

## Warwickshire Waste Partnership - 04/03/2008

### Update - Residual Waste Treatment - Implementation of Warwickshire's Waste Strategy

#### Report of the Interim Strategic Director for Environment and Economy on behalf of the Officers Group

##### Summary

This report summarises the progress made since the report on the Short, Medium and Long term options for managing residual waste was brought to the Partnership in September 2007. This report focuses on the progress made with Staffordshire County Council, Coventry City Council and Solihull Metropolitan Borough Council.

##### Recommendation

1) That the report is noted.

## 1. Background

- 1.1 A report was brought to the September (2007) meeting of the Warwickshire Waste Partnership, which outlined our preferred options for treating Warwickshire's residual waste.
- 1.2 Approval to progress with our preferred approach was granted by the County Council's Cabinet on 18 October 2007. Our preferred approach for the long-term treatment of residual waste focuses on working in partnership with neighbouring authorities to develop shared solutions and entering into contractual arrangements with third parties, for the diversion of residual waste away from landfill.

1.3 The report outlined a number of key next steps. Progress against these are summarised in the following table.

	<b>Next Step</b>	<b>Progress to date</b>
1	Refine models carried out to develop our preferred options – carry out sensitivity analysis	Models are being revised to inform Staffordshire’s outline business case and the joint expression of interest with Coventry and Solihull.
2	Commit to working in partnership with Staffordshire County Council and input residual waste into their proposed Energy from Waste (EfW) plant. Provide support for the development of their Outline Business Case for the application of PFI Credits.	We are in the process of developing a Memorandum of understanding with Staffordshire County Council. We have also provided supporting information for their outline business case for PFI credits.
3	Develop a more formal arrangement for progressing joint working with Coventry and Solihull.	A Memorandum of Understanding to support partnership working has been agreed between Coventry City Council, Solihull Metropolitan Borough Council and Warwickshire County Council.
4	Investigate a PFI based procurement with Coventry City Council and Solihull Metropolitan Borough Council to facilitate the development of a shared EfW facility.	We are currently in the process of developing an joint Expression of Interest for PFI credits to develop a shared EfW in Coventry,
5	Negotiate an extension to the Coventry EfW Contract (subject to EU Procurement Regulations), maximising inputs into the EfW facility for the duration of its operational life.	This is not currently being pursued
6	Seek tenders for residual waste treatment capacity.	It is anticipated that this will replace the existing contract which Coventry when ends in 2010.
7	Monitor the situation regarding Mechanical Biological Treatment developments.	We have been monitoring the situation with Cemex and the progression of their plans to submit a planning application for the development of a merchant MBT facility in Warwickshire.
8	We adopt the approach to work in partnership with other authorities to develop shared facilities for the treatment of our residual waste. Our preferred solution would encompass utilising 2 Energy from Waste facilities (Coventry and Staffordshire) and processing biowaste.	All three of these options are being actively pursued.

## **2. Joint working with Staffordshire County Council**

- 2.1 Staffordshire County Council is applying for Private Finance Initiative (PFI) credits to develop an energy from waste facility (EfW). Warwickshire County Council is proposing to enter into a contractual arrangement with Staffordshire to input residual waste into the facility (approximately 40,000 tonnes).
- 2.2 Although the relationship with Staffordshire will be contractual, we are involved with the development of the project and attend project team meetings as well as participating in bidders days and risk workshops.
- 2.3 Staffordshire is currently preparing it's outline business case (OBC) for PFI credits, (which Warwickshire has provided supporting information for), which will be submitted by the end of March.
- 2.4 We are in the process of agreeing a Memorandum of Understanding with Staffordshire, which at a later date will be superseded by Heads of Terms.
- 2.5 We are also working with Staffordshire to develop a new household waste recycling centre and transfer station to serve both North Warwickshire and Tamworth (South Staffordshire).

## **3. Partnership working with Coventry City Council and Solihull Metropolitan Borough Council**

- 3.1 Warwickshire, Coventry and Solihull have recently signed a Memorandum of Understanding which sets out the shared objectives of the three authorities with respect to working in partnership to deliver a shared energy from waste facility.
- 3.2 We will also be submitting an expression of interest (EOI) to Defra for PFI credits. The deadline for the submission is 31 March 2008, and this is the last scheduled application round. Therefore it is essential that the EOI is submitted for this deadline as no further rounds have been scheduled.

- 3.3 The submission of an EOI does not commit the authorities to pursuing PFI but keeps the option open. However if the EOI is approved by Defra, the authorities will be asked to submit an outline business case (OBC), which will need to be completed by the end of September 2008.
- 3.4 It has also been agreed to establish a Member Advisory Panel for the joint project, which will consist of three Members per authority. The Members representing Warwickshire are; Cllr Heatley, Cllr Browne and Cllr Goode. The terms of reference for this group are currently being drafted. It is intended that the Panel will meet (in the first instance) twice before the end of March.

#### **4.0. Financial implications**

- 4.1 Embarking on a complex project such as the development of a shared EfW with Coventry and Solihull will require a high level of technical, financial and legal support. This will be required regardless of whether PFI is pursued or not. Therefore it will be necessary to appoint external advisors to support the development of the project. These costs will be shared with Coventry and Solihull, however they will still be significant during the pre-procurement and procurement stages of the project. It is intended to support these costs by allocating a proportion of the funds within the existing waste management capital budget subject to approval by the Cabinet.
- 4.2 It is also intended to appoint a joint Project Director to the Project, this cost again will be shared between the three authorities. It is intended to cover Warwickshire's contribution through the Modernisation Fund.
- 4.3 As the arrangement with Staffordshire will be contractual, it is anticipated that the requirement to use external advisors will not be as high as the joint project

with Coventry and Solihull. The costs of any advisors appointed and specialist legal advice (we are proposing to seek Counsel opinion on the procurement route), will be shared with Walsall Council who are also intending to input waste into the facility. We may also jointly appoint legal advisors to oversee the contractual aspects of this project and also some technical support if necessary. These services will be funded through the Waste Strategy revenue budget.

**Enquiries:** about this report should be made to Kalen Wood, Project Manager, 01926 - 418064, email [kalenwood@warwickshire.gov.uk](mailto:kalenwood@warwickshire.gov.uk)

### **Background Papers**

Report to Warwickshire Waste Partnership – Short, Medium and Long term options for residual waste treatment – September 2007.

DAVID PYWELL  
Interim Strategic Director for Environment and Economy  
Shire Hall  
Warwick

29 January 2008