

CALDERDALE MBC

WARDS AFFECTED: ALL

CABINET

11th JANUARY 2006

WASTE DISPOSAL

Report of the Group Director, Health and Social Care

1. Issue

- 1.1 The need to procure an alternative solution to landfill for future waste disposal.

2. Need for a Decision

- 2.1 The combined effect of the Landfill Allowance Trading Scheme (LATS) impact and the lead in time to procure alternative disposal solutions require progress now to avoid future financial penalties.

3. Recommendation

- 3.1 To authorise the Group Director Health and Social Care to investigate the potential for working with the City of Bradford MDC in the procurement of a waste disposal solution that will meet the needs of both Councils and avoid incurring penalties imposed by the Landfill Allowance Trading Scheme.
- 3.2 To require the Group Director Health and Social Care to report to a future Cabinet on the detail of this option.

4. Background

- 4.1 Cabinet at the meeting on the 18th July 2005 considered a report on Waste Management Strategy and resolved that “approval be given to a review of the Waste Management Strategy and the Group Director, Health and Social Care be requested to report back at the earliest opportunity with schemes for the diversion of waste from landfill”. This report is in response to the second part of that resolution.
- 4.2 All Waste Disposal Authorities are facing the requirement to divert waste away from landfill as a result of the introduction of the Landfill Allowance Trading Scheme. This common requirement has prompted a number of meetings to consider options with regard to joint working with other authorities over the last 18 months. These include meetings with all other West Yorkshire Authorities and the Greater Manchester Waste Authority.
- 4.3 The West Yorkshire meetings were chaired by the Director of the Public Private Partnerships Programme, an offshoot of the Local Government Association with expertise in local government procurement. It became clear from these meetings that authorities are at different stages of this process. Kirklees for instance have an energy from waste plant that will meet their short to medium diversion requirement, Wakefield have already embarked on a procurement exercise to find a solution and Leeds is of such a size that joint procurement of disposal facilities would hinder their progress as the size of plant required would be larger than the industry maximum normal for such an operation.
- 4.4 Waste from Calderdale is presently disposed of at landfill sites in Greater Manchester therefore the possibility of working with that Authority was explored but their procurement was too far advanced by that point to be changed to include Calderdale.
- 4.5 City of Bradford MDC, like Calderdale, disposes of the vast majority of its waste by using transfer-loading arrangements to take the waste to landfill sites outside the district. Also like Calderdale the LATS permits available to it require a solution to be found in the same time frame. Bradford have completed a review of their Waste Strategy and decided to address the diversion from landfill requirement by procuring outcome-based solutions. The proposed tenders will not specify a pre-determined technology in terms of method of disposal. In other words they will look for contracts that will give the necessary level of diversion away from land filling, but let the market place come forward with such options as they can deliver to achieve that requirement. Bradford as part of their review considered joint working as an aspect of delivering the strategy and is offering Calderdale that option.

- 4.6 Over the last 18 months Calderdale Waste Partnership has considered the various technologies available as alternatives to land filling. Each alternative has its advantages and disadvantages, but some common principles have become clear from these considerations: -
- all alternatives are more expensive than present landfill costs,
 - they require significant capital investment,
 - the number of companies willing and able to deliver acceptable solutions is very limited and the demand is such that they will choose to bid for only those contracts that are attractive,
 - for a contract to be attractive it is necessary to limit the amount of risk being transferred,
 - asking the contractor to find suitable sites for disposal plant and obtain planning permission is a level of risk transfer that will make a contract unattractive,
 - some of the technologies that are being offered are in fact only pre treatments and not end disposal options and are dependant on an as yet uncertain market to take their outputs.

5. Options

- 5.1 Calderdale could choose to procure a disposal solution that would deal with only its own waste. Plants are available that will deal with the likely tonnages that will have to be diverted in Calderdale, locating a plant in the Borough would have the advantage that collection vehicles could deliver directly to the plant saving transfer loading and delivery costs. However because the plant would be comparatively small the capital cost per tonne of processing capacity and the running costs per tonne processed would be higher than for larger plants. There is at present no suitable site in the Council ownership for such a plant and planning permission for such an activity is uncertain.
- 5.2 Calderdale could choose to undertake to procure a solution jointly with other Authorities. Discussions with possible partners have revealed that regionally only Bradford has sufficient in common with Calderdale in terms of diversion requirements and time pressures to be a viable partner. The size of plant necessary to deal with waste from both Councils would benefit from economies of scale in both construction and running costs. Bradford have two sites in their ownership that are presently used for waste management activities that they are proposing to make available to any incoming contractor as part of the procurement. The cost to Calderdale of the procurement of a solution would be reduced by being done jointly. However, Calderdale would have to continue to transfer load waste with the associated costs.

6. Financial Implications

- 6.1 The implications of procuring alternative disposal arrangements will be very significant, possibly in the order of three times the existing annual disposal cost of £2.5 million. The present cost of landfill will rise by £3 per tonne per year as a result of increases in Landfill Tax and has risen this year because of more stringent environmental controls on landfill operations. Failure to divert the required tonnages of waste from landfill would incur penalty costs for the year 2009/10, payable in 2010/11 of £1,716,000 and increasing onwards each year throughout the life of the LATS, these penalties being payable in addition to the disposal cost.
- 6.2 The future financing of a long term contractual commitment to an alternative disposal method will require careful judgement between the competing benefits and drawbacks of either a Private Finance Initiative or the use of Prudential Borrowing powers. The costs in officer time/consultancy to deliver such procurement cannot be estimated at this time but will be less if done jointly with Bradford than if done independently. In either case they will be beyond existing budget provision, however it may be possible to meet some of the cost of procurement by income from trading in surplus landfill permits.

7. Conclusion

- 7.1 It is necessary to divert waste away from landfill to meet Government targets and to avoid incurring extreme financial penalties. Joint procurement of a solution with Bradford offers a way forward that is likely to be successful in that it will be of such a size and content as to be attractive to potential bidders. The costs to Calderdale both in respect of procurement and long term disposal are likely to be less by acting jointly than going forward alone.

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DOCUMENTS USED IN THE PREPARATION OF THIS REPORT:

Calderdale: Options Appraisal for Residual Waste by Eunomia
Presentation to Members Seminar by Enviros
Presentations to Calderdale Waste Partnership by various Suppliers and Consultancies.

DOCUMENTS ARE AVAILABLE FOR INSPECTION AT:

Environmental Health Services, Northgate House, HALIFAX HX1 1UN

