



Belfast City Council

Report to: Health and Environmental Services Committee

Subject: **Residual Waste Contract - Guaranteed Minimum Tonnages**

Date: 8th September, 2010

Reporting Officer: Tim Walker, Head of Waste Management, Ext 3311

Contact Officer: Brendan Murray, Business Support Officer, Ext 3333

Relevant Background Information

Members will recall that, at the meeting on 23rd August, the Committee discussed the projected guaranteed minimum tonnages which it is anticipated the Council will be expected to commit to the arc21 procured residual waste contract, over the life of the contract period. This report was referred back to the Committee at the Council meeting on 1st September as additional information had come to light.

Members will be familiar with the need for the Council's on-going work with arc21 to divert waste from landfill for recycling and composting purposes in order to achieve the targets in the EU Waste Framework Directive (WFD) and the EU Landfill Directive (LFD). The Council will have to divert 65% of its 1995 waste arisings from landfill by 2020 in line with the LFD and recycle 50% of its waste by this time or it will face substantial penalties.

By 2020, the Council, according to modelled predictions, will need to be recycling around 68,000 tonnes of waste (50%). The Council has just achieved a recycling rate of 26.7%, which equates to 34,417 tonnes for 2009/10 so, in addition to this figure, an additional 33,500 tonnes (approximately) will need to be recycled by 2020. It is likely that further resources will be needed to introduce new initiatives to achieve this target and comply with the WFD.

Given that a 50% recycling rate is required by 2020, the predicted residual waste tonnage by 2020 will also be around 68,000 tonnes. It was reported last month that, to ensure some flexibility is built into the level of guaranteed tonnage given to the bidders, 80% of the predicted tonnages will be used. This means by 2020, the calculated minimum guaranteed tonnage is approximately 54,400 tonnes.

Key Issues

Residual waste treatment tender and minimum guaranteed tonnage

Members will be aware that, in line with the 2006 Waste Plan agreed by Council, arc21 is conducting a procurement exercise to appoint a contractor to develop and operate appropriate facilities to treat the remaining residual waste not being sent for recycling or composting. It is

anticipated that this contract will be awarded in 2011 with a commencement date scheduled for 2012/13. Since the discussion last month, arc21 has clarified that each of the constituent councils will be formally asked to establish its GMTs as part of a supplemental agreement which is likely to be brought to Committee in December 2010.

Last month, in line with the Residual Waste Flow Model developed by Council and arc21, Members considered the Council tonnages which would be committed to the contract at 2020. However, again by way of clarity, as the contract will commence from 2012/13, the bidders have been supplied with the entire profile of predicted tonnages from 2012/13 onwards (as per Appendix 1).

Members will recall that there was a general discussion on a number of the potential risks associated with establishing GMTs for the contract term. arc21 has sought to limit each constituent council's exposure to risks in a number of ways, most notably by calculating each GMT at 80% of the remaining residual waste for each council after the statutory recycling and composting levels have been reached.

arc21 is presently completing a supplemental agreement for consideration by each of the constituent councils later in the procurement exercise, which will outline what tonnage the Council is being asked to commit to.

In the meantime, arc21 is available to come to a briefing session to present an update on the procurement process, at which time they can also outline the risk management approaches.

Resource Implications

Financial

In order for the Council to reach the 50% recycling and composting target contained within the WFD, new initiatives will need to be implemented which will require appropriate resources.

These initiatives are presently being drafted to determine their contribution to the recycling rate and to ensure that they are economically advantageous to the Council.

At this stage though, there are no financial implications arising from this report.

Human Resources

Similar to the financial implications, new initiatives will need to be implemented to meet the WFD target and these are likely to require additional resources.

There are no human resource implications, however, associated with this report.

Recommendation

The Committee is asked to:

- (i) note the predicted residual waste tonnages (as part of the Waste Flow Model) which have been provided to the contract bidders and
- (ii) agree to a briefing session being held at which arc21 can be present to brief Members on the residual waste contract.

Document Attached

arc21 Residual Waste Flow Model – ISDS Model Version 2.8

Decision Tracking

Following consideration by the Committee, the Head of Waste Management will take the necessary steps to arrange the briefing session at which arc21 can brief the Members.