

## **Item 11 – Central Bedfordshire, Energy and Recycling (BEaR) Project – Business Case Approval**

### **Update to the Financial Implications**

In his budget announcement last Wednesday (24th March), the Chancellor of the Exchequer stated that the Landfill Tax price escalator will increase by at least another year to 2014/15 where it will hit £80 per tonne rather than ending in 2013/14 at £72 per tonne as previously proposed. As it is payable for every tonne of waste sent to landfill, any increase in landfill taxation has a significant impact on waste disposal services, especially those that rely upon landfill as the primary method of disposal.

The BEaR Project has undertaken detailed modelling of two options, one to continue landfilling waste (the Do-minimum Option) and one to procure a long term waste treatment solution (the Reference Solution). A number of potential cost increases that impact either option were modelled as part of this work and were demonstrated to Members at the Overview and Scrutiny meeting on the 25th March. An increase in Landfill Tax to £80 per tonne was one of these possible increases.

This possible cost increase has now become a reality and has a significant effect on the cost of continuing to use landfill. Due to its heavy reliance on landfill, the cost of the Do-minimum option has subsequently increased by £13.5m over the modelled period. The primary purpose of the Reference Solution is to divert waste from landfill, however there is likely to be small amounts of landfill required whatever technical solution is selected during the procurement. Subsequently the cost of the Reference Solution has also increased, however only by £1.2m over the modelled period due to its low reliance on landfill. This change in assumptions now means that rather than a break even position between the two options, the Reference Solution now offers a saving of approximately £8m to the authority over the modelled period.