



Opposition costing for banning food waste from landfill

Description of policy
<ul style="list-style-type: none">• On 8th September, HMT Special Advisers commissioned an opposition policy costing for the impact on Landfill Tax (Lft) revenues of banning food waste from landfill.• The relevant published opposition policy was cited as a speech at the Labour Party Conference in 2013, by Mary Creagh – Labour’s Shadow Secretary of State for Environment, Food and Rural Affairs. The relevant line is: “A One Nation Labour government will ban food from landfill so that less food gets wasted in the supermarket supply chain and more food gets eaten by hungry children.” (link: http://press.labour.org.uk/phost/61966631139/mary-creaghs-speech-to-labour-party-annual-conference)
Additional policy assumptions
<p>Special Advisers also confirmed the key assumptions they wished to be used:</p> <ul style="list-style-type: none">• Assume food is banned in landfill from 2015/16.• Assume Local Authorities make alternative arrangements to deal with food waste that does not involve landfill.• Assume 100% compliance with the opposition’s ban on food waste in landfill.• Assume that the policy applies only to England – where the UK government has the power to apply it. <p>As opposition policy costings are not required to include behaviour, this costing will focus on estimating the share of landfill tax revenues that currently come from food waste tonnages. This is equivalent to the cost of a ban on food waste to landfill.</p>
Additional technical modelling assumptions or judgements required
<p>The key inputs to this costing are:</p> <ul style="list-style-type: none">• Estimated UK and England tonnages of food waste to landfill provided by Defra.• Forecast UK Lft revenues and tonnages from the OBR’s Budget 2014 revenue forecast.• An assumption regarding the share of Lft revenue that is standard rated, made by HMRC based upon the forecast.• An assumption, made by HMRC, that Defra’s calendar year forecast can be converted to fiscal years using the standard 75:25 ratio. (i.e. there is no substantial seasonality in food waste to landfill).

- This costing assumes that the policy will apply only to England. However, the OBR's forecast is based upon UK LfT revenues. The costing therefore used Defra's estimates of food waste to landfill in England and the UK to estimate the share of UK food waste revenues that pertain to England.
- The impact on Defra and Local Authority spending has been calculated on the additional basis that start up costs begin in 2015 and the model has a 5 year lead-in period so that 100% compliance is reached in 2020.

If needed, information required on distributional effects of the policy

N/A

Cost/Revenue to the Exchequer over five years

The table below provides an estimate of the amount of LfT revenue from food waste in England. This is equivalent to the cost to LfT revenues of a ban on food waste to landfill, in the absence of behaviour. This table assumes a full ban on food waste from landfill from 2015.

(£m)	Revenue				
	2015-16	2016-17	2017-18	2018-19	2019-20
Total (rounded, £5 million)	475	475	470	465	465

The table below provides an estimate of the impact of a ban on food waste to landfill to Defra public expenditure. The costs noted below are largely driven by communication and enforcement costs, which could be borne by Defra. The impact on Defra and Local Authority spending has been calculated on the additional basis that start up costs begin in 2015 and the model has a 5 year lead-in period so that 100% compliance is reached in 2020.

(£m)	Start-up cost	Year 2	Year 3	Year 4	Year 5
	Current	2	0	1	0

Costs for collection and treatment will also be borne by Local Authorities. The central estimate of these costs is as below. Assessing the net impact of the policy on LAs is subject to greater uncertainty than the costs to central government. Additionally, LA costs are modelled net of landfill costs *excluding* taxation and as a result cannot be added to the costings above to give a total net cost for central and local government.

(£m)	Start-up cost	Year 2	Year 3	Year 4	Year 5
	Collection and treatment costs (borne by Local Authorities)	0	16	27	34

Distributional effects (if none requested, any significant):	
N/A	
Comparison with current system (if applicable):	
N/A	
Other comments (including other Departments consulted):	
Defra provided the estimated UK and England tonnages of food waste to landfill, and also provided the estimates of the impact upon Defra and Local Authority spending. UK LfT revenues and tonnages were taken from the OBR's Budget 2014 forecast.	
<i>To be completed by Permanent Secretary's Office</i> Date costing signed off:	9 October 2014
<i>[If applicable]</i> Date revised costing signed off:	