

WEST DUNBARTONSHIRE COUNCIL

Report by Acting Executive Director of Housing, Environment & Economic Development

Housing, Environment and Economic Development Committee: 5 September 2007

Subject: Waste Disposal Contract with Barr Environmental Limited

1. Purpose

- 1.1** To inform the Committee of an agreement reached between the Council and Barr Environmental Limited (BEL) to extend the existing waste disposal contract from 1 August 2007 until 31 January 2010.
- 1.2** To invite the Committee to homologate the decision made by the Acting Executive Director of Housing, Environment & Economic Development to extend the current waste disposal contract.

2. Background

- 2.1** The waste disposal contract with BEL commenced on 1 August 1997 for a period of 10 years ending on 31 July 2007.
- 2.2** Under the terms of the contract the gate fee charged to West Dunbartonshire Council for residual waste equated to £8.18 per tonne, excluding landfill tax which is currently £24 per tonne. The gate fee was based on a minimum of 50,000 tonnes of waste being landfilled per annum.
Where the tonnage of waste landfilled decreased below this level, the tonnage cost rose on a pro rata basis. The gate fee cost of the landfill contract in financial year 2006/07, exclusive of landfill tax, was £409,000

3 Main Issues

- 3.1** The Council's future landfill disposal needs in the medium to long term are unclear at present. The Scottish Executive has yet to decide on what type of waste treatment technology is to be adopted to enable Councils in the Glasgow and Clyde Valley Waste Strategy Area Group meet their waste diversion targets. It is anticipated that this position will be clarified prior to January 2010 and the Council will then be better placed to consider its future residual waste treatment and landfill disposal needs.
- 3.2** Given this uncertainty, the Waste and Transport Services Section carried out a market rate assessment of projected landfill site gate fees from 1 August 2007. Examples of current market rates for landfill disposal are shown in Appendix 1 of this report. All of which are subject to annual increase using the retail price or some other price index.

- 3.3** Across Scotland landfill gate fees have risen significantly in the past two years as landfill operators have an obligation to ensure that their sites meet new Integrated Pollution Prevention Control (IPPC) standards. The BEL landfill site at Auchencarroch meets the IPPC standard.
- 3.4** Following discussions with Legal and Administrative Services, it was considered legitimate to extend the existing contract with BEL to permit the authority to prepare a tender which allowed the Council the required degree of certainty as to its future requirements.
- 3.5** As can be seen in Appendix 1, the average gate fee is around £24 per tonne exclusive of landfill tax. The agreement secured with BEL is for a gate fee of £14.06 per tonne with no upper or lower limit on the tonnage to be disposed. This represents one of the lowest landfill gate fees in Scotland for the period from 1 August 2007 to 31 January 2010.

4. Financial Implications

- 4.1** It is estimated that approximately 41,000 tonnes of waste will be landfilled in the first year of the extended contract. This will cost £576,460 exclusive of landfill tax.
- 4.2** The costs associated with the extension to the waste disposal contract will be met from the existing revenue budget for waste disposal.

5. Personnel Issues

- 5.1** There are no personnel issues associated with this report.

6. Risk Analysis

- 6.1** Failure to reach a contract extension agreement could have jeopardised the Council's obligation to provide waste disposal for all waste collected.

7. Conclusion

- 7.1** An extension to the existing waste disposal contract was necessary in the context of the uncertainty that exists in respect of the Council's future landfill disposal needs.
- 7.2** The gate fee rate to be applied during the contract extension period ensures that the Council continues to benefit from a lower than market average landfill gate fee.

8. Recommendation

- 8.1 It is recommended that the Committee homologate the decision to extend the waste disposal contract with Barr Environmental Limited from 1 August 2007 until 31 January 2010**

Ronald M Dinnie
Acting Executive Director of
Housing, Environment & Economic Development
Date: 14 August 2007

Person to Contact: Rodney Thornton, Section Head – Waste and Transport Services, Richmond Street, Clydebank Tel 01389 738731
Rodney.Thornton@west-dunbarton.gov.uk

Appendix: Landfill Market Rates Comparison

Background Papers: None

Wards Affected: All