

WASTE DISPOSAL

**Report to Overview and Scrutiny
Commission**

27th June 2005

Current Situation

120,000 tonnes p.a. household waste in Derby

25,500 tonnes recycled and composted (21.4%)

94,500 tonnes to landfill

Target for recycling 30% by end 2005/06

Rethink Rubbish rollout over 2005/6 and 2006/7

New plants for Green Waste and Recyclates being developed

Landfill

94,500 tonnes in 2004/5, cost £37.79 / tonne to dispose of (£3.5m total)

Landfill tax will increase by £3 per tonne this year and £3 per year subsequently to 2010

Waste arisings increasing by around 3% p.a.

Costs of disposal in 2010 at 3% increase would be £5.8m + inflation

Landfill Directive and LATs

Directive requires substantial reduction in landfill by 2010 and reducing thereafter

Government scheme to effect this called Landfill Allowance Trading Scheme (LATs)

Each authority given annual allowance of what can landfill

This will reduce each year

Penalty of exceeding allowance, amount still to be fixed : £50 - £150 per tonne

This on top of already increasing cost scenario

Chart 1

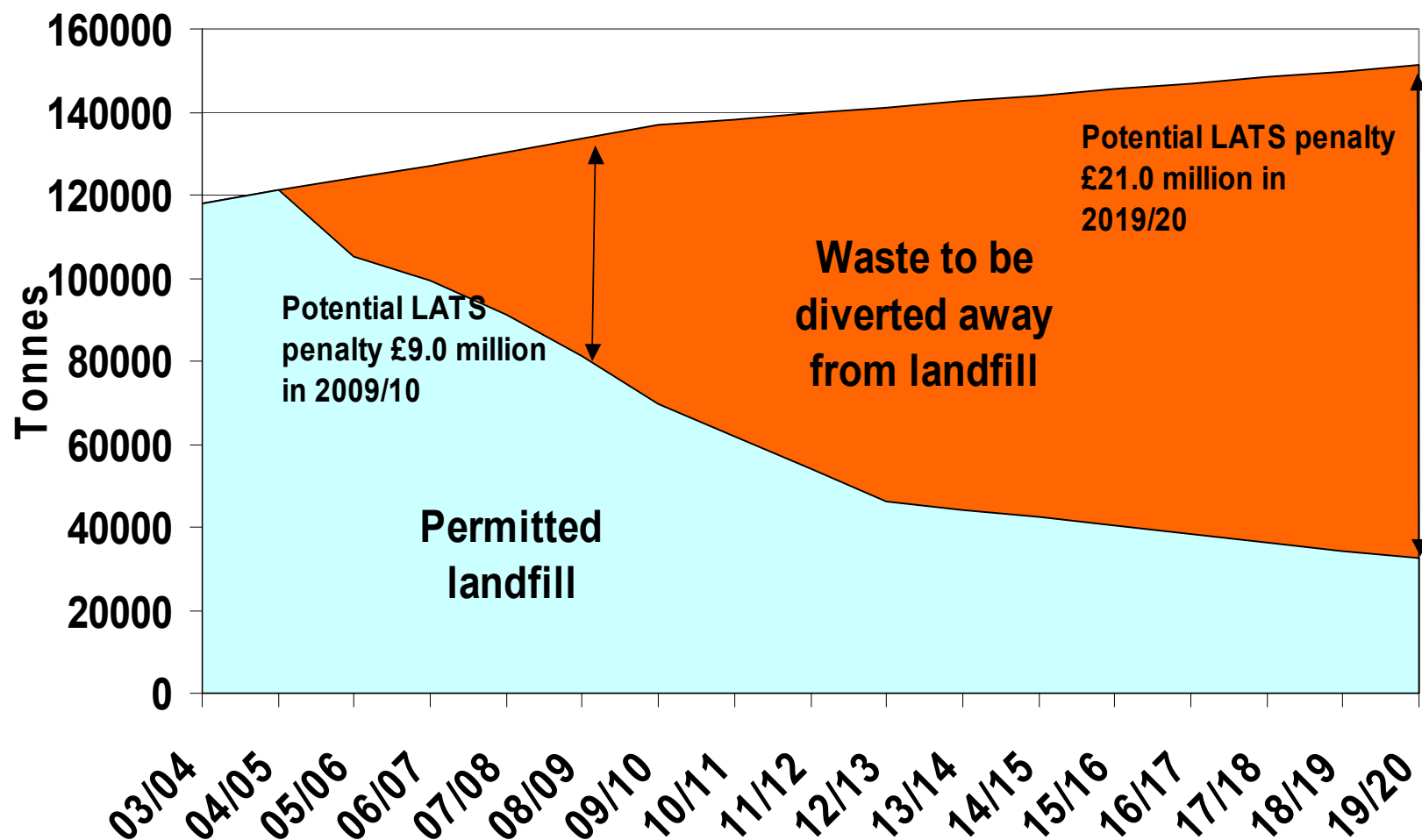


Chart 2

Forecast Diversion from Landfill

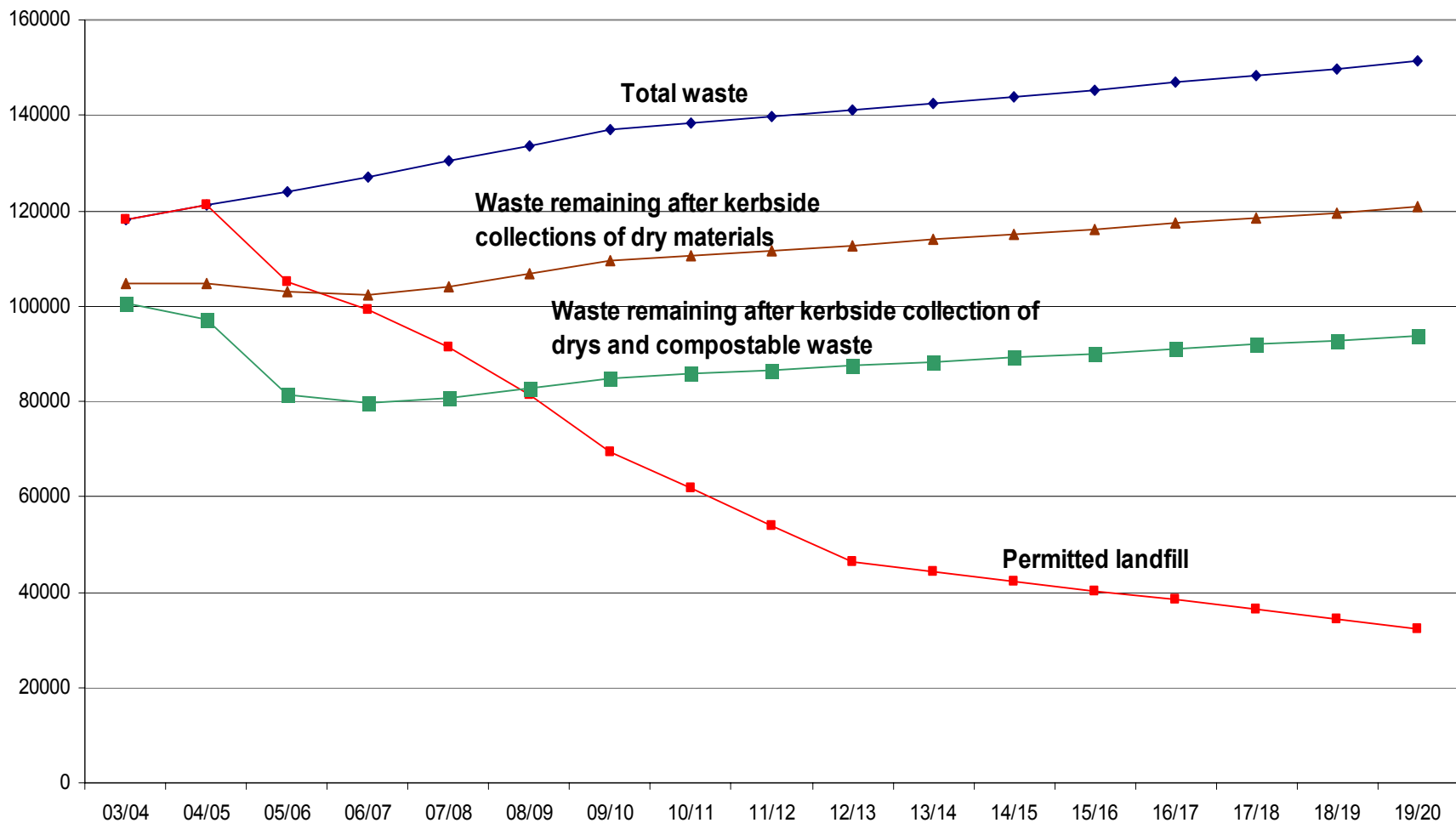
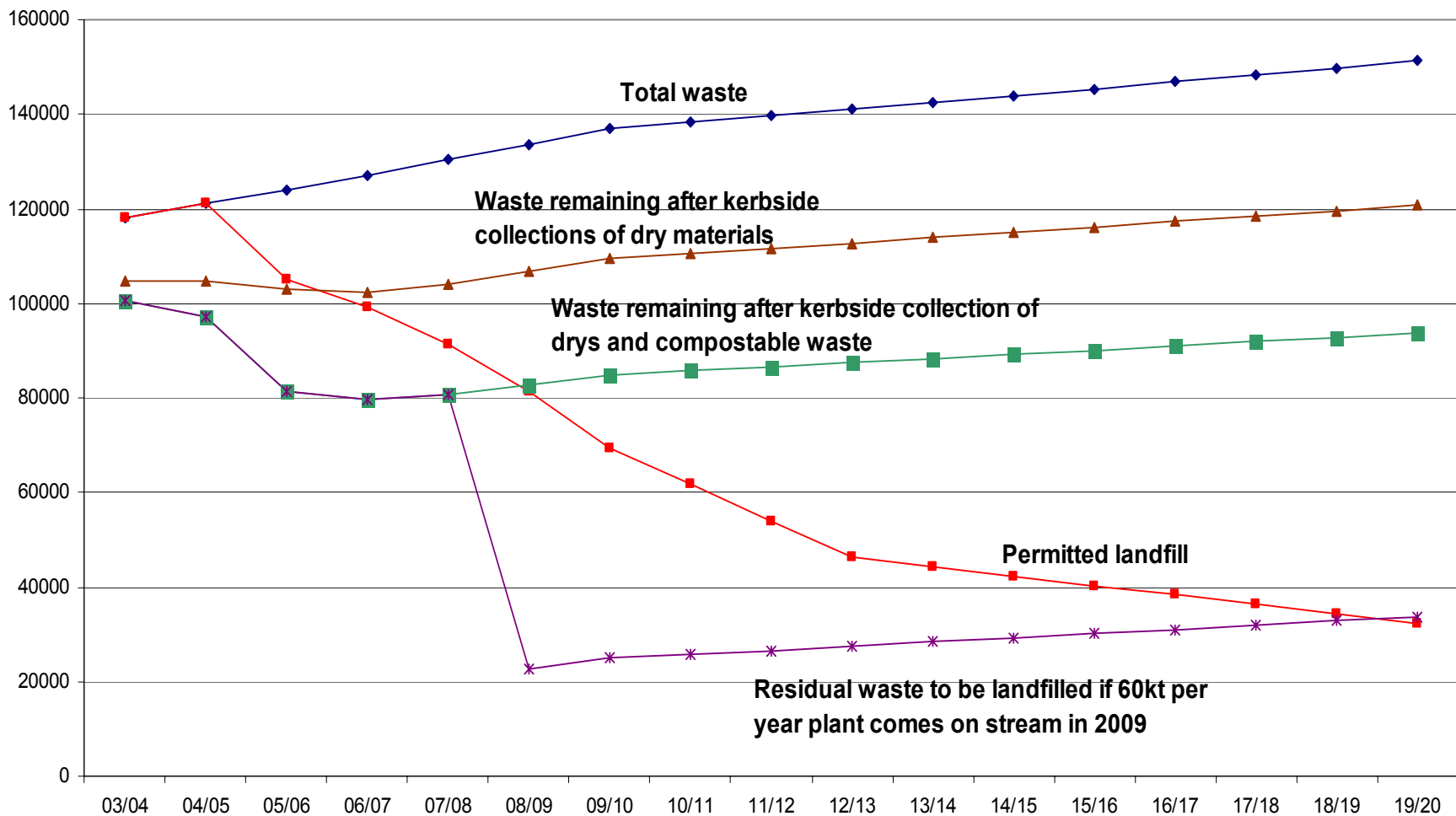


Chart 3

Forecast Diversion from Landfill



Procurement of Residual Waste Plant

Another processing plant must be procured to reduce waste to landfill

Cost : multi million £20m – £40m

Lead time for procurement 2-3 years

Risks

- Site availability
- Planning permissions
- Environmental Impact
- Public perception
- Pressure groups
- Little proven technology (except incineration)
- Market Appetite

PFI

Cabinet agreement to submit Expression of Interest (July 04)

Joint consideration between County and City Councils

Consultancy advice from Deloitte on all procurement options

Consultancy advice from SLR on revised Waste Strategy and
Strategic Environmental Assessment

Recommendations

Staged project (as opposed to a single central plant) to avoid early LATS penalties

Short-term implementation of simple treatment facility

In or close to Derby, serving City and Southern County

Not procured by PFI as would take too long to procure

Longer term, further plant(s) in Central/Northern County

Possibly procured by PFI

Joint procurement by City and County, for at least first plant

Next Steps

Consider funding methods and affordability (Option for PFI eliminated due to time considerations)

Consider procurement risks further

Work closely with the County and consider models for joint procurement with County

Evaluate costs of appointing consultants to assist with procurement

Soft Market Testing

Evaluate costs and timescale of remediating Sinfin Lane site

Complete the new Waste Strategy and Strategic Environmental Assessment and consult on these