

REPORT

To: PLANNING AND ENVIRONMENT COMMITTEE	Subject:
From: DIRECTOR OF PLANNING AND ENVIRONMENT	STRATEGIC WASTE FUNDING ANNOUNCEMENT
Date: 28 March 2007	Ref: CM/CM

1. Purpose of Report

- 1.1 To advise members of an announcement made by Ross Finnie, MSP, Minister for Environment and Rural Development, on phase 2 strategic waste funding to assist local authorities in the provision of infrastructure to treat residual municipal waste.

2. Background

- 2.1 North Lanarkshire Council has previously benefited from Scottish Executive phase 1 strategic waste funding of £52M to 2020, which has helped fund the provision of waste collection infrastructure and education programmes to assist the Council to achieve a recycling and composting rate of 28%, which exceeds national targets.
- 2.2 North Lanarkshire Council and South Lanarkshire Council have been working jointly on developing the Lanarkshire Waste Management Procurement contract to facilitate the provision of infrastructure to treat residual municipal waste. The recent Ministerial announcement concerns funding to assist the Council in the provision of this infrastructure.

3. Sustainability Implications

- 3.1 This announcement will assist the Lanarkshire Councils to make their contribution to achieving Scotland's share of the landfill diversion targets for biodegradable municipal waste. This will help to minimise the amount of waste going to landfill, which will reduce the amount of global warming gases produced by such facilities. The provision of residual waste infrastructure which diverts waste from landfill will reduce the Council's liability to landfill taxes and landfill allowance trading scheme penalties.

4. Proposals / Considerations

- 4.1 Scottish Ministers have been considering Strategic Outline Cases and draft Outline Business Cases prepared by local authorities on proposals to help meet the EU Landfill Directive targets on the diversion of biodegradable municipal waste from landfill. Richard Grant, Head of Waste and Pollution Reduction Division at the Scottish Executive, wrote to the Council on 14 March 2007 to advise of Ministers' decisions on the way forward in relation to meeting the EU Landfill Directive targets.
- 4.2 He advised that Ministers remain committed to waste prevention and have published a household waste prevention plan. The National Waste Plan sets out the Scottish Executive aim of stopping growth in municipal waste by 2010.

- 4.3 The Scottish Executive also remains committed to recycling and composting. The latest recycling/composting figures from SEPA showed that Scotland recycled/composted 24.4% of municipal waste in 2005/06. Scottish Executive calculations suggest that to achieve Scotland's share of the landfill diversion for biodegradable municipal waste required by the EU Landfill Directive target for 2010, we will need to reach 40% recycling and composting across Scotland by 2010. These calculations are based on a number of assumptions, including an assumption that there will be no significant new infrastructure to treat residual municipal waste coming into operation by 2010.
- 4.4 Looking towards the longer term, Ministers have also confirmed that they remain committed to achieving the target in the National Waste Plan to recycle/compost 55% of municipal waste across Scotland by 2020. They consider that 55% can be achieved by 50% coming from collections of recyclate and compostable material from kerbside and from recycling centres and points and 5% coming from residues arising from infrastructure to treat residual waste.
- 4.5 The Scottish Executive recognise that achieving 50% by 2020 would represent a challenge for Edinburgh, Glasgow, Aberdeen and Dundee. Therefore, they propose that these cities should aim for 45% recycling and composting by 2020, with most other local authorities in Scotland, including North Lanarkshire, aiming for 52%. This should ensure that Scotland as a whole reaches 50% recycling and composting of municipal waste by 2020.
- 4.6 The Scottish Executive have recently held workshops to consider what further steps need to be taken to improve the Scottish recycling and composting performance. The outcomes of these workshops will inform decisions by Ministers in the forthcoming Spending Review on future spending requirements on recycling and composting.
- 4.7 Although the Scottish Executive attach greatest priority to waste prevention, re-use and recycling, they have also considered how much additional residual waste capacity in Scotland is required by 2020 to meet the EU Landfill Directive target on the diversion of biodegradable municipal waste from landfill. They have concluded that 1,140,000 tonnes of new capacity will be required across Scotland and that maximum indicative awards from the Strategic Waste Fund totalling £48 million per annum in today's prices will be made available in support. This capacity is in addition to the residual waste infrastructure already in place. Their calculations suggest that infrastructure of this magnitude, along with the planned achievements in recycling and composting outlined above, will enable Scotland to meet its share of the EU Landfill Directive targets on the diversion of biodegradable municipal waste from landfill.
- 4.8 The Scottish Executive have decided that the authorities which are currently finalising Outline Business Cases on the diversion of biodegradable municipal waste from landfill should receive priority both for funding and for treatment capacity from the Strategic Waste Fund. This will help ensure that Scotland meets its share of the Landfill Directive targets for 2013. The authorities involved are, in one group, City of Edinburgh Council, Midlothian Council, West Lothian Council, East Lothian Council and Scottish Borders Council and, in the second group, North Lanarkshire Council and South Lanarkshire Council.
- 4.9 The Scottish Executive confirmed the allocations of funding and treatment capacity for these two groups of authorities on 14 March 2007, which collectively amount to 500,000 tonnes of capacity with indicative allocations amounting to £21 million per annum at current prices. This offer of support is conditional on projects reaching Financial Close by 2010, and availability of treatment capacity by 2013, or as directed by the Scottish Executive.
- 4.10 The Scottish Executive will advise other groups of authorities in due course on their allocations, which will be within the overall capacity and funding parameters outlined in paragraph 4.7.
- 4.11 Annexes to the award letter outline an indicative structure and lay down a number of requirements for OBCs. In assessing OBCs, the Scottish Executive have advised that they will prioritise projects according to value for money, deliverability, adherence to guidance and contribution to targets.

- 4.12 Ministers have concluded that the residual waste treatment capacity for all of the area covered by North Lanarkshire Council and South Lanarkshire Council should be 200,000 tonnes. They have further concluded that the indicative Strategic Waste Fund allocation to the Lanarkshire authorities jointly for residual waste treatment only (i.e. excluding recycling and composting) should be £8.4 million a year at today's prices.
- 4.13 The indicative funding award from the Strategic Waste Fund to the Lanarkshires for a residual waste treatment facility is subject to a variety of conditions, which were outlined in the award letter.

5. Corporate Considerations

- 5.1 The implications of this announcement will require to be carefully considered by legal, technical and financial officers within the Council and the Council's external advisers on this project. The details of the funding announced and the associated conditions will require to be assessed, to determine whether they provided an acceptable basis on which to finalise an Outline Business Case for submission to the Scottish Executive.

6. Recommendations

Members are invited to:

- 6.1 Note the announcement made by Ross Finnie, MSP, Minister for Environment and Rural Development, on 14 March 2007, that Scottish Executive Ministers have concluded that 1,140,000 tonnes of new residual waste treatment capacity will be required across Scotland and that maximum indicative awards from the strategic waste fund totalling £48M per annum in today's prices will be made available in support.
- 6.2 Note the allocation to North Lanarkshire Council and South Lanarkshire Council jointly is £8.4M per annum, for the provision of a residual waste treatment facility capable of dealing with 200,000 tonnes of waste per annum.
- 6.3 Note the allocation to the City of Edinburgh Council, Midlothian Council, West Lothian Council, East Lothian Council and Scottish Borders Council jointly is £12.6M per annum, for the provision of a residual waste treatment facility capable of dealing with 300,000 tonnes of waste per annum.
- 6.4 Note that the remainder of the funding, £27M per annum, will be for the provision of residual waste treatment facilities capable of dealing with 640,000 tonnes of waste per annum and that other groups authorities will be advised of their allocations in due course.
- 6.5 Give a cautious welcome to the Minister's strategic waste funding announcement, but note that the full implications of the level of funding announced and the conditions attached to the award require to be assessed by legal, technical and financial officers within the Council, in conjunction with the Council's external project advisers.
- 6.6 Agree that the Council should seek additional strategic waste funding from the Scottish Executive in due course, to support further increases in waste recycling and composting.

C. Morgan

PP **David M. Porch**
DIRECTOR OF PLANNING AND ENVIRONMENT
(19 March 2007)

Local Government Access to Information: for further information about this report, please contact Crawford Morgan on 01236 616203.