

Lothian and Borders Waste Management Project – Impact of recent Ministerial Announcement

Transport, Infrastructure and Environment Committee

19 February 2008

1. Purpose of report

- 1.1 The Cabinet Secretary made an announcement to Parliament on 24 January 2008 regarding the Scottish Government's waste strategy and a transcript of the statement is attached at Appendix 1. This announcement carried references to the Lothian and Borders Waste Management Project (LBWMP). This report provides an assessment of the key points that are expected to have an impact on Edinburgh's waste plans.

2. Background

- 2.1 The LBWMP was established to develop an area-based solution to residual waste treatment. The partnership consists of the City of Edinburgh Council, Mid Lothian, East Lothian, West Lothian and Scottish Borders Councils.
- 2.2 In August 2007 the five councils unanimously authorised the Outline Business Case (OBC) that was developed by the core project team. The OBC fulfilled all requirements set by the Scottish Executive to ensure access to indicative allocations of funding (£12m pa for this project). The OBC was non-prescriptive with regard to which technology should be utilised by the waste treatment facility, preferring instead that the market would provide the Best Practical Environmental Option (BPEO) in accordance with the Area Waste Plan's key performance criteria. Nevertheless, a reference case was required to be included and this was modelled on Energy from Waste (EfW). The OBC was submitted to the Scottish Government in September 2007 in accordance with funding deadline requirements.
- 2.3 Some members may recall that the LBWMP was in fact instigated by the Scottish Executive. In the late 1990's, this Council, like others, were developing local waste management strategies but that approach was considered by the then Scottish Executive as uneconomical through the loss of economies of scale that could be achieved through joint procurement. The Scottish Executive determined that national funding would only be made available for large scale, multi-Council strategies. On this basis Edinburgh signed up to the LBWMP as one of two pathfinder projects in Scotland.
- 2.4 The decision by the new Holyrood Administration to adopt a new waste strategy has the inevitable result that plans which were quite far advanced will need to be reviewed resulting in further delay. The consequence of this will be a

greater risk of Councils incurring landfill penalties and, in this context, the relative apportionment of responsibility for those penalties between national and local government will need to be considered.

- 2.5 Notwithstanding the merits of different national waste strategies, the continued delay and uncertainty is of great concern given the environmental and financial consequences of current landfill levels. This Council will of course continue to work in partnership with other Councils, the Scottish Government and other stakeholders; However, it may be that parallel local plans need to be considered whilst the form of any future potential partnerships continues to evolve. This will be the subject of future reports on the city's waste strategy.

3. Main report

- 3.1 The Cabinet Secretary's announcement focuses upon the following aspects:

- The revocation of indicative allocations of funding to local authority partnerships (£12m pa for LBWMP). This is based upon the perception that such allocations will lead to large EfW plants that are contrary to the current administration's approach towards Zero Waste.
- The development of a new National Waste Plan including a Strategic Environmental Assessment.
- A strong emphasis upon waste prevention.
- Increased recycling targets of:
 - 40% by 2010
 - 50% by 2013
 - 60% by 2020
 - 70% by 2025 ('aspirational').
- Further reduction of landfill to 5% of Municipal Solid Waste (MSW) by 2025.
- No more than 25% of MSW should be treated by Energy from Waste (EfW) plants.
- A strong preference on Combined Heating and Power to increase the resource efficiency of EfW plants.
- The retention of the Landfill Allowance Scheme, but the scheme will be subject to review.
- The removal of ring fencing for the Strategic Waste Fund. These funds have been transferred into general local government settlements and Outcome Agreements are being developed.

- 3.2 The Scottish Government's announcement leaves the future of the OBC in doubt, and will result in a delay in procuring residual waste treatment facilities for all local authorities involved in the LBWMP, and could substantially increase the future cost of waste management for the Council (as landfill costs and taxes continue to increase and as this Council potentially becomes exposed to penalties). The future of the Lothian and Border's partnership is also uncertain, as the ministerial announcement implied a preference towards small-scale, localised waste treatment plans.

- 3.3 The Cabinet Secretary mentioned in his announcement that he will meet with all local authorities that are involved in residual waste treatment partnership. This meeting is essential to seek clarity on the implications of the announcement. The core project team has requested a meeting with MSP Richard Lochhead

and is awaiting confirmation of the meeting. This Council has sought political representation at this meeting.

- 3.4 At the emergency Lead Officers Group (LOG) meeting (29 January 2008), there was general consensus that each council would still endeavour to continue working in partnership, but there was agreement that this may be limited to opportunities which provide value for money for authorities. At the LOG the City of Edinburgh Council expressed an interest in preserving the valuable work achieved to date in partnership-building across the region.
- 3.5 An options paper on the future role of the partnership will be drafted by the Core Project Team. The purpose of the paper is to provide a comprehensive overview of options open for the partner councils to pursue a revised business case for the Project. This will consider scope, delivery and phasing options.
- 3.6 The project team held a preliminary meeting with the Scottish Government to discuss the implications of the announcement and will meet with SEPA in the near future. Some information was provided by officers from the Scottish Government but there are still a number of major uncertainties around recycling definitions and deliverability.
- 3.7 An emergency meeting was held for CoSLA waste managers on 30 January 2008 to evaluate a response to the ministerial announcement. The output of the meeting resulted in a list of points for clarification that was delivered to the Minister later on the same day.

4. Implications for Edinburgh

- 4.1 At this stage it is too early to analyse the full implications of the announcement and the Waste Services team, working in conjunction with the core project team, is working through this. However the list below is an initial indication of the implications of the City of Edinburgh Council.
 - **Continued partnership involvement:** While it is in this Council's interest to remain open to future joint procurement of residual waste treatment facilities, time pressures and lack of financial incentive means that it is important that the Council investigate procurement options independent of the LBWMP.
 - **Private Sector:** The announcement implies that the Government will also be considering commercial/ industrial waste to landfill caps - it is possible that the private sector may react by developing resource efficient plans for residual waste treatment facilities that can assist this, and other Councils.
 - **Recycling:** The Committee recently considered a consultant's report which contained suggestions that could potentially take this Council to 43% recycling. Any moves beyond this point will require a significant reassessment of the recycling strategy and may require additional funding and legislative support. Therefore clarification will be needed regarding the definition of the 'aspirational' target of 70% set for 2025.
 - **Member support – UK Study Tour:** There is a need to clarify particular details behind the statements prior to briefing members on residual waste treatment technology. Therefore a decision has been taken to postpone the UK Study Tour of residual waste treatment facilities scheduled for 26

February 2008. A recommendation of this report is that the Committee approve in principle to take part in a future tour once the impact on Edinburgh of the Cabinet Secretary's announcement has been properly evaluated. It has also been decided to postpone the Sustainable Waste Seminar that was scheduled for 19 February 2008. It is envisioned that either a series of individual group briefings or another seminar will be established in the near future, and we will endeavour to inform interested parties as early as possible as to the date and location of this event.

- **Refund of project costs:** CEC is currently assessing the costs associated with the amount of officer time that has been spent in developing the Outline Business Case. It is also assessing the costs incurred through the partnership's project team and may seek the reimbursement of these expenses from the Scottish Government.

5. Financial Implications

5.1 Detailed work is required to assess how the following points will impact upon CEC's financial position in the medium to long term. Reports will focus upon:

- **Financial impact of CEC procuring a residual waste treatment facility:** The withdrawal of indicative funding for the LBWMP will substantially increase CEC's future cost of waste management given the increased marginal cost of recycling over landfill and EfW costs. Acting independent of a formal joint procurement partnership also exposes CEC to potential claims of under-delivery against its existing landfill contractual obligations. These minimum tonnage fines were to be built into the LBWMP procurement costs and shared by all local authorities involved on a per-tonnage split. The resulting additional costs to other partner councils were to be offset by the volume of waste that CEC would add to the project, resulting in savings through economies of scale.
- **Economies of Scale:** The emphasis placed upon small-scale facilities means that it may no longer be appropriate for other councils to purchase residual waste treatment facilities with CEC.
- **LAS penalties:** In light of the delay that will be incurred for the procurement of residual waste treatment facilities, discussion will be needed between councils and the Scottish Government regarding responsibility for any penalties.
- **Recycling and Waste Minimisation:** How this Council can achieve its own ambitious waste minimisation and recycling targets and make best use of the significant investment in these areas.

6. Recommendations

- 6.1 That the Committee note the material in the report and agree to receive ongoing updates as further information becomes available.
- 6.2 That the Committee approve in principle for CEC councillors to take part in a future residual waste treatment tour, once the impact on Edinburgh of the Cabinet Secretary's announcement has been properly evaluated.



Mark Turley
Director of Services for Communities

13/2/08

Appendices	Appendix 1: Transcript of Cabinet Secretary Richard Lochhead's announcement on Waste Policy, 24 January 2008.
Contact/tel	Simon Hadlee, Edinburgh Waste Services, 0131 529 5844
Wards affected	Council-wide
Background Papers	None

Appendix 1:

Transcript of announcement on Waste Policy made by Cabinet Secretary Richard Lochhead MSP on the January 24th 2008

The Presiding Officer (Alex Fergusson): The next item of business is a statement by Richard Lochhead on waste. As the cabinet secretary will take questions at the end of his statement, there should be no interventions.

14:55

The Cabinet Secretary for Rural Affairs and the Environment (Richard Lochhead): I am grateful for this opportunity to outline the Government's policies for a zero waste Scotland.

In 1999, the Scottish people voted for a Parliament that would improve our environment, and we all agree that Scotland must play its full part in being a good guardian of the planet and an exemplar for the rest of the world.

Managing waste as a resource is an important part of achieving sustainable economic growth and a greener Scotland. Prior to the Scottish Parliament, Scotland's record was dreadful. We were a throwaway society, burying our waste out of sight and out of mind and recycling barely 5 per cent of household waste.

As everyone acknowledges, we need to move away from landfill. Although landfills may be better run and regulated than ever before and although we are capturing more methane from them and using it to produce energy, they remain a waste of valuable resources. They emit the powerful greenhouse gas methane, which is more than 20 times more potent than carbon dioxide, and if we are to play our part in the fight against climate change, we must significantly reduce our greenhouse gas emissions.

With cross-party support, the previous Administration produced the 2003 national waste plan, which has helped us to make progress. The best illustration of that progress can be found in the latest figures, which show that local authorities are now recycling or composting almost 30 per cent of household waste.

I pay tribute to everyone involved in that achievement: the previous Administration, local authorities, the private and community sectors and bodies such as Waste Aware Scotland, Remade Scotland and the Waste and Resources Action Programme. Of course, we could not have made progress without the commitment of householders the length and breadth of Scotland.

However, we must do more to help to address climate change; to ensure that waste is treated as a resource; and to meet European Union targets on reducing the amount of biodegradable municipal waste that is sent to landfill, not only because it is the right thing to do but because we need to avoid massive EU fines. Moreover, we desperately need to focus more and have better information on the commercial and industrial sectors that account for most of Scotland's waste.

Progress has continued under the new Government. For example, we are funding

trials in Perth and Kinross, East Renfrewshire and elsewhere to collect food waste from households for composting, and more councils—such as, most recently, Moray—are looking to introduce plastic-bottle recycling at recycling centres. Some members in the chamber attended our very successful waste summit, which brought together experts from Scotland and overseas to discuss how we might move towards zero waste. Following that summit and the Government's consideration of waste policy, I can now outline the broad principles of how we will move towards zero waste in Scotland. Zero waste is about the zero misuse of resources and about building on the waste hierarchy of reduce, reuse and recycle. As we all agree, moving towards zero waste is a long journey, but it is a journey that we must start now.

Of course, waste prevention is the key. The previous Administration produced an action plan that covered work on the design and lifespan of products, producer responsibility, food waste, packaging, bags, reuse, unwanted mail and home and community composting. We will continue work in those areas. Indeed, we will do more. We will retain the challenging target of stopping growth in municipal waste by 2010. Of course, our ambition and focus as individuals and as a nation must be to reduce the amount of waste that we produce in the first place.

We will consult on a range of potential legislative measures, including waste prevention, to implement zero waste. For example, we could introduce site waste management plans to measure and minimise waste from construction sites. We could also follow the example set by California, where recent legislation requires retailers over a certain size to provide recycling facilities for plastic bags.

Initially, we will continue to provide £2.5 million a year over the next three years to support community recycling. Those funds will be focused on waste prevention and on innovation in recycling and support for social entrepreneurs. That money is in addition to our continuing financial support for the Community Recycling Network for Scotland.

Let me be clear that waste prevention and reducing the amount of waste that is produced will be challenging. It requires changes in behaviour to reduce unnecessary consumption, and everyone has to accept their responsibility. Many householders throughout Scotland are doing their bit, but we need everyone in Scotland to play a part. So too must retailers, who play a key role in respect of matters such as packaging, the marketing of products, food waste and specifying the design of products and packaging.

Reducing the unnecessary use of plastic bags is crucial. After Mike Pringle introduced his member's bill on plastic bags in the previous session of Parliament, the then Scottish Executive became a party to a voluntary agreement with the retailers to reduce the environmental impact of bags. The first substantive results are expected at the end of next month. Clearly, the Scottish Government will want to see significant progress. If that is not forthcoming, it is likely that we will have to take further action.

As well as waste prevention, the Government is committed to a substantial expansion of recycling and composting. Recycling has major environmental benefits, including helping to tackle climate change. The environmental benefits of recycling

are shown in a report that the Scottish Environment Protection Agency is publishing today on the environmental impact of a number of waste management options, including high recycling.

There are economic opportunities in recycling. At the waste summit, David Dougherty, a recycling adviser from the United States, said that one of the ways to increase recycling rates was to treat recycling as a business. We will encourage that approach. There are greater job opportunities in collection, sorting and reprocessing—turning recycled materials into products. Scotland has companies that turn recycled glass into bottles and companies that recycle wood. We have a growing composting industry and a thriving community recycling sector, which often provides job and training opportunities for disadvantaged people.

The Sustainable Development Commission Scotland stated in a report, which was commissioned by this Government and published last month, that Scotland has seen impressive increases in recycling but that there is room to set more ambitious targets. The Government agrees. For a start, we need to be recycling or composting 40 per cent of municipal waste by 2010 to meet the first EU landfill directive target.

The most impressive municipal waste recycling rates that are being achieved in Europe are 60 to 70 per cent, which is double Scotland's current rate. I am today publishing an analysis by the Government of recycling policies in other countries. Scotland must aspire to be up there with the best, so I propose a recycling and composting target for municipal waste of a minimum of 50 per cent by 2013, to help us to achieve our challenging landfill targets that year; a target of a minimum of 60 per cent by 2020, compared with the existing target of 55 per cent; and a further aspirational target of a minimum of 70 per cent by 2025.

I think that, cross-party, we all accept that that is challenging. Scotland has rural areas and cities with flats and tenements. It is harder to recycle in blocks of flats, but the challenge can be met through the provision of sufficient on-street recycling facilities and advice to householders. We will continue our work on the provision of information and advice to the public on recycling and we will help to develop markets for recycled materials. For example, we will need to focus on markets for mixed plastics. This Government will engage further with retailers on the types of materials that they use for their products and packaging, to ensure that more of those materials can be recycled.

We will retain the existing landfill allowance scheme for local government in the meantime to ensure a continued focus on landfill reduction. However, we have discussed the issue with the Convention of Scottish Local Authorities and have agreed to bring forward an early review of the scheme.

I have outlined our ambitions on recycling. The Government also wishes to be ambitious about reducing the amount of waste that is landfilled. Our aim is to reduce the amount of municipal waste that is landfilled to a maximum of 5 per cent by 2025. If we wish to reduce landfill to 5 per cent by 2025 and increase recycling to 70 per cent over the same period, we need a solution for the remaining 25 per cent of municipal waste.

There are several forms of waste treatment. I want to make a number of points clear

today. As I have said, the Government's priorities are to reduce the amount of waste that is produced, encourage reuse, and recycle as much as possible. We support technologies such as anaerobic digestion, which can be used to treat food waste and produce biogas. Some exciting initiatives to generate energy from biogas are proposed. The Government fully supports that innovative and effective technology.

In our approach to waste, we are determined to remain mindful of the wider climate change challenge and our energy policies. That is why the Government is opposed to large, inefficient energy-from-waste plants. Such plants could easily become white elephants and drain public funds. They require excessive transportation of waste and could crowd out recycling and waste prevention.

However, many countries use energy from waste to move away from landfill. It forms part of their work to obtain value from a resource, rather than simply putting waste straight into landfill. In a report last month, the Sustainable Development Commission said: "energy from waste may be, in the right circumstances, compatible with sustainable development and a move towards a Zero Waste society".

Of all the options that SEPA considered, the option of 70 per cent recycling with 25 per cent energy from waste performed the best in relation to climate change and non-renewable resource depletion. At the waste summit, we had a vigorous debate on the issue. A very significant majority thought that energy from waste should have a limited role but that energy from waste is preferable to landfill. Used efficiently, energy from waste can make a contribution to our energy needs and reduce our reliance on fossil fuels. Of course, heat can also be recovered.

In considering waste policy, we have taken account of key areas such as the proximity principle, energy policy and climate change. For example, our wood fuel task force, which has just reported, shows that waste wood can make a useful contribution to energy by way of biowaste.

We are proposing that, by 2025, no more than a quarter of municipal waste, which amounts to less than 4 per cent of all Scotland's waste, should be treated by energy-from-waste plants. Of course, the cap of one quarter will include anaerobic digestion, if it is used to treat mixed waste.

In the indicative allocations that the previous Administration awarded to local authorities last year, it envisaged that in some areas, such as the Lothians and Lanarkshire, around 40 per cent of municipal waste would be incinerated. The Lothians suggested that around 50 per cent of their waste could be incinerated.

The Government rejects that option. We will include our 25 per cent limit for energy-from-waste technologies in the national planning framework, at both national and regional level. We will also lay down conditions to reflect our view that energy-from-waste plants must deliver a high level of efficiency through combined heat and power or district heating. To back up that preference, SEPA is strengthening its existing guidelines on thermal treatment of waste to require applicants for environmental permits to show how they intend to achieve the necessary levels of efficiency.

As I mentioned, the previous Administration provided indicative allocations to groups

of local authorities for residual waste infrastructure, most likely to be energy-from-waste plants. We cannot support the building of large energy-from-waste plants that have low efficiency levels, which could prove a disincentive to recycling and require major public funding over a very long period. We will not support such large-scale waste incineration in any part of the country. We are therefore revoking the indicative allocations and my officials are writing to local authorities accordingly. I will, of course, offer to meet authorities in due course.

The Scottish Government has a zero waste fund of over £150 million over the next three years. We intend to allocate over £100 million of that fund to support recycling and composting infrastructure, including anaerobic-digestion plants that treat source-segregated organic waste, high-efficiency energy-from-waste plants, and other facilities that divert waste from landfill and have high environmental performance. I will establish a short-life working group with COSLA to discuss how best to use those resources.

The remainder of the zero waste fund will be used to support work on markets for recycled products, waste education and awareness, community recycling, waste prevention and commercial and industrial waste. Most of Scotland's waste is commercial and industrial. Unfortunately, of course, the main lever in this regard, the landfill tax, is for the time being reserved.

The Scottish Government has powers in areas such as placing a ban on sending material to landfill, producer responsibility, and advice to business on waste prevention, through bodies such as Envirowise. I propose to increase the focus on commercial and industrial waste. In particular, I will consult on new targets to reduce the amount of commercial waste that goes to landfill. That consultation forms part of a review of the national waste plan that I am announcing today. I have outlined a number of new proposed targets and policies. It is right that those policies and targets should be included in a revised plan, which will go through a strategic environmental assessment and will be subject to wide-ranging consultation.

We will set up a zero waste think-tank to bring together leading authorities from Scotland and overseas who can advise on the best way of achieving zero waste. I hope that parliamentary colleagues will get involved in the debate on reviewing the national waste plan so that we can achieve cross-party consensus on this long journey.

Effective waste regulation is vital for protecting the environment and human and animal health. Equally, we must ensure that waste regulation is proportionate, so that we do not impose unnecessary burdens on business. Along with SEPA, I am publishing our response to the consultation on better waste regulation that was carried out last year. The response outlines future steps that are designed to achieve the more effective regulation of waste. This statement has outlined a new direction for waste policy in Scotland. At the heart of our policy proposals are commitments to move Scotland towards zero waste and to make Scotland greener. I commend the statement to Parliament.

The Deputy Presiding Officer (Trish Godman): The cabinet secretary will take questions on the issues raised in his statement. I will allow around 30 minutes for those questions, after which we will move to the next item of business.

Sarah Boyack (Edinburgh Central) (Lab): I thank the cabinet secretary for the advance copy of his statement. I welcome his efforts to build on the progress that has been made during the past eight years, with revised and ambitious targets. However, I say up front that Labour has strong concerns about the practicalities and delivery of some of his proposals.

In the Scottish National Party budget, it is clear that less money is available for local authorities. Audit Scotland is clear that a more radical approach to reducing waste and significantly increasing recycling will be more expensive. There are also fears that Scotland will not meet the EU's targets on diversion from landfill. If the minister is not fully funding local authorities and is not approving their existing plans, will he accept liability should the targets not be met?

The cabinet secretary made great play of his new cap on energy from waste—no more than 25 per cent of waste will be used for that. In his interview with Radio Scotland this morning, he did not rule out incinerators, but he will have to clarify his intentions. His statement this afternoon accepted the philosophy of waste reduction in the Sustainable Development Commission's report, which recommends that 60 per cent efficiency targets be imposed on energy-from-waste plants. Will he ensure that those targets are in place in the operation of the plants from day one? There are strong concerns that targets might never be achieved if they remain simply an aspiration.

I want to ask the cabinet secretary about his support for the proximity principle. He said that he will not support large amounts of incineration in any part of the country, but what will a 25 per cent cap at a regional level mean for individual local authorities? Will some areas have to import waste from other parts of the country?

Richard Lochhead: We have a budget of £154 million for the zero waste fund over the next three years. We have transferred £65 million a year to local government to meet existing commitments under the waste obligation. Over and above that, grant aid has gone to local authorities to deal with waste collection. I want to give the Labour Party and Sarah Boyack an assurance. The previous Administration massively underspent the waste budget, but this Government will spend its waste budget in order to achieve its ambitious targets. I am therefore very confident that, over the next three-year spending period, more money will be invested in reducing Scotland's waste mountain than was spent in the previous three-year period.

I tried to make it clear in my statement that we are laying down strict criteria on energy from waste. I hope that that will have cross-party support; it will certainly have lots of support outside the chamber and across Scotland. As I have said, we propose a cap on the proportion of waste that can go to energy-from-waste plants. Also, if proposals for such plants are forthcoming, the plants will have to be highly efficient and will have to take the proximity principle into account. Ultimately, this will come down to the guidelines from SEPA. We will discuss the issue with SEPA, which will have to issue the permits to any proposed facility in any part of the country.

We will wish to discuss the proposed regional cap with local authorities. It is not a local authority cap but a regional cap to ensure that no one part of Scotland is diverting massive amounts of waste to energy-from-waste plants as opposed to concentrating on recycling and other forms of reducing waste in the first place.

I hope that that gives some comfort to the member. I genuinely believe that there is consensus throughout Scotland. Our proposals have the support of the Sustainable Development Commission and SEPA. The overwhelming majority of the more than 120 experts from Scotland's local authorities and organisations who attended our waste summit were in favour of a limited role for energy from waste, provided that the energy plants are highly efficient. Combined heat and power was the favoured option. I hope that we can maintain the cross-party consensus.

John Scott (Ayr) (Con): I thank the minister for the advance copy of his statement, the content of which I broadly welcome. Moving towards zero waste is a worthy aim, which the Scottish Conservatives are pleased to support. I especially welcome the concept of reduce, reuse and recycle that is outlined today through the pillars of waste prevention, new legislation and community recycling, as well as the focus on commercial and industrial waste. However, arguably the most contentious aspect of the statement is the Government's rejection of the previous Administration's approach to incineration on the part of local authorities and the introduction of a 25 per cent limit for energy-from-waste technologies, with capping being put in place. What compensation will be available for local authorities that may already have committed funds to developing plans or purchasing land for incineration facilities?

Further, I was struck by the plethora of targets in the statement and would be grateful if he would outline how progress towards meeting those will be measured.

Finally, the minister may be familiar with the Ecodeco intelligent transfer station in Dumfries and Galloway, which was highlighted by the BBC this morning. It is due to process up to 65,000 tonnes of waste a year. As the minister may know, that all-singing, all-dancing facility is a private finance initiative scheme. In the light of his party's previous statements on PFI, will he give an assurance that schemes such as that will not be jeopardised in future?

Richard Lochhead: On the issue of compensation for local authorities where the indicative allocations have been withdrawn, as I said in my statement I have offered meetings to the local authorities concerned. I have met them previously, a few months ago, when they outlined their views on the matter, and I am willing to meet them again to discuss their response to today's statement. As I rose to my feet, they were being informed of our decision. I will discuss all elements of that decision with those local authorities. I make no commitments at present on where those conversations might go.

We have laid down ambitious targets for the future. I think that all parties in the Parliament accept that the 2013 target on reducing landfill, to help Scotland to avoid fines, is a tough target to meet. It has been a tough target to meet for some time, and not simply since the new Government came to office. All parties should recognise that, and some in particular should take responsibility as well. However, I am confident that we will meet the 2013 target. A lot of effort has been put into that. The fact that we have achieved the 30 per cent target for the recycling of household waste early is a good sign that local authorities in Scotland, with the support of all parties in the Parliament and of course the Government, are up for this. I am confident that we will meet the 2013 target. It will be challenging, but we will do it.

I have not had the opportunity to visit the facility in Dumfries and Galloway. I look

forward to learning more about it in the near future.

Mike Rumbles (West Aberdeenshire and Kincardine) (LD): I thank the minister for the advance copy of his statement. In that statement, the minister announced a working group, a review, a consultation and a think-tank. What he did not announce was the evidence from the budget report that showed that the Government is removing £26 million from the strategic waste fund. The new zero waste fund, at only £41 million, is now lighter by £26 million—perhaps the minister has given us a new definition of moving towards a zero waste target. The £65 million he mentioned in response to Sarah Boyack, is a cut in real terms to local authorities. They received £65 million last year; they will get £65 million this year. Audit Scotland's report, published on 20 September, makes it clear that there is a significant risk that the EU landfill targets will not be met. How can the minister reconcile that with his approach of decreasing funding by removing the £26 million, and maintaining the £65 million to local authorities without allowing for inflation, thereby encouraging not recycling—for which local authorities do not have the money—but a move towards incineration?

Richard Lochhead: Mike Rumbles at least began graciously. However, I will address his more negative points. Had the previous Administration—if I recall correctly, there was a Liberal Democrat Minister for Environment and Rural Development—not delayed some important decisions over the past few years by dilly-dallying over them, to the dissatisfaction of local authorities, we might be even further forward today. It is important to make that point.

On the budget, I reiterate what I said in response to Sarah Boyack. I am completely confident, and there is plenty of evidence to show, that the expenditure on tackling waste over the next three-year spending period will be considerably more—millions of pounds more—than during the previous three-year spending period.

On the money that is transferred to local authorities, it is sad that the member does not trust his or other local authorities to spend the required investment on tackling Scotland's waste problems. I know that they are up for it. Many of them are achieving their targets early, and we should commend them for that. Because of the generosity of the local government settlement, local authorities have the flexibility to add to their waste budgets if they wish. Perhaps some of them will do so. We will discuss the outcome agreements with local authorities in the coming weeks, reflecting the SNP Government's new waste policy.

Roseanna Cunningham (Perth) (SNP): Does the cabinet secretary agree that a great deal of domestic waste emanates from the contents of our supermarket shopping—and not just from carrier bags and food waste, whether compostable or otherwise?

The cabinet secretary sets targets for the reduction and prevention of waste but, short of dumping excess packaging on the supermarket floor to avoid it being added to our own household waste, will he indicate how he will bring about the changes that will be required if we are to make a substantial difference to that aspect of the waste mountain and if we are to meet the increased need for recycling facilities?

Richard Lochhead: I thank Roseanna Cunningham for her question. As I indicated in my statement, we take the role of the retailers in achieving our targets extremely

seriously. The difficulty with persuading many supermarkets to reduce needless packaging and to put greater demands on their suppliers to reduce such packaging has been raised in Parliament many times over the past few years.

The legislation on excessive packaging is reserved to the United Kingdom Government. I am disturbed to learn that there have been only four prosecutions under that legislation in the UK since the provisions came into effect. There have been no prosecutions in Scotland, and I am keen to investigate why that is the case. Perhaps we should be doing more to send a stronger message to retailers.

We are building up a positive relationship with supermarkets, and their waste strategies and policies will be at the top of the agenda as we meet their representatives over the next few weeks and months. The packaging issue will also be central to the work of the zero waste think-tank that we are setting up.

Des McNulty (Clydebank and Milngavie) (Lab): I think that dumping excess packaging on supermarket floors is a very good idea that we should consider.

I return to the budget arrangements. The minister can be secure in saying that only the money that he allocates directly from the zero waste fund will actually be spent on tackling waste. He cannot be certain that the money that he allocates to local government will be spent on waste. That is the reality of the situation.

Furthermore, the minister has not taken account of the pattern of the distribution of resources from the strategic waste fund in the past, which means that some authorities are in a fundamentally different position from others. In my constituency, East Dunbartonshire has received a very substantial amount from the strategic waste fund, but West Dunbartonshire has not.

Given that the Government is distributing the money on a formula basis, how does it take account of the different departure points that different local authorities are at? It is the Government's mechanism that will be used, so will the Government accept liability and responsibility for the fact that some authorities will find it extraordinarily difficult to make the appropriate contribution to meeting the waste targets? Will the minister consider whether commercial waste should be counted into local authority targets and will he give local authorities the powers to enforce adherence, which would lead to a step change in dealing with waste properly?

Richard Lochhead: I thank the member for his many questions; I will try to address at least two or three of them. First, West Dunbartonshire Council must be extremely upset with former Labour ministers if it did not get a fair share of the strategic waste fund when they were in power. We will certainly do our best to ensure that local authorities that bring forward constructive proposals get their fair share of the Government's funding.

The announcements that I have made today will be reflected in the single outcome agreements that will be negotiated with each local authority in Scotland.

The member should be more optimistic. As we speak, East Renfrewshire is bringing forward new proposals, as are Moray Council and Perth and Kinross Council.

Clearly, over the past couple of weeks, a number of local authorities have shown that they have a great deal of confidence that, in the years ahead, they will have the resources to spend on new, innovative measures to tackle Scotland's waste issue. He should have more trust in the ability of our councils to take their environmental obligations seriously, because they are doing so.

On the position of each local authority, we have to maintain a degree of flexibility, as the situation differs in each part of the country. Various authorities have generated different policies over the past few years and that must be taken into account. We must maintain a degree of flexibility in relation to the proposals that local authorities ask Government to support.

Jamie Hepburn (Central Scotland) (SNP): Does the cabinet secretary agree that taxation can be about more than just the economy and that, if it is used properly, it can boost environmental initiatives? He spoke about landfill. Does he believe that control over the landfill tax should be the preserve of the Scottish Government and this Parliament? Does he believe that the unionist parties should consider that issue as part of their tripartite commission that is investigating the devolution of more powers to the Scottish Parliament?

Richard Lochhead: Of course I believe that if this Parliament had greater options to work up eco-taxes—if we had the fiscal powers to do so—that would greatly help our environmental and waste strategies. Unfortunately, for the time being, we do not have those powers. Perhaps that is something that the other parties in this chamber can reflect on. The environment is far more important than the unionist parties' obsession with the constitution.

Control of the landfill tax should be devolved to this Parliament. It is estimated that, of the roughly £1 billion that the United Kingdom raises from landfill tax, perhaps—I say "perhaps" because Scottish figures are not published—up to £100 million is generated in Scotland. That will not be reflected in our Barnett consequentials, so we are paying a net fund to the UK Treasury under the landfill tax. Of course, we should be able to retain that resource in Scotland in order to invest it in the future of Scotland's environment.

Robin Harper (Lothians) (Green): At least the cabinet secretary seems to be moving in the right direction. New Zealand is entirely free of municipal waste incineration. Does he agree that allocating what looks like being a permanent quota of 25 per cent of recyclable waste to incineration-based energy-from-waste plants can never fit comfortably within a zero waste policy? Given that recycling the fraction of waste that he proposes to send to energy-from-waste plants would save between two-and-a-half to five times the energy that could be produced by energy-from-waste plants, does he agree that energy-from-waste schemes represent an emergency counsel of despair—landfill in the sky—that we should reject utterly?

Richard Lochhead: I understand that the amount of waste that is sent to landfill in New Zealand is enormous. New Zealand might not have energy-to-waste plants, but it sends an amount of waste to landfill that is way beyond the amount that we hope to send to landfill. If Robin Harper is suggesting that it is better for climate change targets and for the environment to lock up valuable natural resources in big black holes in the ground, rather than getting some benefit from them, I have to

disagree with him. We agree on many things in connection with environmental policy, but, it seems, not that.

The independent and impartial Scottish Environment Protection Agency, the independent and impartial Sustainable Development Commission and those who attended the waste summit also agree with me that, rather than putting our rubbish into big black holes around Scotland in the coming decades, we should find better uses for it that can help us to achieve our climate change targets and other benefits at the same time.

We are laying down a maximum cap on waste that is diverted to energy-from-waste plants, should that be the option favoured by a number of local authorities in Scotland. The choice, however, remains with the local authorities—they might wish to exceed our recycling targets, for example. It is a cap, so it is a maximum figure. If new technologies come forward—I do not know, and no member in the chamber knows, what will happen in the next few years—they will perhaps offer local authorities more options. We are simply laying down the criteria that we think are appropriate for Scotland should any local authorities wish to go for energy from waste.

Rob Gibson (Highlands and Islands) (SNP): I am glad to hear the minister talking about waste as a great economic opportunity. Will he introduce a more integrated measurement of the value that is delivered by social enterprises involved in waste management, such as the Golspie Recycling and Environmental Action Network—which is a good example that is local to me—so that their funding packages from local government take account of the job creation and other social benefits that they deliver, and are not judged for funding solely on the tonnage of waste that they divert from landfill?

Richard Lochhead: Rob Gibson reminds us of the valuable contribution that social enterprises and the community sector make to our local communities, not just through recycling and achieving environmental objectives, but by giving employment to those who are perhaps more disadvantaged and by creating jobs generally.

As I mentioned in my statement, Mr Dougherty, who came over from the United States and spoke at our waste summit, pointed out that there are huge job creation opportunities. We have to encourage a climate in which businesses are starting up, whether they are social enterprises or businesses in the private and profit-making sector, and becoming self-funding in the future. The waste policy that we are announcing today is a huge business opportunity, and many businesses have taken advantage of previous waste policies in previous years.

I certainly agree that there are huge job creation opportunities, and I know that the local authorities that fund many of the social enterprises take into account factors other than the volume of waste that those organisations deal with, such as the social and economic benefits that flow from them.

Iain Gray (East Lothian) (Lab): The cabinet secretary said that the 25 per cent limit for energy-from-waste technologies will be included in the national planning framework, both nationally and regionally. East Lothian Council has before it a live planning application for an energy-from-waste plant. Without, of course,

commenting on the specifics of that proposal, can he say whether, in principle, the new limit would be a material consideration in determining the outcome of an application that has already been submitted?

Richard Lochhead: As the member helpfully points out, I am limited in what I can say with regard to live applications. Speaking generally, Col 5506

however, I repeat the point that I made to Sarah Boyack, which is that the permits that are required by such plants in Scotland have to be issued by the Scottish Environment Protection Agency. Our forthcoming discussions with the agency, which will take place in the coming weeks, will reflect what I have announced in today's statement, with regard to the Government's policies. Therefore, SEPA can take those factors into account.

Jim Hume (South of Scotland) (LD): In the past three or four years under the previous Administration, when the Liberal Democrat Ross Finnie was in charge of this area, we trebled recycling rates to 30 per cent in Scotland—I wish that the Cabinet Secretary for Rural Affairs and the Environment would perhaps be as ambitious as his predecessor.

How will the cabinet secretary ensure that local authorities meet their targets, given the recent Audit Scotland report that stated that local authorities face real challenges in meeting landfill targets? The EU has said that it will fine countries that do not meet those targets. Does that mean that if Scotland does not reach its targets, the Government will fine councils for not meeting their individual targets?

Richard Lochhead: I reiterate that the 2013 target is challenging, but I am confident that, with local authorities, central Government and everyone else who is involved working together, we can achieve it. It is absolutely vital that we do so; otherwise, as the member rightly points out, there will be fines. The landfill allowance scheme that currently applies to local authorities can lead to penalties for local authorities if they fail to meet their obligations to divert from landfill. We work on a case-by-case basis, so it is difficult for me to project what the situation may be post-2013 if local authorities fail to meet their targets. Our energies, investment, resources and time must be devoted to ensuring that we meet the 2013 target.

Shirley-Anne Somerville (Lothians) (SNP): I welcome the cabinet secretary's statement, in which he set out a clear vision for Scotland's waste strategy.

My question is about the Government's plans for and views on large-scale incineration projects. I draw the cabinet secretary's attention to the great concern among my constituents in Edinburgh and the Lothians about plans that the previous Executive initiated for a large incineration plant for the Lothians and the Borders. I am sure that my constituents would welcome his reassurance that the Government does not want to go down that road, which is wrong for communities and for the environment.

Richard Lochhead: Shirley-Anne Somerville mentioned her constituents' views. We should remember that today's announcement is all about our constituents' views and what is best for their futures and for Scotland's environmental future. I believe that her constituents will welcome today's statement and that people in Scotland will

support energy-from-waste plants, if they are highly efficient, if the proximity principle is taken into account and if the schemes do not divert our attention from recycling and reducing the amount of waste that we produce in the first place. That is the purpose of today's announcement.

We should remember that the technologies that are available today, which I outlined in my statement, are a million miles ahead of the technologies that were deployed in some of our communities in the past few decades. It is worth pointing out to the Parliament and to Scotland that many clean and environmentally friendly plants with high environmental performance are being built throughout the world. I hope that some of those technologies will play a role in Scotland if that is deemed appropriate.

Michael McMahon (Hamilton North and Bellshill) (Lab): Is the minister aware that, for some months, North Lanarkshire Council and South Lanarkshire Council have been concerned about delays to their Lanarkshire waste management procurement project? The uncertainty that has been introduced in the funding for the provision of waste infrastructure to deal with residual waste cannot remain unresolved in Lanarkshire. The project is not some impulsive Las Vegas-style public investment gamble, but a well-constructed local authority environmental collaboration. Both the councils hoped that today's statement would end the indecision that is impacting adversely on the LWMP project. As he made no specific reference to that project, will he confirm definitively where it stands in light of his statement? Specifically, who will pay if Lanarkshire does not meet its targets because of Scottish Government delays in funding decisions on that proposal?

Richard Lochhead: When I have spoken to local authorities in Scotland, they have often expressed to me their unhappiness with the two-year or so delay that they experienced under the previous Administration. That happened simply because the decisions and policies are challenging. I accept that we have now been in power for eight months, during which we have had to work with Scotland to put together and develop the zero waste strategy that we want to be implemented throughout the country. The decisions that are involved are difficult ones that will affect future generations in Scotland and the financial ability of future Parliaments to fund multimillion pound schemes. Should certain large-scale projects go ahead, they will drain our public finances and will have to be fed with hundreds of thousands of tonnes of waste, year in, year out for decades, which is not in the interests of finances in Scotland or the environment. On the Lanarkshire proposals, any such proposals in Scotland that we are asked to fund must fit with the Scottish Government's aspirations and objectives.

The Deputy Presiding Officer: I hope to get in all members who want to speak, and I will do so if members ask a question and do not give me a story and then a question.

Nanette Milne (North East Scotland) (Con): I welcome the Government's intention to encourage a business approach to recycling. I am particularly interested in its stated intention to develop markets for recycled materials. Will the cabinet secretary expand a little on how he proposes to do that? It is crucial that recycled goods provide an income stream for the local authorities that recycle them. There have been problems in the past—with paper for example—in getting an economic return

when there is a world glut of the product.

I make a plea for better designed on-street recycling facilities such as I have seen in France, where large receptacles are often situated underground and the streets are not cluttered with untidy bulk waste bins, which we see in many of our city centres.

Richard Lochhead: Nanette Milne raises a couple of interesting points. On encouraging better design, one of the reports that we are publishing today might not go into detail, but it is designed to ensure that we learn from what is happening elsewhere in the world. It is important that our zero waste think-tank, which we will set up shortly, and other initiatives reflect on the fantastic things that are happening in the country, such as those that Nanette Milne mentioned, or elsewhere in the world. We will certainly do all we can to learn from them.

On creating new markets, we are keen to involve more organisations in the private sector and our economic agencies in our zero waste strategy. We want to get all those people around the same table and to view the strategy as a massive economic opportunity as well as an environmental opportunity. One of the purposes of today's statement is to point us in that direction. Our consultation on the national waste plan for Scotland will give us another opportunity to consider the issues.

Cathy Peattie (Falkirk East) (Lab): Does the minister agree that the danger of building incinerators and recovery plants that use refuse derived fuel is that they create demand for rather than discourage residual waste? Will he assure me that such schemes will not go ahead unless they contribute to a reduction in greenhouse gas emissions; that safeguards will be put in place to ensure that the focus remains on recycling and minimising RDF production; and, most important, that no scheme will be permitted without proper consultation with and support from stakeholders and communities, so that schemes do not arrive in folks' backyards without their being involved?

Richard Lochhead: Cathy Peattie agrees with virtually everything that I said in my previous answers and my statement. Any proposal from a local authority has to go through a considerable consultation process. Such consultations are local processes and only in certain circumstances would central Government get involved. I mentioned SEPA's role in determining the efficiency of a proposed scheme and the other factors that would apply.

The schemes that meet our criteria have to be highly efficient. The 60 per cent energy efficiency figure that the Sustainable Development Commission gave is a good one. I hope that the planning process will take such figures into account.

Mike Pringle (Edinburgh South) (LD): I thank the minister for his statement and his reference to plastic bags in particular. As I have said previously, voluntary schemes never work. The fact that such schemes do not work means that he will have to take further action. Does he agree that, even since May, the issue of plastic bags has moved up the agenda? Local authorities in London are seeking legislation, Marks and Spencer is going to impose a charge for plastic bags from next month, China is banning plastic bags—of course, China is not a democratic society—and even Gordon Brown has called plastic bags a scourge.

Does the minister agree that a levy is not just about raising funds but about reducing plastic bag use, which impacts directly on recycling rates? A good example of where that has happened is Ireland, where a levy was imposed some years ago and where recycling rates have gone through the roof.

Richard Lochhead: I pay tribute to Mike Pringle's contribution to the debate about the role of plastic bags and their environmental impact. I was an Opposition member on the former Environment and Rural Development Committee, which considered his member's bill on plastic bags. That was at times quite a tortuous experience, but it was educational too. His efforts and those of others have had an impact on public consciousness and on the policies of many of our supermarkets, for which they should take great credit.

As I said in my statement, we will pay close attention to the first substantive report on the progress of the voluntary agreement between central Government and retailers, which is due to be published at the end of next month. We will reflect on that and in doing so will have correspondence or, no doubt, meetings with Mike Pringle to gauge his views on what progress has been made and on the way forward.

Peter Peacock (Highlands and Islands) (Lab): The cabinet secretary has mentioned more than once the impressive progress that Moray Council has made on recycling, on which I share his view. However, despite that progress, not all the rural areas of Moray are covered by the council's recycling scheme. Moray Council recently joined Highland Council in making a submission to improve recycling and other services, but the councils were asked to withdraw that submission pending the outcome of the spending review. I would be grateful to know whether the cabinet secretary would welcome the resubmission of that application and support it. Further, will the cabinet secretary consider introducing legislation to reduce the council tax of people who contribute positively to recycling and reducing waste in their households?

Richard Lochhead: I thank Peter Peacock for his questions and for mentioning Moray. I assure him that I hope that my constituents—the people of Moray—will warmly welcome today's statement.

Moray Council and Highland Council will have the opportunity to produce their own proposals, which I hope will reflect the Government's policy intentions, which were outlined in the statement. We will take it from there in deciding what support might be available from central Government.

As for future legislation, all that I can say is that, if the SNP Government has its way, there will be no council tax in Scotland.