- Additional monitoring and enforcement against poor use of waste services
- Increased range and availability of services provided by household recycling centres
- Additional sorting of collected waste to remove fossil-based material before incineration
- Other (please specify below)

6. All things considered how realistic, if at all, is it to implement each of these changes to reduce the level of fossil-based waste your authority sends for incineration? Please consider factors such as funding, timeframes, workforce, contracts, and other delivery factors.

The below scale will need to be selected for each answer option

- Very realistic
- Fairly realistic
- Not very realistic

- Not at all realistic
- Not applicable

The below answer options will be shown if they selected fairly or very effective at Q5:

- Further communication and awareness promoting recycling
- Further activity to support re-use and repair
- Further kerbside segregation of materials
- Further restrictions on residual waste collection (such as bin sizes or frequency)
- Additional monitoring and enforcement against poor use of waste services
- Increased range and availability of services provided by household recycling centres
- Additional sorting of collected waste to remove fossil-based material before incineration
- Other (please specify below)

7. If you deliver a trade waste service, to what extent would you likely seek to pass ETS costs related to that trade waste onto your trade waste customers?

- Most
- Some
- None
- Don’t know
- Not applicable

8. Please provide any further comments or suggestions on the topics covered by this survey.

Open text box

Many thanks for taking the time to complete this survey. You are in control of any personal data that you have provided to us in your response. You can contact us at all times to have your information changed or deleted. You can find our full privacy policy here: click here to see our privacy policy.

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