

Waste Performance and Efficiency Grant and Landfill Tax Savings

Summary

- 1 To advise members on the use of the Waste Performance and Efficiency Grant for 2006/7, and how the forecast landfill tax savings and waste business opportunities will fund the required investment to improve diversion through the extension of the cardboard recycling service.

Background

- 2 Waste Performance and Efficiency Grant £406,705 (2007-08)
This is the final year of a three year grant award. The first £198.6k (including inflation) must go towards the continued support of the revenue costs. The majority of the balance, around £200k is expected to be capital. We will need to repeat the capital provision for replacement bins etc of £100k. This leaves a balance which could purchase one of the required kerbside collection vehicles. (capital cost of vehicle being £120k, balance from prudential).
- 2 The annual running costs of the new Kerbside Collection Vehicles complete with one driver and 2 loaders is £108k. An additional three vehicles and crew are needed at a total annual operating cost of £324k. Tables 1 to 3 below outlines how this funding can be achieved with a net contribution to savings.

Funding Available

Table 1

Waste Performance and Efficiency Grant Breakdown

Grant	Income	Expenditure	Balance
2007/08 Allocation	£406,705	£198k used to support existing revenue costs	£208,000
		£100k provision of replacement bins	£108,000
		£108k contribution to the purchase of one kerbsider (total cost £120k).	£0

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Table 2

Landfill Tax Savings

Activity	Performance	Saving (Landfill Tax @ £24)	Accumulative Total
Kerbside	Estimated 3,120 tonnes will be diverted if the current kerbside operation continues for a full year (ie cardboard to only 20,000 properties)	£74,880	£74,880
HWRC	Estimated 980 tonnes will be diverted based on current performance	£23,520	£98,400
Extended Cardboard Recycling	Estimated 1,993 tonnes will be diverted from Landfill. <i>(see note below)</i>	£47,832	£146,232
Alternate Collections	Estimated 1020 tonnes of waste will not enter the waste stream if the alternate weeks operate throughout the year. Saving both Landfill Tax at £24.00 and Gate Fee at £16.00	£40,800	£187,032
			£187,032

Table 3

Other Savings

Activity	Performance	Saving	Accumulative Total
Use of Waste performance and Efficiency Grant to purchase one vehicle	£120,000 from grant and prudential borrowing	£25,000	£25,000
Remove the growth	Budget no longer required	£10,000	£35,000

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budget require to buy out the lease on the bins			
Price increase on Commercial Waste	Increase the price of Commercial Waste above the rate of inflation and the increases on Landfill tax. A 10.5% price increase overall.	£110,000	£145,000
Develop the Florescent Tube business	Following approval from the Environment Agency.	£22,000	£167,000
			£167,000

TOTAL SAVINGS **£354,032**

COST OF 3 ADDITIONAL KERBSIDERS **£324,000**

NETT SAVING CONTRIBUTION **£30,032**

Note

<i>The current set out performance for 60,000 properties if 69%</i>	<i>Properties setting out</i>	<i>41,400</i>
<i>The total tonnes of dry recyclete from the 41,400 properties in a full year is</i>	<i>Tonnes</i>	<i>11,000</i>
<i>Therefore the average per property setting out is</i>	<i>Tonnes</i>	<i>0.2657</i>
<i>Based on experience, from the additional 40,000 properties getting cardboard will increase the property set out</i>	<i>Properties</i>	<i>7,500</i>
<i>Therefore the extra tonnes of dry recyclete is estimated to be (0.2657 tonnes x 7,500 properties)</i>	<i>Tonnes</i>	<i>1,993</i>

Landfill Allowance Trading Scheme (LATS) Consideration

- 4 With the current minimisation, recycling and diversion performance the authority is still forecasting to fall short of its LATS target in 2009/10 by 10,000 tonnes. Given that this is a national target year and allowances cannot be traded wider than within the year, early indications are that they will cost close to £150 per tonne to purchase. Therefore, failure to maintain the momentum on recycling could cost £1.5m in three year's time. Expanding the cardboard to the remaining 40,000 properties should reduce this target to 8,000 tonnes.