

Risk Number 5	Description Failure to achieve proposed waste reduction and recycling targets, leading to non-achievement of statutory Landfill Allowance required by Government Landfill Allowance Reduction Scheme, resulting in need to purchase landfill permits, or large fines.	Rating:	MEDIUM
Explanation of Risk Financial incentives to divert waste from landfill have been introduced through UK measures to implement the EU Landfill Directive. The Landfill Directive sets targets for the UK to reduce the amount of biodegradable municipal waste (BMW) it sends to landfill, compared to 1995 levels, by 25% in 2010, 50% in 2013 and 65% in 2020. Under UK law, the requirements of this EU Directive have been passed on to all Waste Disposal Authorities in England via the Landfill Allowance Trading Scheme (LATS). Individual WDAs have been set a declining amount of BMW that they are permitted to send to landfill in any year. These allowances have been set for each year from 2005/06 to 2019/20. The annual allowances are statutory and failure to meet them could incur financial penalties of £150 per tonne. In order to ensure that Cheshire East meets its allowances and avoids potential annual fines in the millions, targets for waste reduction, improving recycling and procuring new residual waste treatment facilities have been set. The Council could also mitigate the risk by trading allowances with other authorities; saving them for future years (bank) or using some of its future allowances in advance (borrow). The Council regularly reviews the LATS trading policy to ensure that it meet its LATS allowances. However, even by achieving high levels of recycling and composting there will still be a significant amount of residual waste remaining. This can no longer be sent directly to landfill and will require some form of treatment in order to meet LATS allowances. Mitigation <ul style="list-style-type: none"> • Plan to achieve recycling rates of 50% by 2010 and 54% by 2013/14. • Plan to achieve a reduction in annual waste growth to 0% by 2010. • Seek to treat all residual waste in order to minimise landfilling • Locate new treatment facilities at more than one site, phasing in new facilities over time as required. • Use one or two mechanical biological treatment (MBT) facilities to pre-treat Cheshire's residual waste in order to increase recycling and produce a refuse derived fuel (RDF). <ul style="list-style-type: none"> ○ Waste Treatment Contract is expected to be in place from 2011 with new waste treatment facilities expected to be operational in 2013. Cheshire East may need to either purchase spare allowances from other authorities or find alternative ways to meet its allowance targets in this interim period. (PFI project credits of £40m to improve & build waste treatment plants) 		Probability:	2
		Impact:	3
		Risk Manager:	Phil Sherratt
Consequence Typically characterized by significant financial penalties.			

Link To Strategic Priorities / Objectives We will provide an attractive and sustainable environment which communities can be proud of. Assist the Council in meeting Carbon reduction commitments through reduction of biodegradable waste to landfill. (Top level link is to the objectives and priorities expressed in the Council's corporate plan in relation to environmental sustainability e.g. 7.12 Managing waste and 7.13 Tackling climate change.)	
Notes Private Finance Initiative The Private Finance Initiative (PFI) provides an additional and different route for local authorities to secure the use of a physical capital asset. It offers a form of public-private partnership in which local authorities can pay for the use of new or improved capital assets (and some associated services) rather than buying the assets themselves. They do this by entering into a contract with the private sector which will design, build, finance and operate the asset. It therefore represents an addition to capital investment for local government and is funded in part by central government a PFI credit is "issued" to an authority once a contract for the project has been signed. The PFI credit measures the capital value of a project which government will support.	