

APPENDIX B

Waste Management Budgets 2006-7

The Waste Management budget is difficult to calculate as many factors can influence the final position. The majority of the budget is demand led and can be sensitive to changes in public use of sites, changes in district collections and weather conditions, for example. This can lead to significant difficulties in estimating tonnages.

The following are the main waste budgets:

Landfill Disposal Contracts £10.8m

The budget is calculated on an estimated 232,000 tonnes requiring to be sent to landfill. This figure is estimated by using previous and current year's actual tonnages for each landfill site, anticipated charge per tonne for each landfill site, the forecast level of recycling both from LCC sites and district collections (97,000 tonnes) and an allowance for waste growth (1.5%).

The average cost of disposal per tonne was calculated to be approximately £40 this includes £21 for Landfill Tax. The cost of landfill tax is estimated to be £5m.

In addition the budget provides for the cost of processing other waste such as green and inert.

The budget can be sensitive to changes in the mix of landfill sites used as gate fees vary for individual sites, the actual levels of recycling, the weather and the state of the economy can also influence amounts of waste being disposed. For example, the 2005-6 budget was based on 241,000 tonnes of waste requiring to be landfilled, and due to lower growth rates and increased recycling only 229,000 tonnes were actually sent to landfill.

Other Waste Contracts £0.8m

In addition to landfill contracts there are some other specific disposal contracts for special waste, fridges, tyres and some electrical items.

The budget is estimated by forecasting the number of units/tonnage requiring to be disposed and the contracted rate for each type of waste. For 2006-7 it was estimated that 28,000 fridges, 29,000 electrical items and 8,000 tyres would need to be appropriately disposed.

The figures are sensitive to changes in demand due to the economic climate and other factors. The underspend in 2005/6 relate to the fact that the unit costs of the disposal of certain items reduced as more processors entered the market. In addition, the introduction of new waste disposal regulations was delayed.

Recycling and Household Waste Sites £4.7m

The recycling and household waste sites (RHWS) include budgets for payments to site operators, haulage from sites to landfill and running costs of the sites e.g. rates, repairs and maintenance.

The largest budget is for haulage, this is the cost of transferring waste from RHWS to landfill sites. It was estimated that approximately 25,000 loads would be required to be transferred at an average cost of £85 per load in 2006/7. This is calculated by using the previous year and current years' data and making an allowance for levels of recycling and growth in waste. The haulage budget is sensitive to changes in actual levels of recycling, fuel prices and public usage of sites to generate waste.

For 2006-7 a new contractor will be employed to operate the majority of RHW sites and provide haulage, the outcome of the tendering exercise was not known at the time the budget was being put together. The new contract was estimated to require an extra £1million and an appropriate growth bid was agreed. However, the actual contract was lower than anticipated and only an additional £250,000 is required.

The underspend in 2005/6 arose as waste tonnages received at RHWS that were ultimately landfilled were lower than anticipated as a result of both increased recycling and lower than forecast waste growth.

Recycling Credits £3.1m

Recycling Credits are paid to districts and voluntary bodies for every tonne of waste diverted away from landfill sites.

The 2006-7 budget is based on approximately 91,000 tonnes of waste being recycled and a new standard rate of approximately £40 per tonne for all waste being recycled. This is an increase of 23% compared to 2005-6. The information on tonnages is provided by the districts and it is assumed allows for any changes in their collection arrangements.

This payment is offset by payments made by districts for using the councils recycling and sorting facilities.

The actual recycling figures can be sensitive to changes in collection arrangements, weather for green waste and public participation.

Summary

The waste management budget can be sensitive to many factors and therefore is difficult to accurately forecast the requirements for any financial year. The methods currently undertaken ensure the budget estimate for 2006-7 is based on the best information available. Using the outturn information available for 2005-6 indicates that the trends of decreasing tonnages going to landfill and increasing special waste and recycling tonnages will continue, and there will be an ongoing assessment of the impact of this on the 2006-7 budget.