

### Risks and Issues – Waste PFI project

The following risks have been identified as relevant in the consideration of pursuing the application for PFI credits. No account of these risks has been taken into account in the costings included in this report.

- a) Based on planned inputs under the Status Quo scenario, there will be insufficient landfill disposal capacity available throughout the 25 year contract term. In the absence of an out-of-area diversion option, this would require the Councils to provide or acquire suitable land and secure planning consent in-county or haul residual waste possibly long distances to alternative out-of-area sites.
- b) There is significant uncertainty over future landfill gate fees and landfill tax rates.
- c) The Councils would be relying predominantly on their LATS Trading Strategies to mitigate LATS exposure. There is great uncertainty surrounding the LATS scheme in relation to the availability of Tradable Permits and their associated price, particularly over a 25-year period. In addition to the LATS trading costs and/or fines, central government has indicated that it intends to pass on the fine from the EU in relation to the UK failing to meet the targets set under the EU Landfill Directive.
- d) If the Partnership were to proceed with a LATS trading based strategy then it would be heavily dependent upon the vagaries of an immature LATS market. Should it then become clear, midway through the LATS trading strategy, that investment in infrastructure is preferable then there would be a significant time lag before infrastructure could be put in place.
- e) The Reference Project seeks to manage waste more sustainably. This includes implementing waste minimisation, recycling and composting initiatives and treatment technologies to divert biodegradable material away from landfill and optimise energy recovery from the remaining waste resource. These combined efforts reduce the burden of waste on the environment, by recovering material resources & energy and thereby reducing carbon emissions associated with the waste streams.
- f) The European Parliament recently voted for significant changes to the way waste is managed in the EU. A new Directive on Waste is being developed to succeed the Waste Framework Directive adopted in 1975 and revised in 1991, which sets the basic rules for waste management in Europe. MEPs voted to

add provisions banning the landfilling of materials including paper, glass, textiles, plastic and metal from 2015 – with a full landfill ban on recyclable materials from 2020. The Directive is only yet in the early stages of development but, should such proposals be transposed into the final Directive, then the Reference Project ensures that the systems and infrastructure will be in place to meet these requirements.

- g) The Reference Project reflects the joint waste strategy adopted by North Yorkshire County Council, City of York Council and the 7 district and boroughs in North Yorkshire. The Reference Project also reflects the outcomes of the Best Practicable Environmental Options study and public consultation. A predominantly landfill based approach would contradict both national and adopted local waste strategies. In addition and as outlined above, a landfill based strategy represents the least sustainable option available and is the least attractive waste management option in terms of the waste hierarchy and carbon footprint.