

LATS a model of success

Richard Smith of Capita Symonds' Waste Management, team on how to meet those EU landfill targets

Capita Symonds' LATS (Landfill Allowance Trading Scheme) model was a resounding success with Local Authorities at the CIWM (Chartered Institute of Wastes Management) conference last year. The model's premise is quite simple - it enables local authorities to decide whether to bank, borrow or buy LATS allowances.

The 1999 EU Landfill Directive required a 25% reduction on 1995 landfill levels by 2010, and a 65% cut by 2020. To implement these requirements, Local Authorities have been assigned allowances for the amount of residual Biodegradable Municipal Waste (BMW) they may landfill. Achieving these considerable reductions faces a major obstacle and a major bite - the waste we produce has been growing by about 3% every year and authorities will face fines of £150 for every tonne of BMW landfilled beyond their allowance limit.

In order to help Local Authorities meet their targets, a system of trading called the Landfill Allowance Trading Scheme (or LATS), has been designed to help authorities grapple with the realities of the tightening limitations on waste management.

In response, Capita Symonds has devised a LATS Model that will help decision makers from a range of departments agree on a common strategy on which waste treatment facilities are required and when. The LATS model enables the user to estimate –

- How much BMW will need to be managed in future years and how the tonnage may evolve over time.
- The impacts of the current and planned treatment facilities in dealing with these amounts

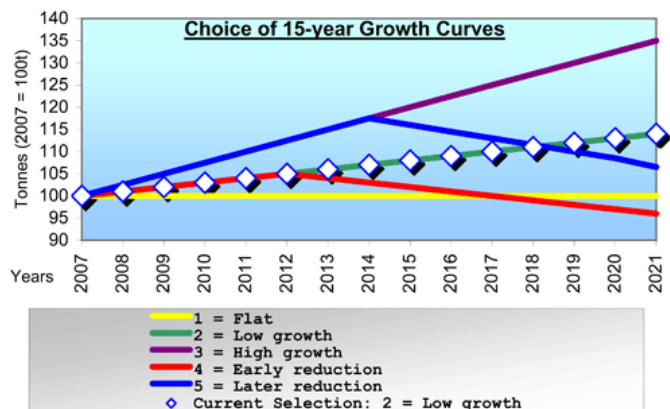
Using these amounts, the model shows whether there would be a surplus or deficit of allowance in any particular year. An authority can then use the model to test how to deal with these surpluses or deficits, while also allowing for a range of variations such as -

- Future patterns of waste and composition.
- The number, capacity and operating lives of facilities.
- Changing information on delays to the completion of facilities.
- Changing assumptions about facility performance.

In use, the model initially estimates the tonnage of BMW that needs management, by looking at a series of factors such as number of households, inhabitants etc. It allows authorities to input the future performance of existing treatment facilities and so indicates the need for additional or different facilities.

They can then define the types and capacities of added treatment facilities including when they will start and how well they will perform. All this then feeds through to the implications for LATS allowances by generating a pattern of surplus/deficit projections that authorities can try to reconcile by combinations of borrowing from future allowances, banking them, buying or selling them. The model also allows different estimates of the prices at which LATS allowances may trade in future, making it easier to judge whether additional expenditure on facilities (for example by bringing forward the start date of new capacity) is likely to be justified.

The model will not give the 'magic answer', but it shows a direct connection between the performance of the technical waste management strategy and the financial impact under LATS and this can be used as an aid to decision-making on both the technical and the financial aspects of a waste management strategy.



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