



An Expression of Interest for PFI Credits on behalf of:

**Coventry City Council
Solihull Metropolitan Borough Council
Warwickshire County Council**

Submission Round 4

31 March 2008

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GLOSSARY

AD	Anaerobic digestion
ATT	Advanced Thermal Treatment
BMW	Biodegradable municipal waste
Coventry	Coventry City Council
CDM	Construction Design Management
CHP	Combined Heat and Power
CSWDC	Coventry Solihull Waste Disposal Company
DBFO	Design, Build and Operate
DEFRA	Department for Environment, food and rural affairs
EfW	Energy from Waste
Entec	Technical advisors to the project
EOI	Expression of Interest
FBC	Final Business Case
HWRC	Household waste recycling centres
ISDS	Invitation to Submit Detailed Solutions
ISOS	Invitation to Submit Outline Solutions
LATs	Landfill Allowance Trading Scheme
LDF	Local Development Framework
MBT	Mechanical Biological Treatment
MRF	Materials Recycling Facility
MSW	Municipal Solid Waste
MWMS	Municipal Waste Management Strategy
OBC	Outline Business Case
OJEU	Official Journal of the European Union
PFI	Private Finance Initiative
PRG	Project Review Group
PWC	PricewaterhouseCoopers financial advisors to the project
RDF	Refuse derived fuel
RSS	Regional Spatial Strategy
Solihull	Solihull MBC
Warwickshire	Warwickshire CC
Warwickshire Districts	Warwickshire collection authorities
WIDP	Waste Infrastructure Delivery Programme
SRF	Secondary recovered fuel
WDA	Waste Disposal Authority
WIDP	Waste Infrastructure Delivery Programme
WRAP	Waste & Resources Action Programme

1 Executive summary

Project Transform, a partnership between Coventry City Council (Coventry), Solihull Metropolitan Borough Council (Solihull) and Warwickshire County Council (Warwickshire) submits this expression of interest (EoI) as a key contribution to its plans to improve the management of waste within the sub-region. The Project has also been endorsed by the Warwickshire Districts (Warwickshire's Waste Collection Authorities).

Partnership working on waste management forms an important part of the partners' desire to develop sub-regional working. The partners are already working together on economic development issues, including the allocation of housing targets, and have commenced preliminary discussions with regard to other shared services.

Coventry and Solihull have successfully collaborated in the operation of an existing Energy from Waste (EfW) facility in Coventry for over 15 years and are drawing on this experience to develop the sub-regional partnership with Warwickshire. The partners are confident that by working together they can provide an effective and sustainable solution to deliver the partnership's waste management objectives.

This EoI builds upon an initial feasibility study carried out on behalf of the partners by PricewaterhouseCoopers (PWC) which demonstrates that there are significant benefits to the partners in working together to develop a shared residual waste treatment facility. These include the following:

- **Economies of scale** – it makes sense from an economic perspective to develop one shared facility as opposed to three separate facilities in each individual authority. This is supported by the recent report by Department for Environment, Food and Rural Affairs (DEFRA)¹
- **Geography** – Coventry (where for the purposes of this EoI it is assumed the new waste treatment facility is located) is central to key centres of population in Warwickshire and is in close proximity to Solihull. All three partners already send residual waste to the existing EfW facility in Coventry.
- **Meets DEFRA Objectives** – DEFRA encourages partnership working between authorities. This Project demonstrates the partners' commitment to collaborative working to deliver a sustainable waste management infrastructure for the sub-region.

Project Transform will:

- Promote the reduction and re-use of waste;
- Achieve a combined recycling/composting rate of 50% by 2020, delivered through:
 - enhanced dry recycling collection systems that will achieve greater material capture;
 - extended and enhanced organic waste collection systems;

¹ Economies of Scale – Waste Management Optimisation Study by AEA Technology on behalf of DEFRA.



- Secure an infrastructure of waste treatment facilities across the sub-region for recyclables, organic waste, and residual municipal waste arisings.

The partners are developing a sub-regional waste management framework which will encapsulate their objectives for waste management. This framework will aim to meet the requirements of the Waste Strategy for England 2007.

As part of the production of the sub-regional waste framework and their individual waste strategies, the partners have reviewed the existing waste and recycling infrastructure within the sub-region. Whilst this infrastructure meets current needs, there is an urgent need to ensure future sustainable capacity for the treatment of waste. This is evidenced by the diminishing availability of active landfill, the ageing EfW facility in Coventry and considerable Landfill allowances trading scheme (LATs) pressure in Warwickshire. The partners regard it as essential that they have a planned strategic approach to the development of an appropriate waste management infrastructure.

Through a detailed analysis of waste arisings in the sub-region and the impact of future population and housing growth, the partners have developed a waste growth model. For the purpose of this EoI, the partners have made a prudent assumption that waste will grow by 0.75% per annum over the project period. The waste growth model, (produced by Entec), has concluded that residual waste treatment capacity needs to increase to 350,000 tonnes per annum – the current EfW capacity being 290,000 tonnes per annum.

The analysis indicates that from both an environmental and a financial perspective the strategic way forward for the partners is to build a new EfW facility of this capacity.

A project governance structure has been established to ensure that the project is managed effectively. The project team includes a 4Ps Transactor as well as technical and financial advisors. A Member Advisory Panel has also been established, which comprises of three elected Members from each partner.

The risks associated with developing such a complex project have been assessed and included in a detailed risk register. The risk register is a part of the project management programme and will be assessed and reviewed regularly. The principal risks identified relate to the assumptions made in the waste growth model, market interest and the choice of technology.

For the purposes of this EoI, a potential site which is owned by Coventry has been identified. The site is considered to be suitable for the development of a new facility, however the partners acknowledge that further investigative work is required and that other locations will be considered before reaching a final decision.

Financial modelling has been carried out by PWC to provide a cost forecast and an indication of the affordability of the project. This modelling forecasts that the capital costs will be £197 million, attracting PFI Credits of £93 million. Further refinement of the models will be carried out for the development of Outline Business Case (OBC). Details of this EoI modelling exercise were presented to the Member Advisory Panel in March 2008.

The partners recognise the importance of engaging with key stakeholders in the development of the project and have identified a list of stakeholders to consult as the project progresses. The partners are aware that this list will evolve as the project develops.

The submission of this EoI is a significant step in the development of project Transform and underlines the partners' strong commitment to joint working in order to deliver the objectives of the Waste Strategy for England 2007.



2 Background

2.1 Introduction

This EoI presents the joint proposals of Coventry, Solihull and Warwickshire. The partnership is collectively referred to as 'Project Transform' and its aim is to deliver the partnership's objectives through joint working and provision of waste management infrastructure.

Working together the partnership has committed to:

- Promote the reduction and re-use of waste.
- Increase recycling and composting performance to maximise diversion from landfill and contribute towards compliance with Landfill Directive targets.
- Develop waste treatment facilities across the sub-region to receive, store and treat municipal waste arising and manage recyclables.

2.2 Coventry, Solihull and Warwickshire Authorities

2.2.1 Geography

Coventry and Solihull are Metropolitan Boroughs with responsibility for both collection and disposal of waste and the operation of household waste recycling centres (HWRCs). Warwickshire is a shire county operating in a two-tier local government system. Warwickshire is responsible for disposing of waste and the operation of HWRCs, whereas the five District Councils (the Warwickshire Districts) are responsible for the collection of waste and recyclable materials and the provision of bring recycling facilities. The Warwickshire Districts are:

- North Warwickshire Borough Council
- Nuneaton and Bedworth Borough Council
- Rugby Borough Council
- Stratford-on-Avon District Council
- Warwick District Council

None of the Authorities will be affected by the latest round of local government reorganisation.

The recycling and composting figures quoted for the partnership include the individual targets achieved by Coventry, Solihull and the Warwickshire Districts as well as the performance of the HWRCs.

The geographical area covered by the partners is shown in the following figure.

Figure 1 Shows the geographical location of the partners and the district council boundaries



In 2007/08 the partners will manage, treat and dispose of 608,000 tonnes of Municipal Solid Waste (MSW). Collectively, the partnership should reach a combined recycling and composting rate of 31% in 2007/08. The contribution that each partner will make to the 31% is shown below.

Coventry	25%
Solihull	30%
Warwickshire	35%

The partners recognise the need to improve their performance and are committed to doing this in order collectively to achieve the target set out in the Waste Strategy for England 2007 of 50% recycling and composting by 2020.

The demographics of the different partner authorities will influence the levels of recycling and composting attainable. However the partners are confident that by working together and with the five Warwickshire Districts, performance can be significantly improved across the sub-region.

2.2.2 Sub-regional Demographics

There are significant variations in population density and housing types across the sub-region. The make-up of neighbourhoods can have an impact on the levels of recycling and composting rates attained. In more deprived areas, participation tends to be lower than in less deprived areas.

In Coventry, 40% of the population live in priority neighbourhoods which is significantly higher than Solihull and Warwickshire.

Warwickshire ranks low on the national deprivation scale at 139th out of 149 unitary authorities and Shire Counties in England. However, at a localised level, there are severe pockets of deprivation in parts of the County, with six areas being within the top 10% most deprived in the country.

Within Solihull, three areas are within a regeneration zone, however these represent a very small percentage of the Borough's total population.

In areas which do suffer from significant levels of deprivation, it proves harder to attain the levels of recycling and composting achieved in less deprived areas. This is illustrated (in the case of Warwickshire) by the fact that Stratford-upon-Avon District, which has no areas on the deprivation scale has the highest recycling levels of all of the Warwickshire Districts.

Within the partnership, Coventry is more ethnically diverse than the other two partners and also has much greater levels of immigration from both Eastern Europe and areas such as Somalia, Afghanistan, and Iraq adding to the challenges in respect of designing a waste infrastructure to support the needs of these communities.

2.2.3 Population and housing

A public consultation is being carried out on the current version of the Regional Spatial Strategy (RSS). However the Strategy proposes that the sub-region provides a significant level of additional housing. It proposes that Coventry, Solihull, and within Warwickshire, Nuneaton/Bedworth, Rugby and Warwick/Leamington are designated as settlements of significant development. In total it is proposed that between 2006-2026 an additional 82,100 properties are developed in the sub-region.

In addition to the proposals in the RSS, a submission has been made to develop an 'Eco-town' within the sub-region (in Stratford District), which if successful will also have an impact on the population and housing in the sub-region.

Increasing the number of households and consequently the population in the sub-region will have an impact on the quantity of waste generated in the sub-region. However it is one of the aims of Project Transform to reduce the amount of residual waste generated per head of the population.

2.3 Existing waste Infrastructure

The partners have in place an infrastructure to support their recycling, composting and disposal schemes. The following sections provide a general overview of the infrastructure and a summary of the infrastructure operated by each of the partners.

2.3.1 Overall Sub-region

The sub-region is currently well resourced for waste disposal infrastructure with one existing EfW facility in Coventry and landfill sites for the disposal of active, inert and hazardous materials (mainly asbestos), in Warwickshire. Development plans suggest that there are further landfill opportunities in both Solihull and Warwickshire. In addition to these facilities, there is also a well established network of green waste composting facilities.

However, a recent study by the West Midlands Regional Technical Advisory Board for planning confirmed that both the wider regions and sub-regions are short of waste transfer and recycling capacity for both municipal and commercial waste streams. Although planning permission has recently been secured within the sub-region for the development of a Materials Recycling Facility (MRF) considerable further capacity will be needed to handle future municipal and commercial waste arisings.

Whilst there is a good geographical spread of waste transfer stations across the sub-region (based predominately in or close to areas of major development) most of these facilities are operating close to their licensed capacity to support individual private sector needs. Further development and additions to this network of transfer stations will be needed to accommodate waste from the Project Transform sub-region.

The sub-region also lacks second stage infrastructure for the processing of products from recycling collections. For example, glass collected in the sub-region has to be processed in the North West. Metal whilst bulked in the sub-region is processed at a number of different locations including outside the UK. Plastic is rarely processed in the UK and is regularly transported as far as China for end reprocessing. Whilst there is significant paper and cardboard processing capacity adjacent to the sub-region in Birmingham, gate prices are low compared with other suppliers.

The West Midlands has the highest concentration of EfW facilities in the country. This processing capacity must be maintained and/or alternatives developed if dramatic increases in landfill use are to be avoided.

The sub-region is currently well supplied for active landfill void and whilst future sites have been identified the existing landfill capacity is predicted to be full before 2020.

Due to the lack of suitably available land for further land filling, considerable LATs pressures in Warwickshire, and the need to deliver a sustainable waste management infrastructure across the sub-region, the partners have formed Project Transform.

2.3.2 Coventry

Coventry's facilities are centred around the EfW facility in Coventry and includes a HWRC. In addition, Coventry operates a commercial waste transfer station at its Whitley Depot.

2.3.3 Solihull

Solihull operates two facilities through the Strategic Environmental Contract; these are Bickenhill HWRC and Moat Lane transfer station.

Bickenhill HWRC provides a recycling and disposal point for all residents. The site is a split-level design actively promoting recycling. The site currently handles approximately 23,000 tonnes of material annually.

Moat Lane transfer station provides a localised facility for the council and its contractors to separate and bulk waste which arises from the council's services with a large portion of this waste then being sent for recycling. Part of the facility's purpose is to reduce the number of vehicle movements to final treatment facilities and thus reduce the council's carbon emissions.

Solihull with Coventry, jointly owns the Coventry and Solihull Waste Disposal Company (CSWDC) and processes over 50% of its waste through the EfW facility operated by CSWDC.

2.3.4 Warwickshire

Warwickshire operates a network of nine HWRCs and has recently redeveloped its facility in Rugby at a cost of £1.8m. The site was developed partly utilising recycled materials.

2.4 Local Authority Waste Disposal Company – CSWDC

The existing EfW facility is operated by CSWDC, which is wholly owned by Coventry and Solihull Councils. A position statement and further information regarding CSWDC is provided in Appendix C.

2.5 Waste Growth Assumptions

To enable the size of any future residual waste treatment facility to be determined, a waste growth profile was developed with the support of Entec. The profile has been calculated through an analysis of planned waste minimisation policies and initiatives, forecast levels of recycling and composting and forward housing growth projections. The waste growth was converted to growth at the household level and then the impact of housing growth applied.

The method by which the projections have been calculated and assumptions used are presented below.

- Waste growth at the sub-regional level – projections have been based on a decreasing waste growth taking the average annual growth for the period 2001/02 to 2006/07 as the starting point for the partnership. This

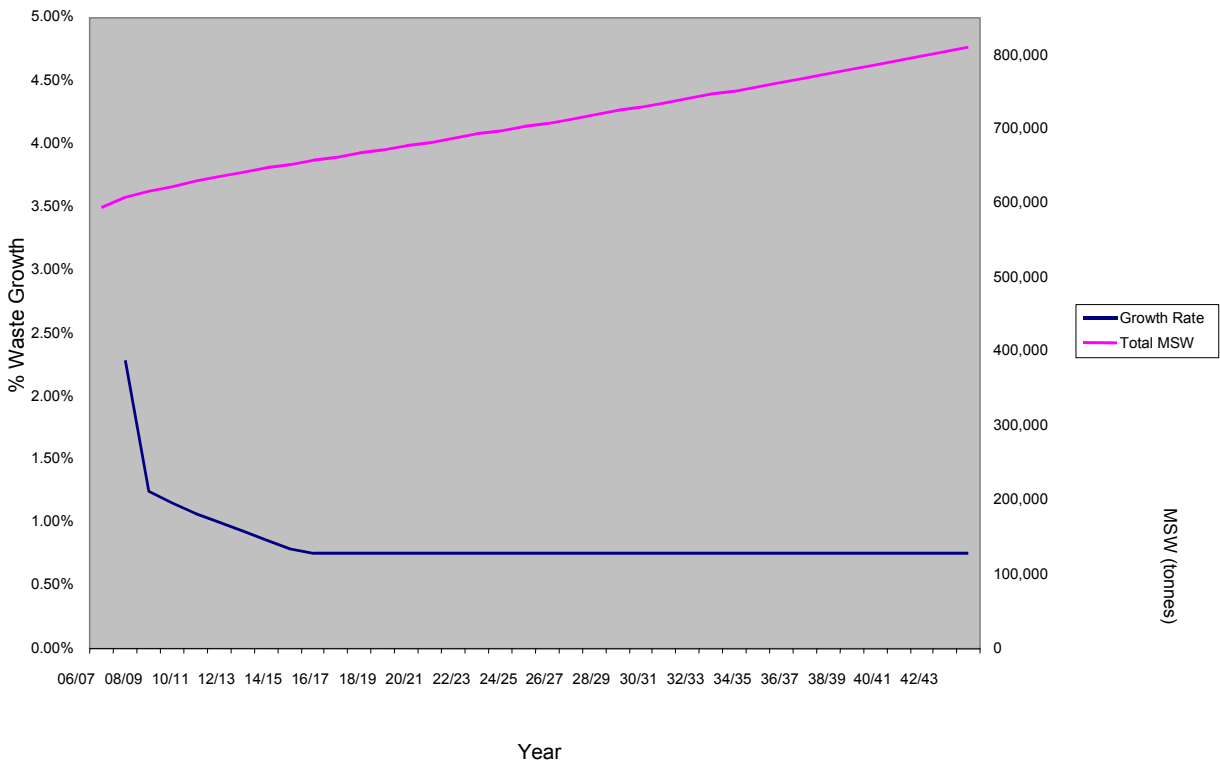
has been done on a household basis (i.e. waste arisings divided by number of households). Waste growth was decreased incrementally until it reached 0.75% waste growth at the household level.

- The most influential factor affecting waste growth is the anticipated growth in housing numbers. The waste growth profiles have included the projected increase in housing, and undertaken to incorporate housing growth within the overall waste growth rates.
- It has been assumed that the rate of growth in any non-household waste also reduces, and matches the reduction in household waste.

The partner's long-term aim is to reduce waste growth to zero, however for the purposes of this EoI it has been decided to use a prudent forecast of 0.75% growth. This growth reduction will be achieved by a number of initiatives that are outlined later in this EoI (refer to section 3.4).

The MSW growth profile and waste arisings for Project Transform for the period 2007 to 2040 is presented in Figure 2.

Figure 2 Project Transform MSW Growth Profile and Arisings



2.6 Existing Waste Arisings

A summary of the waste arisings for each partner (2006/7) is presented in the following table.

Table 1 Partnership Waste Arisings (tonnes) for 2006/07

Waste Stream	Coventry (tonnes)	Solihull (tonnes)	Warwickshire (tonnes)	Combined tonnages
Kerbside/HWRC Residual	106,999	71,627	196,312	374,938
Kerbside / HWRC Recycled	18,784	17,411	46,595	82,790
Kerbside / HWRC Organic	15,647	13,310	49,075	78,032
Other Household recycled	0	0	203	203
Non-household Residual	39,426	1,886	24,154	65,466
Total Household	141,430	102,348	292,185	535,963
Total MSW	180,856	104,234	316,339	601,429

Of the total MSW shown in the table above, only 20,000 tonnes (3%) of commercial waste will be processed through the proposed (for this EoI) new waste treatment facility.

2.7 Current Collection Arrangements

The information in Table 2 provides a summary of all collection services operated by the partners.

Table 2 Summary of Current Collection Schemes

Authority	Alternate Weekly Domestic Refuse	Weekly Kerbside Recycling	Fortnightly Kerbside Recycling	Garden Waste Scheme	No. of Bring Sites	Recycling & Composting Rate (%) 2006/07
Coventry	No	No	44 litre box Paper & Cardboard (100% households – 129,832)	240 litre wheel bin (Fortnightly) All houses with garden (110,357)	140	24.2%
Solihull	No	55 litre box Paper (74%)	No	240 litre wheel bin, (Fortnightly) (full service)	30	30%
North Warwickshire	No	No	Box Newspaper, mixed papers, textiles, cans, glass	240 litre wheel bin, (Fortnightly) (96% coverage)	20	24.92%
Nuneaton & Bedworth	No	Newspaper, mixed papers, textiles, cans, glass, batteries, oil, foil, aerosols	No	240 litre wheel bin (Fortnightly) (89% coverage)	42	25.23%
Rugby	No	No	Newspaper, mixed papers, cans, glass	140/240 litre wheel bin (Fortnightly) (58% coverage)	37	24.18%
Stratford-upon-Avon	No	No	Newspaper, mixed papers, textiles, cans, glass	240 litre wheel bin (Fortnightly) (100% coverage)	9	40.22%
Warwick	No	No	Newspaper, mixed papers, textiles, cans, glass, batteries, oil	240 litre wheel bin, (Fortnightly) (42% coverage)	18	29.35%

The following table provides a summary of proposed changes to collection schemes. The majority of collection authorities are planning improvements and extensions of their existing schemes, with two currently committing to alternate weekly collections.

Infrastructure is currently being developed to enable at least three of the collection authorities to collect food waste combined with garden waste from April 2009.

Table 3 Summary of Trial/Future Collection Schemes

District	Alternate Weekly Domestic Refuse	Weekly Kerbside Recycling	Fortnightly Kerbside Recycling	Garden/Kitchen Waste Scheme
Coventry	n/a	n/a	44 litre box. Co-mingled plastics, cans, glass (21,000 households)	n/a
Solihull	n/a	147 Blocks of flats for paper collections	n/a	Remaining households to be offered 240 litre bins in April 2008 for garden waste
North Warwickshire	n/a	n/a	n/a	n/a
Nuneaton & Bedworth	n/a	01/04/08 (95% coverage) Co-mingled Newspaper, mixed papers, textiles, cans, glass, batteries, oil, foil, aerosols, plastic bottles and cardboard	n/a	n/a
Stratford-upon-Avon	01/08/08 52,961 households	n/a	01/08/08 (52,961 households) Co-mingled Newspaper, mixed papers, textiles, cans, glass, batteries, oil, foil, aerosols, plastic bottles and cardboard. 240 litre wheel bins.	Fortnightly Kitchen waste (240 litre wheel bin) 01/04/09
Rugby	n/a	n/a	2009 (subject to approval) (95% coverage) Co-mingled Newspaper, mixed papers, textiles, cans, glass, batteries, oil, foil, aerosols, plastic bottles and cardboard. 240 litre wheel bins.	Fortnightly Kitchen waste (240 litre wheel bin) 01/04/09
Warwick	01/04/08 50,500 households	n/a	01/04/08 (89% coverage) Co-mingled Newspaper, mixed papers, textiles, cans, glass, batteries, oil, foil, aerosols, plastic bottles and cardboard. Kerbside boxes and bags.	Fortnightly Kitchen waste (240 litre wheel bin) 01/04/08

North Warwickshire Borough Council is also extending its collection schemes to incorporate flats and multi-occupancy buildings. It is also considering options for the collection of kitchen waste.

In addition, Solihull is exploring the feasibility of a full kerbside recycling scheme for glass, cardboard, tins and plastics.

These initiatives are being put in place or actively considered for implementation within the next few years. The partners recognise that an expansion of these and further initiatives will need to be developed in order to meet the targets in the Waste Strategy for England 2007.

2.8 Waste Management Contracts

The partners have separate contracts for the management of waste. The primary disposal means used by Coventry and Solihull for their residual waste is the existing EfW facility whilst Warwickshire's is landfill. The following tables provide a summary of the principal disposal/treatment contracts.

Table 4 Coventry Waste Management Contracts

COVENTRY Type of Contract	Contractor	Facility	Tonnage 2006/07 (min)	Expiry Date / Notice Period
Landfill Disposal	Sita	Packington Landfill	0 (0)	31.3.11
	Waste Recycling Group	Bubbenhall Landfill	15,000 (15,000)	31.3.12
Energy from Waste	Coventry & Solihull Waste Disposal Company	Coventry EfW	120,000 (0)	31.3.11
Garden Waste Composting contract	A. Aston Composting	Brinklow Quarry Windrow Composting	18,000 (0)	Framework – no expiry date
Waste Electrical Electronic Equipment	CSWDC (Val pak)	Various	2,000 (0)	31.3.11
MRF	Greenstar	Aldridge MRF	1,000 (0)	31.3.09
Management, Operation of HWRCs	CSWDC	Barr Road – Coventry	28,000 (0)	31.3.11
Clinical Waste	Britcare	Heartlands Hospital	1,000 (0)	31.3.09

Table 5 Solihull Waste Management Contracts

SOLIHULL				
Type of Contract	Contractor	Facility	Tonnage 2006/07	Expiry Date / Notice Period
Landfill Disposal	Sita	Packington Landfill	18,000 (15,000)	31.3.11
Energy from Waste	Coventry & Solihull Waste Disposal Company	Coventry EfW	56,000 (0)	31.3.11
Garden Waste Composting contract	Sita	Packington Landfill	8,000 (0)	31.3.11
Waste Electrical Electronic Equipment	Repic	Various	600 (0)	31.12.09
MRF				
Management, Operation of HWRCs	Enterprise	1 HWRC - Bickenhill	26,000 (0)	31.3.15
Clinical Waste	Britcare	Heartlands	44 (0)	

Table 6 Warwickshire Waste Management Contracts

WARWICKSHIRE				
Type of Contract	Contractor	Facility	Tonnage 2006/07 (min)	Expiry Date / Notice Period
Landfill Disposal	Waste Recycling Group	Judkins Landfill	59,000 (55,000)	After 31.3.2010
	Waste Recycling Group	Bubbenhall Landfill	51,000 (50,000)	2012 approx
	Biffa	Wilnecote Landfill	11,000 (5,000)	After 30.11.2009
	Biffa	Ufton Landfill	31,000 (25,000)	After 30.11.2009
	Veolia	Ling Hall Landfill	37,000 (15,000)	After 30.11.2009
Energy from Waste	Coventry & Solihull Waste Disposal Company	Coventry EfW	21,000 (20,000)	After 31.3.2010
Garden Waste Composting contract	Sita	Packington Windrow Composting	5,000 (3,000)	After 29.2.2008
	Catons	Sibson Windrow Composting	9,000 (2,001)	29.2.2008 extended
	Simpro	Gaydon Windrow Composting	20,000 (6,001)	30.11.2009
	Biffa	Kilsby Windrow Composting	6,000 (3,001)	29.2.2008 extended
	Waste Recycling Group	Bubbenhall Windrow Composting	9,000 (6,001)	29.2.2008 extended
Waste Electrical Electronic Equipment	DHL	Collection of WEEE from 9 HWRCs	-	-

Management, Operation of HWRCs (including 1 transfer)	HW Martin	6 HWRCs		After 30.11.2009
	Waste Recycling Group	1 HWRC		2008 approx.
	WCC	2 HWRCs		N/A
Clinical Waste	Polkacrest			After 30.11.2009



3 Strategic Waste Management Objectives

3.1 Municipal Waste Management Strategies

Municipal Waste is any waste that falls under the direct control of the waste collection or waste disposal authority as defined in the Environmental Protection Act 1990 and the Control of Waste Regulation 1992. In order to establish effective partnership working arrangements, the partners are developing a sub-regional Municipal Waste Management Framework that details the shared objectives of partners to achieve the targets in the Waste Strategy for England 2007. The Framework will be based on the existing strategies and policies of each of the partners.

The shared objectives of the partners are summarised below:

- To reduce the amount of waste generated by households within the sub-region;
- To promote the reuse of materials;
- To manage waste as a resource;
- To maximise the amount of material recycled and composted in the sub-region and to meet and exceed our statutory recycling targets;
- To limit the amount of waste disposed of to landfill and to ensure that our landfill diversion targets are met;
- To make use of existing waste treatment infrastructure in the sub-region;
- To contribute to the generation of energy from a non-fossil fuel source;
- To work in partnership with other stakeholders to achieve the targets set out in the national Waste Strategy for England 2007.

Further information on the Waste Management Strategies for Solihull and Warwickshire are in Appendix B. Coventry is in the process of preparing its waste strategy for public consultation during the summer of 2008 and it will be finalised prior to submission of the (OBC).

Coventry's waste strategy will build upon the city's waste philosophy, and will include proposals for delivering the challenging waste minimisation and recycling targets prescribed in a Waste Strategy for England 2007.

3.2 Sustainability objectives

Pursuing a sustainable environment is one of sub-region's key objectives. Developing sustainable methods of waste management is intrinsic to fulfilling this objective.

The partners have signed up to the Nottingham Declaration on Climate Change, which requires signatories to work with the community to develop an action plan to tackle climate change at a local level. The partners are committed to reducing their carbon emissions and reducing reliance on landfill which will contribute towards this aim.

3.3 Consultation on Waste Strategies

As part of the development of Warwickshire's and Solihull's Municipal Waste Management Strategies, public consultation was carried out on their proposed options for managing waste. A series of public workshops were held, questionnaires disseminated and made available on the Councils' websites. The feedback received fed into the development of the Waste Strategies. Coventry will follow a similar route for the development of its strategy.

In Warwickshire, an annual progress report against the targets established in the Waste Strategy is produced and circulated to the Warwickshire Districts and made available on the Warwickshire Waste Partnership website. A stakeholder newsletter is produced on progress with implementation of the waste strategy and this is made available on the web and also e-mailed directly to key stakeholders.

It is planned that an annual progress report for the Sub-regional Waste Framework will be produced for the Partners and communicated via the Project Transform website and distributed to key stakeholders.

3.4 Waste Minimisation Objectives

The Partners are committed to minimising the amount of waste produced by households in the sub-region.

Waste prevention and re-use are at the top of the waste hierarchy and as such the partners recognise the importance of mechanisms to reduce the amount of waste produced in the sub-region and to maximise the use of waste as a resource through reuse, recycling and recovering heat and energy.

The partners have numerous schemes in place to achieve waste prevention, minimisation and reuse. These meet the sub-regional objectives to:

- Promote waste prevention and minimisation;
- Encourage recycling;
- Increase public awareness of waste issues;
- Provide education and support information.

The partners are committed to initiatives that deliver waste minimisation and re-use.

The following table shows how Project Transform proposes to increase levels of reuse, recycling and composting, whilst reducing the amount of residual waste produced per household.

Table 7 Project Transform recycling and waste reduction levels (actual and predicted)

Project Transform	2000	2010	2015	2020
Household waste after reuse, recycling and composting (tonnes)	412,648	336,330	320,875	301,129
Residual waste kg/hh	382kg	318kg	289kg	259kg
Household reuse, recycling and composting %	11%	39%	40%	50%
% Reduction in residual waste from 2000 baseline (target 45% in 2020)		17%	24%	32%

The information in the following table provides a summary of the schemes and initiatives that the partners have implemented or are implementing to minimise waste in the sub-region.

A number of waste minimisation and reuse schemes are listed in Table 8 below.

Table 8 Waste Minimisation Schemes and Initiatives

Authority	Prevention, Minimisation, Reuse Initiative	Status
Coventry, Solihull, Warwickshire	Encourage home composting – providing subsidised bins	Operating for several years
Coventry, Solihull, Warwickshire	To develop and deliver promotional campaigns on waste minimisation/prevention	Targeted schemes on regular basis
Coventry, Solihull, Warwickshire	Promotion and support of Community Freebay and Freecycle schemes, which promote the free exchange of unwanted goods – promoting the reuse of goods that would otherwise be disposed of.	Schemes supported for several years
Coventry, Solihull, Warwickshire	Promotion of recycling and reuse of materials at Council offices (in-house recycling schemes)	In house schemes operational for several years
Coventry, Solihull, Warwickshire	Support local furniture reuse networks – these schemes refurbish and redistribute discarded furniture	Schemes actively supported by authorities
Coventry, Solihull, Warwickshire	To investigate furniture and electrical goods re-use	Re-use shops already at some HWRCs –
Coventry, Solihull, Warwickshire	To support the use of Real Nappies	Promoted via websites

Coventry, Solihull, Warwickshire	To deliver annual events programme on waste prevention and minimisation	Events to coincide with Recyclenow campaigns e.g. Compost Awareness week
Coventry, Solihull, Warwickshire	To produce awareness reusable bags for residents to use when shopping and promote Smart Shopping	Promoted via websites and awareness events
Coventry, Solihull, Warwickshire	To promote ways of residents to stop junk mail deliveries	Mail preference service and prevention of direct mail promoted via websites and articles in council magazines
Coventry Solihull	To develop educational programme to support school children, college and university students in waste prevention and minimisation.	
Warwickshire	Eco-schools – The Eco-schools initiative is promoted and a number of Partner schools are involved in the scheme, which incorporates waste minimisation initiatives	Signed up to Ecoschools – dedicated officer
Warwickshire	Home wood chipping service	Service operational for several years
Coventry Solihull Warwickshire	All new housing developments should consider recycling/waste minimisation when designing properties	
Coventry Solihull Warwickshire	To develop enforcement on commercial waste in household waste streams	Vehicle restriction policy at HWRCs been in operation since 1998 in Warwickshire, since 2000 in Coventry and Solihull

Note: reference to Warwickshire also incorporates the Warwickshire Districts.

The partners use various media to get the key messages across to the public including: press articles, leaflets, radio advertisements, bus advertisements, the Internet and directly through schemes with local schools.

The partners' waste minimisation objectives to be incorporated in the sub-regional waste framework are:

- To establish a policy direction for delivering waste minimisation;
- To reduce waste – through the implementation or continuation and improvement of waste minimisation schemes and initiatives such as composting, real nappies and prevention of unwanted mail;
- To support partnership working – with community groups and increase the sub-regional capacity for re-use and refurbishment of goods;

- To raise awareness and educate the public – to enable them to make informed consumer choices;
- To support the reduction in greenhouse gas emissions – by reducing the amount of raw material extracted/used;

The following sections provide summaries of the resources and schemes being developed by the individual partners.

3.4.1 Warwickshire

Warwickshire has a Waste Minimisation Strategy which was adopted in 2007 which includes an action plan from 2007-2015, outlining the actions that the Warwickshire and the Warwickshire Districts are taking to minimise waste in Warwickshire.

Warwickshire has a dedicated Waste Minimisation Team. One of the waste minimisation officers is tasked specifically with the role of liaison with the Warwickshire Districts and will support the districts when they introduce new collection schemes. The Waste Minimisation Team receives corporate funding and has also secured funding from Waste and Resources Action Programme (WRAP), and a proportion of the Waste Performance Efficiency Grant.

3.4.2 Solihull

Solihull has introduced kerbside recycling of garden waste for composting and paper waste for recycling across the whole of the borough. To increase the capture rate and range of material that can be recycled at the Bickenhill HWRC site. The Waste and Recycling Team are planning a reusable shopping bag promotion across the borough in the summer of 2008.

In addition, Solihull has fully supported various home composting campaigns including taking part in the WRAP phase 4 programme and are already signed up to WRAP's phase 5 programme which launches on 1st April 2008.

3.4.3 Coventry

Waste minimisation is one of the key aims of Coventry's emerging waste management strategy and its Climate Change Strategy.

The recently formed Street Services and Public Protection Division within Coventry has a dedicated Climate Change and Campaigns Team. This team is tasked with educational and campaigning activities for both waste minimisation and recycling. To date, Coventry has secured in excess of £100k from WRAP to support waste minimisation activities.



3.5 LATs Strategy

The Partners have differing positions with respect to LATs and future LATs deficits and surpluses.

Coventry and Solihull send the majority of their residual waste for treatment at the existing EfW facility. Warwickshire relies on landfill for the majority of its residual waste disposal and sends only a relatively small proportion of its overall residual waste to the existing EfW facility. These differing approaches to residual waste management mean that Warwickshire will be in a deficit LATs position by 2010, whereas both Coventry and Solihull will be well within their LATs allocations.

The partners recognise that it would be beneficial for the sub-region to pool LATS prior to the opening of any new waste treatment facility. A LATS strategy, including this commitment to pooling, will be developed as part of the OBC. The strategy will detail the technical and financial arrangements to enable the pooling to take place. Figure 3 shows the allowances and predicted LATs position of each of the partners, based on the assumption that there is no investment in a new waste treatment facility (essentially the 'do-nothing scenario'). Figure 4 shows the predicted LATs position assuming the development of a new waste treatment facility.

In addition to the pooling of LATS, a number of initiatives are being developed by the Partners to reduce the amount of biodegradable waste being sent to landfill. These include:

- Continuing to promote Home Composting and establishing a network of Master Composters
- Installing mini in-vessel composting units in some schools to minimise food waste
- Extension of current garden waste collection schemes to incorporate all suitable households
- Incorporating food waste with existing garden waste collections – being phased in throughout Warwickshire – starting April 2008.
- Encouraging participation in existing recycling and composting schemes

Figure 3 LATs allowances for each of the Partners and estimated BMW sent to landfill (Do Nothing)

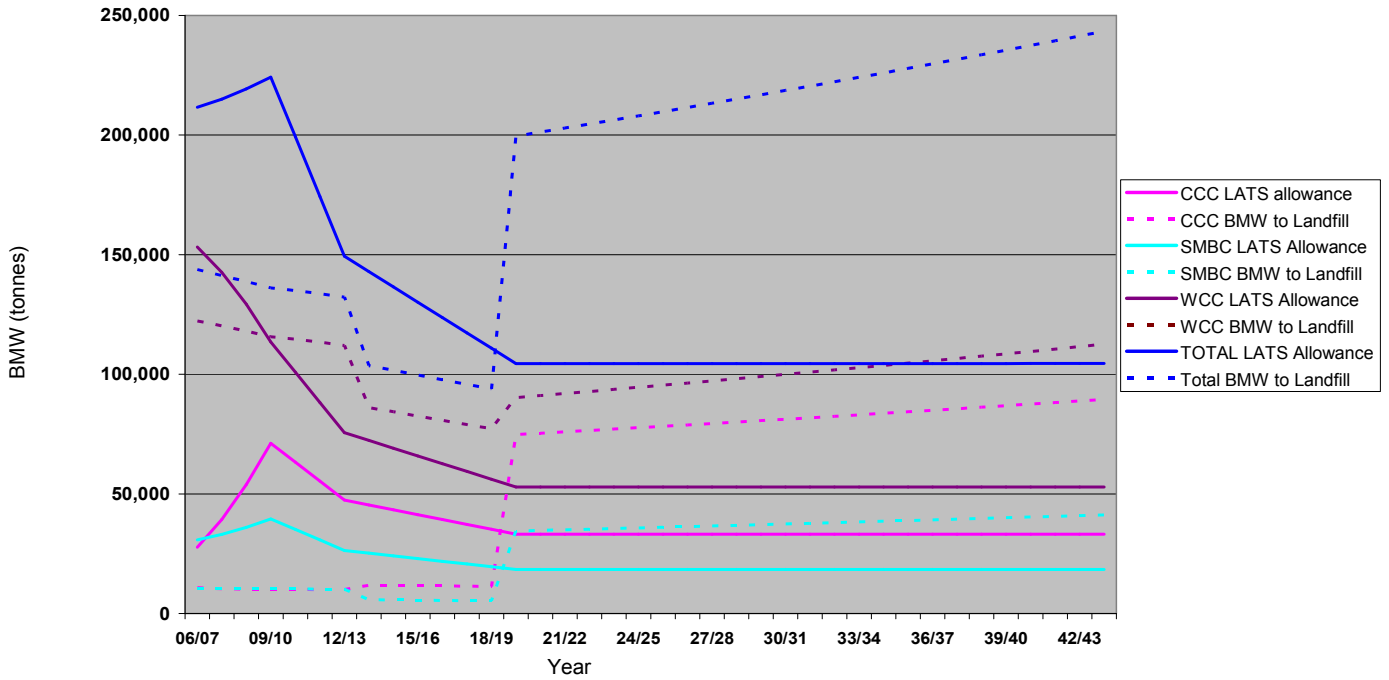
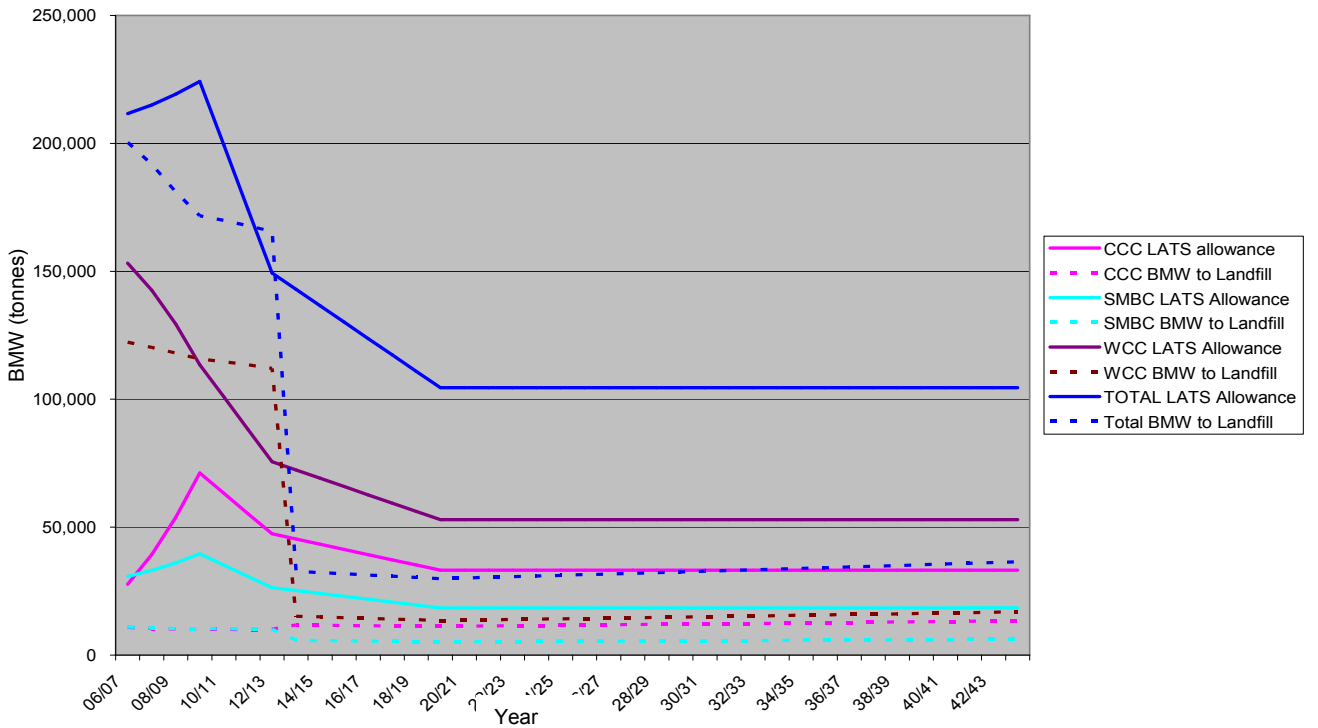


Figure 4 LATs allowances for each of the Partners and estimated BMW sent to landfill (Reference project)



4 Procurement Strategy

4.1 Introduction

This EoI details the joint working arrangements put in place to develop a treatment facility for the Partners' residual waste. To assist with this process, PWC, were engaged to produce a feasibility study examining the options for replacing the existing EfW facility owned and operated by Coventry and Solihull through the CSWDC. This work included an evaluation of a range of procurement and funding options.

The PWC study included the consideration of PFI which led the partners to agree to submit this EoI. PFI was considered as one of the preferred options for the following reasons:

- It provides a better understanding of the total costs of providing the service and through the annual unitary charge payments provides more certainty over future costs;
- It reduces the risk of time and cost over-runs, during the construction phase, as the contractor does not get paid until the service commences;
- Contractors are incentivised through the payment mechanism to deliver the required service standards;
- Contractors are given the ability to introduce new approaches to service delivery;
- It is an attractive and well understood procurement method in the market; and
- There is a track record of the delivery of PFI procurement for public infrastructure which has led to the development of standard documentation that reduces the risk and timescales associated with the procurement process.

This work has been further developed as part of the production of this EoI. The OBC will robustly test and challenge the preferred procurement method.

In the development of the partnership, a number of waste treatment options have been evaluated. These options focus on steps to enable the Partnership to increase recycling and composting to meet its landfill diversion targets and achieve sustainable methods of waste management. The Partners in their respective capacities as waste disposal authorities already have a number of contracts for the management of residual waste and recyclable materials.

Through the development of this EoI the wider ranging procurement activities of the partners have been considered and are summarised in the following sections.

4.2 Long-term residual waste treatment

The partners are committed to development of a long-term waste treatment facility to achieve the objectives of the sub-regional waste framework.

The partners recognise the importance of ensuring that the facilities and the method of procurement meet the needs of the partnership and minimise the risks associated with the establishment and operation of the facility. In addition, the procurement method will take account of the impact on existing waste management infrastructure and the requirement for new infrastructure.

In addition to working in partnership with Coventry and Solihull, Warwickshire is collaborating with Staffordshire County Council with a view to inputting a proportion of residual waste into its proposed EfW facility (it is anticipated that Warwickshire will send 40,000 tonnes of residual waste to the facility).

Coventry and Solihull have successfully operated the existing EfW facility for over fifteen years and are committed to partnership working and the provision of high quality shared services. Given the significant cost of replacing the waste treatment facility, Coventry and Solihull are keen to maximise all opportunities for joint working and shared risk transfer.

The provision of long term residual waste treatment capacity is key to the future development and growth of the sub-region. The lack of third party residual treatment capacity and diminishing landfill availability means that Project Transform is key to the delivery of the sub-regional waste management framework.

4.3 Procurement Activities Outside of the Long Term Residual Treatment

Contract

The procurement of a residual waste treatment facility is one part of an evolving process of joint working between the partners.

The partners, together with the Warwickshire Districts, will continue to explore opportunities for the co-ordination and consolidation of sub-regional waste management arrangements in the areas of waste minimisation, re-use, recycling and infrastructure to support and enhance the effectiveness of the waste disposal arrangements.

This work will include the active consideration of:

- Increasing the frequency of the collection of recyclable materials and the capacity of boxes/bins provided to households;
- Reviewing the location and number of HWRCs and bring facilities;
- Expanding the range of items collected, for example, extending the collection of kitchen waste into Coventry and Solihull;
- Examining the need for additional capacity to process recyclable items, e.g. composting, windrow and in-vessel facilities, and materials recycling facilities in the sub-region;
- Evaluating the requirement for additional transfer and bulking stations.

4.4 Procurement of interim waste capacity

Coventry and Solihull will continue using their existing EfW facility to dispose of their residual waste until a new waste treatment facility becomes available.

Warwickshire has a contract to treat waste at the existing EfW facility in Coventry. The contract allows Warwickshire to send up to 30,000 tonnes of waste a year to the facility. This contract expires in 2010 and further arrangements will need to be made until the commissioning of any new facility.

The partnership jointly recognises the need for Warwickshire to meet its LATs requirements until any new facility opens. It is likely that these will be met through a combination of LATs from Coventry and Solihull and the continued use of surplus capacity (i.e. that not required by Coventry and Solihull) at the existing EfW. As part of the wider joint working arrangements, it is planned to put formal arrangements in place for this to happen prior to the submission of the OBC.

The partners are engaged in the process of discussing how the existing EfW facility and supporting infrastructure will be managed prior to the commissioning of a new waste treatment facility.

4.5 Green waste collections and treatment infrastructure

The partners collect garden waste from the kerbside and use a number of windrow composting facilities located in or just outside the sub-region.

Solihull has entered into a strategic environment contract partnership with Enterprise to provide all of its collection services for the next seven years, with an option to extend the partnership period. This arrangement includes the kerbside collection of garden waste. Solihull has extended its green waste composting contract with SITA for 3 years.

When food waste collections are introduced in Warwickshire, (food waste will be collected combined with garden waste) only garden waste collected at household waste recycling centres will be processed at windrow composting facilities. It is anticipated that this change will be gradual, starting from April 2008.

4.6 Kitchen waste collections and treatment infrastructure

The collection of food waste (kitchen waste) either separately or combined with garden waste collections, requires processing in a temperature controlled, enclosed treatment facility. This can be either an in-vessel composting facility or an anaerobic digestion facility.

As part of the emerging sub-regional waste framework, Solihull and Coventry will evaluate the benefits of collecting kitchen waste in order to improve their waste and composting targets.

Warwickshire has recently awarded a contract for the treatment of garden and food waste (mixed organic waste), which will treat mixed organic waste. This facility should be operational from April 2009. Warwickshire is also intending to tender for a

facility to serve the north of the county later this year. It is likely that Coventry and Solihull will review these decisions in light of the needs of the sub-region and the work being undertaken in Warwickshire.

4.7 Additional Waste Transfer Stations

To minimise the environmental impact of vehicle movements within the sub-region, it is proposed to develop a network of transfer stations where residual waste and recyclable materials can be bulked and transported to their final destinations. Warwickshire and Solihull operate one transfer station each located in Leamington Spa and Moat Lane respectively.

Locations for future waste transfer stations across the sub-region will be considered as part of the OBC.

4.8 Landfill Contracts

The partners are committed to moving away from landfill to other methods of more sustainable waste treatment, however there will be some waste that will require disposal to landfill until such times that alternatives become available.

This waste includes materials such as bottom ash and fly ash which are residues left over from the Energy from Waste process. These both require disposal to landfill. Fly ash is classified as a hazardous waste and has to be disposed of in a hazardous waste landfill site. Similarly there are materials that are produced by mechanical biological treatment facilities which also require disposal to landfill, such as large oversized materials or contaminants/rejects.

There will also be planned downtime when the facility is being maintained. During this period a proportion of the waste may have to be landfilled or sent to an alternative treatment facility (should one be available).

Warwickshire has a number of landfill contracts that are due for re-tendering in 2008. Warwickshire will need to retain landfill capacity to dispose of waste that cannot be treated by any other means or rejects from other processes. It is critical that these contracts are constructed to ensure that Warwickshire is not tied to minimum inputs that will affect its aims of moving waste up the waste hierarchy and reducing its input to landfill.

4.9 Residual Waste Treatment Options Appraisal

4.9.1 Options appraisal

A critical stage in the development of an EoI and subsequent OBC is the identification and appraisal of a range of options that will deliver the service changes and efficiency improvements required in a manner that is appropriate for the Partners. Value for Money will be achieved by a thorough and robust comparison of the options available.

The options appraisal consists of two elements:

- the appraisal of technical project options in order to identify the project (such as number or size of assets to be included in the project) that best meets the service delivery needs - the Preferred Option, and
- the appraisal of procurement options (such as PFI/PPP/Prudential Borrowing) to identify the procurement route that is likely to deliver best value.

The following sections identify the process undertaken to develop the options and subsequent shortlist.

4.9.2 Long list appraisal

The appraisal process consisted of a workshop which the partners and their advisors held to develop a long-list of residual treatment technologies. In accordance with the HM Treasury 'Green Book' guidance, the options were evaluated against a baseline option of '50% recycling and the balance of landfill'.

A total of 11 technical options were considered at the long list stage against a comprehensive set of criteria, see Table 9 for long list. These options were qualitatively evaluated through an options appraisal workshop weighting the scores of each option. Following assessment, a shortlist of four different scenarios was identified to be taken forward for further, more detailed evaluation.

Table 9 Long List of Options ranked after appraisal workshop

Option Number	Description	Weighted Score	Rank
1	Maintain Current Recycling Level - Landfill - Landfill	98	10
2	High Recycling - RDF/SRF MBT - RDF to 3rd party facility	144	6
3	High Recycling - RDF/SRF MBT - RDF to purpose built facility	155	4
4	High Recycling - Bio-stabilise MBT - Residue to landfill	114	9
5	High Recycling - MBT AD - RDF Energy Recovery	149	5
6	High Recycling - Autoclave - Thermal treatment	122	8
7	High Recycling - EfW (CHP)- Meets LATS allowance	162	2
8	High Recycling - EfW (CHP)- Max Residual to EfW to minimise landfill	187	1
9	High Recycling - ATT - Meets LATS allowance	138	7
10	High Recycling - ATT - Max Residual to facility to minimise landfill	158	3
11	High Recycling - RDF/SRF MBT - RDF to Cement Kiln	122	8

Note: High recycling refers to recycling rates in excess of 50%.

In the case of the EfW options, these refer to the provision of a combined heat and power plant (CHP). The existing EfW has CHP capabilities, however a detailed evaluation will need to be carried out to establish the potential market for the heat generated by any replacement waste treatment facility.

4.9.3 Short-listed options evaluation

The long list evaluation process resulted in a short list of options which are presented in the following table.

Table 10 Short-listed options

Option Number	Description	Weighted Score	Rank
8	High Recycling - EfW (CHP)- Max Residual to EfW to minimise landfill	187	1
7	High Recycling - EfW (CHP)- Meets LATS allowance	162	2
10	High Recycling - ATT - Max Residual to facility to minimise landfill	158	3
3	High Recycling - RDF/SRF MBT - RDF to purpose built facility	155	4

For each option it is assumed that a recycling and composting level of 50% will be achieved by 2020 and progress will be made towards reaching the residual waste minimisation target of a 45% reduction based on 2000 baselines.

This level of recycling and composting complies with the National Waste Strategy for England 2007, and also complies with DEFRA's criteria for application for PFI credits.

A full report documenting the options evaluation process and assumptions used is presented in Appendix A.

4.10 Selection of appropriate procurement route for long-term infrastructure

The options appraisal workshop with Entec concluded that for the purposes of EoI the preferred solution was high levels of recycling with the maximum residual waste going to a CHP EfW and minimal land fill (Option 8) therefore meeting the requirements of the emerging sub-regional waste management framework.

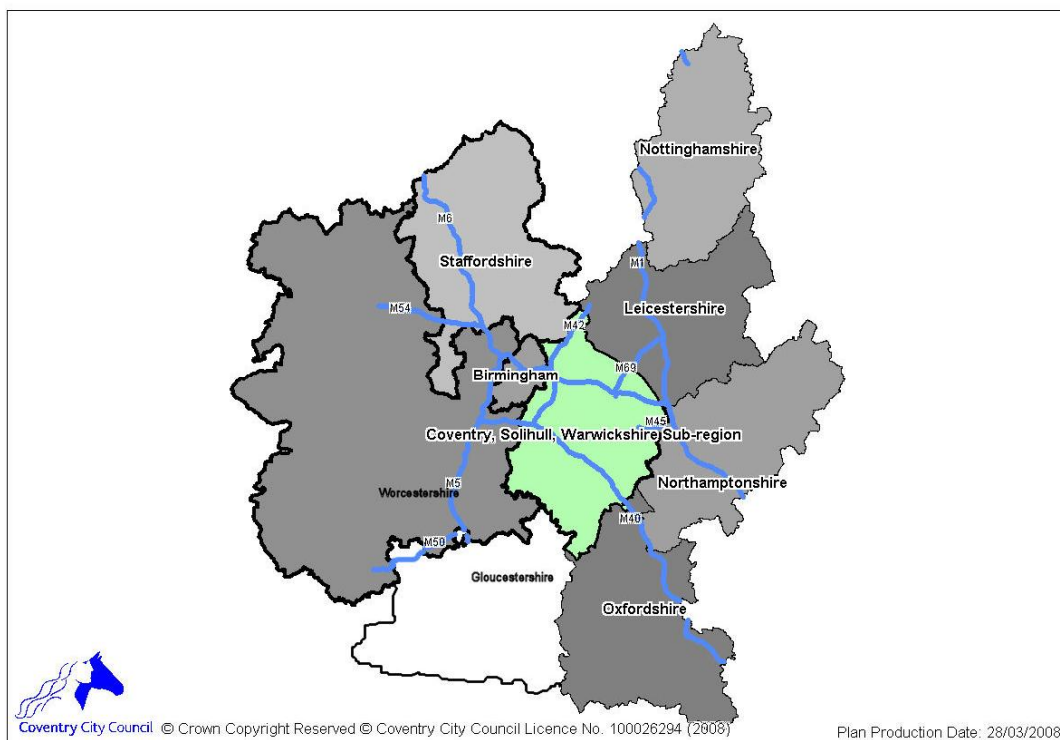
4.11 Consultation with neighbouring waste disposal authorities

The partners have reviewed the potential for collaborative working with other authorities in the Midlands (particularly neighbouring authorities) on shared waste management solutions.

Due to their central location, the partners directly border a number of authorities. These are listed below and illustrated in Figure 5 .

- Leicestershire County Council,
- Staffordshire County Council
- Gloucestershire County Council,
- Worcestershire County Council,
- Northamptonshire County Council,
- Oxfordshire County Council,
- Birmingham City Council.

Figure 5 Geographical location of the Partners -showing neighbouring and partnering authorities



The partners have approached neighbouring authorities to determine if there is scope for further joint working. The outcome of discussions with authorities and their current positions with respect to long-term waste management plans are summarised in Appendix D.

The partners are continuing to maintain dialogue with neighbouring authorities and representatives of the partners attend regular regional meetings where the potential for collaborative working is discussed. In particular, the partners would like to explore the potential to link this project with the Northamptonshire and Milton Keynes project to establish the benefits of providing an outlet for RDF that will be produced by their proposed waste treatment facility. This project also has the additional benefit of being on the same timeline as our project.

Whilst it may be possible to extend the partnership, it is considered that the proposed arrangements contained within this EoI, which includes two Metropolitan Borough Councils, a County Council and five District Councils provide an appropriate balance between developing a deliverable project and obtaining value for money.

In addition, the partners are engaged in the establishment and development of a West Midland regional recycling group, supported by the West Midland Regional Centre of Excellence and led by the Project Sponsor, Stephen Pickering (Director of City Services, Coventry).

5 Risk Management

5.1 Project team approach to risk management

A comprehensive risk register has been developed for the project, which will be further refined during the development of the OBC and as the project develops.

The Project Director has ultimate responsibility for the risks to the business case. The Project Manager will be responsible for the day-to-day management of the risk register and will assign risks to appropriate project participants. The 'owner' of a risk will be responsible for monitoring the risk and reporting back to the Project Manager/Director at specified review points or if the status of the risk has changed.

The Project Director is responsible for ensuring that all risks are identified, recorded and regularly reviewed. It is also the responsibility of the Project Director to produce plans to avoid or reduce the impact of potential risks. In summary the Project Director supported by the Project Manager shall:

- Modify plans to include agreed actions to avoid or reduce the impact of risk
- Suggest an appropriate owner for each risk
- Maintain risk log (assessment, owners and status)
- Include summary of significant risks in highlight reports and end-stage reports.
- Deal with risks that actually occur (contingency action or as an issue)

5.2 Risk analysis

Projects of this scale and complexity are inherently risky and inevitably carry a degree of uncertainty. The process of risk management seeks to identify potential project risks and manage them accordingly. Risks can have either positive outcomes on a project (seen as opportunities), or a negative impact on a project (seen as threats). Successful risk management minimises threats and maximises opportunities.

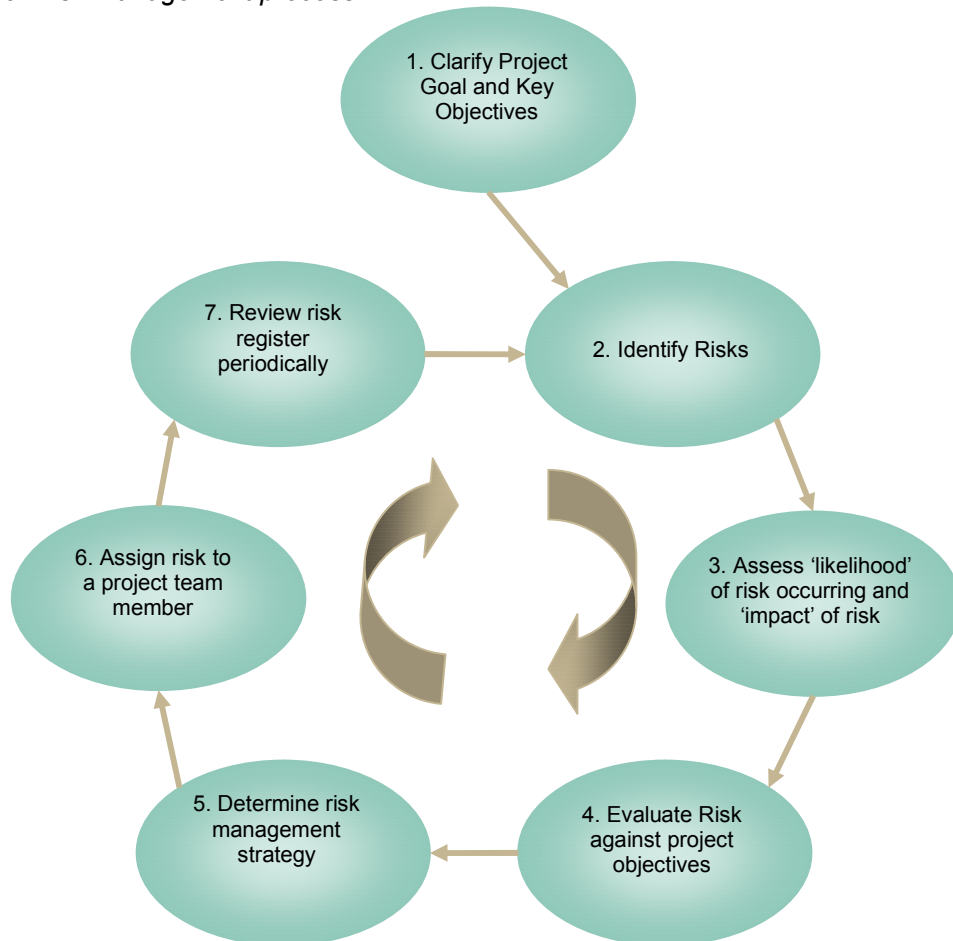
Entec ran the risk workshop for the project team, with a WIDP transactor present. At the risk workshop the likelihood for risk events to materialise and their potential impact upon the project objectives were assessed.

Each risk, once identified was scored against the likelihood of occurrence and the severity of the risk if it occurred. A risk management strategy and risk owner has been developed for each risk. The management strategy could take one of the following forms:

- Mitigate risk
- Accept risk
- Transfer risk
- Evaluate risk further

The risks were then prioritised and potential mitigation actions identified, the risk management process adopted is summarised in Figure 6.

Figure 6 Risk management process



5.3 Development of the Risk Register

The resultant Risk Register and, in particular, the Risk Response Action Plans will be integrated into the overall Project Plan, responsibilities have been assigned and the Actions Plans now form the basis of the Project Delivery Plan. Details of the Risk Register are in Appendix E.

The risk register is a live document and the owner of the register, the Project Director, is responsible for updating and amending the register as the project evolves.

A over 40 key project risks were identified, and a management strategy developed to minimise the threat of each risk.

The risk register has been adopted as a standing agenda item for the project team and project board, and will be reviewed and updated on a frequent basis, allowing identification of new risks and management of these risks.

It is recognised that, in addition, to the Partnership risks, there is the risk that the proposed solution does not meet the requirements of partners or that the partners views change as a result of changes in political control. This risk is addressed by the establishment of the Member Advisory Panel that includes members of controlling and opposition parties from each of the partner councils.

The headline risk categories identified at the Risk Workshop were as follows, the most significant risks are summarised in Table 11.

- Commercial
- Technical
- Resources
- Programme
- Project Environment
- Process

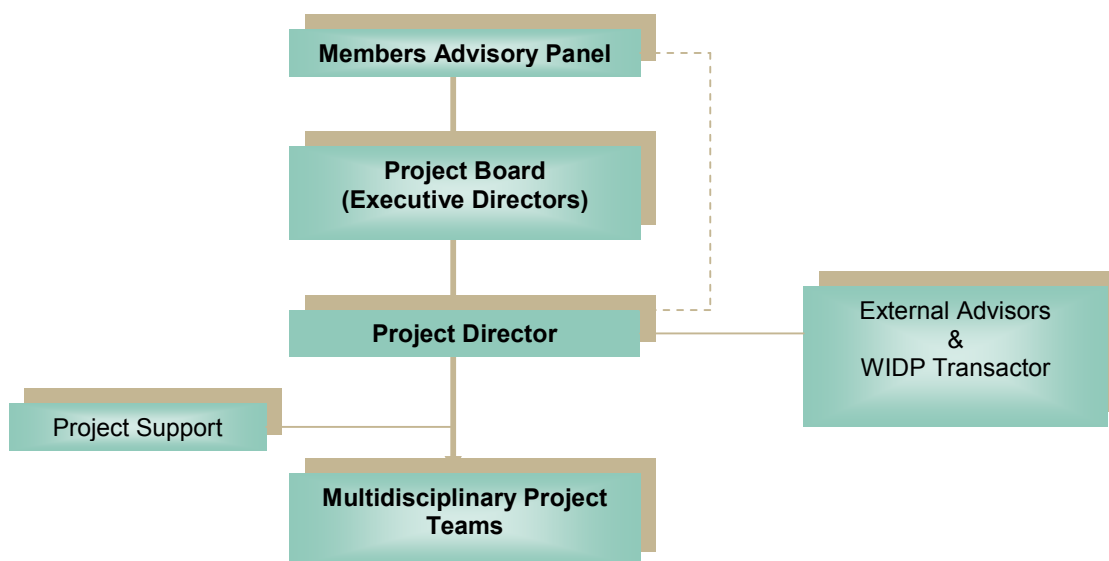
Table 11 Significant risks identified at risk workshop

Risk	Leading to..	Resulting in...
There is no market (or too much) interest due to limited capacity within the industry	No bids are received from acceptable providers, scope has to be reviewed, project revised	Delay to project programme, excessive LATS compliance costs, excessive costs associated with inflation and need to revisit market to secure an acceptable solution. Project Transform reputation damaged.
Waste flow model is inaccurate due to incorrect assumptions	Inappropriate choice of technology/size of facility	Possible re-bidding resulting in increased project costs, delays to project, possible excessive LATS compliance costs.
Pressure from lobby groups/public against the preferred solution and location.	Delay to award of planning consent, challenge to planning process, loss of political support from members	Alternative solution/site has to be sought, increased project development costs, delays to project delivery programme, exposure to LATS, impact on reputation, affordability of alternative project.
The bid prices are outside of the affordability envelope	Either a delay due to protracted negotiation, or a need to abort the project and seek alternative solutions	A delay to the project programme, exposure to LATS costs, or new costs associated with securing an alternative solution
Speed of commercial negotiations	Extension of all the project timeframes	Uncontrolled escalation (indexation), exposure to risk, missing project targets

6 Project Team and Governance

The partners have designed a governance structure to ensure that the project is effectively managed and that accountability to the three partners is maintained throughout the development of the project. The Governance structure is set out in following figure.

Figure 7 Project governance structure



6.1 Project Governance

6.1.1 Member Advisory Panel

The Member Advisory Panel has been established as part of the memorandum of understanding between the three partners (refer to Appendix H for a copy of the Memorandum of Understanding). The Panel comprises of three elected Members from each of the Partners, including the responsible Cabinet Member. The Panel has agreed a terms of reference which are attached at Appendix H.

The Member Advisory Panel does not have delegated powers to take major strategic decisions. All such decisions will be taken by and in accordance with the constitutional requirements of each of the partners. In addition, regular updating reports will be taken to relevant member forums including Scrutiny, Cabinet and Cabinet Member as appropriate.

The Member Advisory Panel has met twice since its establishment in December 2007. At its meeting on the 17 March 2008, the Panel received a presentation from the Interim Project Director which outlined the information contained in and issues arising from the development of the EoI.

6.1.2 Project Board

The Project Board was set up in Autumn 2007 to oversee the delivery of the key elements of Project Transform including the procurement of long-term waste treatment facilities.

The Project Board is chaired by Jim Harte (Interim Corporate Director, Solihull) and meets monthly.

Stephen Pickering (Coventry) is the Project Sponsor. Stephen has been Director of City Services at Coventry for over five years during which time he has led the delivery of considerable service improvements across a number of service areas. During Stephen's tenure as Director, household recycling in Coventry has trebled, and all households in the City now receive a kerbside collection of at least one recycle, and over 88% receive a collection of two.

The Board's membership comprises the Project Director and two Directors from each of the Councils. Full details of the team members are included in Appendix F.

The role of the Board is to be responsible to the Member Advisory Panel to:

- ensure risks are actively managed and reviewed regularly
- take collective responsibility for successful delivery of the project
- take decisions and provide leadership and direction throughout the life of the project
- ensure that continued strategic collaborative and partnership working
- ensure the project has sufficient resources, both internal and external, to deliver its objectives
- monitor and review the work of the Project Director to ensure that he/she delivers the aims and objectives of the partnership.

6.1.3 Project Team

The partners recognise that this major procurement project requires a knowledgeable, experienced and dedicated team with a range of specialist skills. The Partnership has formed such a team to develop the EoI which will be expanded and enhanced to develop the OBC and complete the procurement process. The partners are confident that the correct skills and capacity to deliver this project are in place.

The project team that has been established to deliver the procurement of long-term waste treatment facilities is detailed in Appendix F.

The project team is led by the Interim Project Director John Daly (Coventry) supported by the Interim Project Manager Kalen Wood (Warwickshire).

John Daly is Head of the Special Projects Finance team at Coventry and has extensive experience of PFI procurement. John is providing advice to Coventry in respect of the Council's Street Lighting PFI scheme and Building Schools for the Future Programme (includes a number of PFI Schools).



Kalen Wood is a Programme Manager within the Waste Management Group at Warwickshire. Kalen is responsible for managing the implementation of Warwickshire's Municipal Waste Management Strategy. Warwickshire is also working collaboratively with Staffordshire County Council and is Warwickshire's representative on their project team.

The project team includes external technical and financial advisors and support from Duncan Powell, a 4ps Transactor. Since the inception of the project, the project team has met at least weekly to keep all team members informed and ensure adherence to the timetable. Progress against this timetable is reported to the Project Board on a regular basis by the Project Director.

6.2 Workstream allocation

The Project Board has allocated the following workstreams to each of the Partners:

- **Technical (including interface with Warwickshire Districts, including CDM)** – Kalen Wood (Warwickshire);
- **Sites, Planning, Procurement and Financial** - Jane Murphy (Coventry)
- **Governance, Legal and Stakeholder consultation** – Yesrib Azam (Solihull)

The permanent Project Director (once appointed) will review this allocation. A permanent appointment will be made during the summer of 2008. Each of the partners has committed to provide resources (financial and staff time) to enable the delivery of the project.

6.3 External Advisors

The procurement of advisors for the EoI was carried out in early 2008 resulting in the appointment of technical and financial advisors. Entec have been appointed as technical advisors to assist with the EoI and PWC have been appointed as financial advisors.

The partners are putting in place arrangements for the OBC stage of the project to procure technical, financial, legal and insurance expertise to develop the OBC and complete the procurement process.

6.4 Details of Authority support

Each of the Partners' Cabinets approved a Memorandum of Understanding (MoU) in late 2007 which committed the partners to working together to develop a solution to the management of waste in the sub-region. A copy of the reports and MoU is included in Appendix H. Although the MoU is not legally binding, it forms the basis of the current working arrangements including the establishment of the Member Advisory Panel.

Over the coming months and as part of the development of the OBC, the partners will need to put the working arrangements on a formal basis and determine the contracting vehicle.

To facilitate the development of this EoI a number of reports have been presented to Member Authorities for approval, copies of relevant reports are in provided in Appendix I.

6.5 Arrangements for securing input from the Warwickshire Districts

The Warwickshire Waste Partnership is a Member and Officer group with representatives from all six of the Warwickshire authorities, including each of the five Warwickshire Districts. The Waste Partnership steered the development of the waste strategy and are consulted on key waste management decisions.

The Warwickshire Waste Partnership has no executive powers, however it is proposed that it becomes a Joint Committee with its own budget and the following powers:

- agreeing, monitoring and reviewing strategies
- education, research and promotion
- speaking for constituent authorities on consultations
- guiding the Waste Minimisation Team
- managing agreed posts
- overseeing waste minimisation and PSA2 project budgets
- bidding for grant funding
- developing proposals for improved waste management
- undertaking initiatives to improve procurement efficiency
- awarding contracts for the above purposes

The Warwickshire Waste Partnership supports Warwickshire's preferred approach for residual waste treatment. Reports on progress are regularly taken to the Partnership and at key decision points (refer to Appendix G for copies of the reports).

Warwickshire will enter into a memorandum of understanding or service level agreements with the district councils that will be delivering waste to any new waste treatment facility.

7 Sites and Planning

For the purpose of this EoI, the assumed location for the new waste treatment facility is the site of the existing EfW plant in Coventry. The potential for other sites in the sub-region has been reviewed, including a formal study for sites in Warwickshire. Further detailed work will be undertaken as part of the OBC to establish the risks associated with the sites and whether any further site identification work is required.

7.1 Status of Waste Development Framework

The Coventry Unitary Development Plan 1996 – 2011 includes a number of policies for the handling of waste:

- EM9 (Waste Strategy),
- EM10 (Re-use and Recycling),
- EM11 (Materials recycling facilities),
- EM12 (Composting), and
- EM13 (Landfill).

Policy EM9 sets out a hierarchy of waste handling methods that are promoted and encouraged:

- Waste reduction
- Re-use;
- Recovery; and
- Safe disposal

7.2 Local Development Framework

Following the introduction of the Planning and Compulsory Purchase Act 2004, Coventry was required to prepare a Local Development Framework (LDF) to progressively replace the current Coventry Development Plan 2001. The LDF will guide the form and location of waste management development within the city and set out the criteria against which planning applications for waste management developments will be considered in order to protect the environment and amenity of residents. This must conform with any emerging policies within the Regional Spatial Strategy and take into account waste recycling and landfill diversion targets.

The LDF Core Strategy will be adopted by the end of 2009 and the Allocations Development Plan Documents in Spring 2011. In the event that the final site is not the site in Coventry, identified for the purposes of this EoI, and is elsewhere in the sub region Warwickshire or Solihull LDFs may apply.

7.3 Planning and Sites Strategy

This EoI is submitted on the basis of a preferred site in Coventry which is the site of the existing EfW facility. This is one of our key assumptions that will be tested further as part of the OBC.

7.4 Anticipated approach to Town Planning

The partnership, principally through the activities of the CSWDC and the joint arrangement that exists between Coventry and Solihull, have a considerable knowledge and understanding of the issues associated with the operation of EfW facilities. The approach has been informed by advice emerging from Waste Infrastructure Development Programme (WIDP) over recent months and now formalised in the Planning Systems Guidance and associated Health Framework published in August 2007.

As the site and waste treatment facility are identified, it is envisaged that the partners will, through the chosen procurement vehicle, apply for full planning permission themselves. This approach will be examined in detail as part of the OBC. In reaching this conclusion, the partners have compared the advantages and disadvantages of the two main options within the DEFRA guidance. These are listed in Appendix J.

8 Costs and Budgets

This section considers the costs of both procuring and implementing the project and compares these costs against the available budgets.

8.1 Introduction

Following the initial options appraisal, the partners supported by PWC have undertaken further analysis to understand the financial implications of delivering the project. This includes:

- deriving the forecast costs of the project based on an EfW facility;
- affordability analysis, using projected waste disposal budgets;
- assessing the impact of PFI credits on the project affordability.

Further, more detailed work will be undertaken as part of the OBC which will conclude on the preferred funding method for the new facility.

8.2 Deriving the Costs of the Project

The costs of delivering the project have been derived as follows:

- A “shadow tariff” has been created to generate the gate fee (unitary charge costs) forecast to be payable to a PFI contractor;
- The additional cost forecast to be incurred directly by the partners in respect of residual waste disposal, in addition to the unitary charge; and
- PFI income assumption.

The “shadow tariff” is the forecast tariff or cost to the partners of procuring its project through a Design, Build, Finance and Operate (DBFO) "PFI" type contract. The tariff has been calculated using a financial model in a form that the private sector would use to price their proposals. The model contains a number of assumptions. The key assumptions are:

- those provided by the Entec which include waste flow modelling, capital, lifecycle and operational forecasts; and
- those provided by the PWC which include project finance assumptions and bid transactions costs.

Further information on the shadow tariff and the assumptions used to calculate the shadow tariff can be found in Appendix K.

8.3 Capital Costs

The forecast capital expenditure of £197m represents the costs of the EfW facility only. The costs of any additional ancillary facilities such as transfer stations are the subject of separate projects.

8.4 PFI credits

The modelling has been based on receiving 50% of the relevant capital expenditure for the project. This equates to a PFI Credit of £93m after discounting expenditure back to the start of construction.

8.5 Comparison of the costs of the reference project

The costs of the reference project delivered through a PFI contract has been compared against 'Do Minimum [50% recycling, residual waste to landfill]'. It is forecast, based on our initial assessment of the cost associated with using landfill (if this were available) that it would be less cost effective based on recent trends of landfill costs.

The waste disposal budgets are the elements of each of the partners forecast Medium Term Financial Strategy's (MTFS) that relate to the disposal of residual waste. Each partner has identified their total current waste disposal budgets which are shown in the table below.

Table 12 Summary of the Partners waste disposal budgets

	Waste Disposal 06/07	Waste Disposal 07/08	Waste Disposal 08/09
Coventry	£6m	£7m	£7m
Solihull	£4m	£4m	£5m
Warwickshire	£14m	£14m	£14m
Total	£24m	£25m	£26m

8.6 Project Affordability Analysis

The partners, supported by the West Midlands Regional Centre of Excellence commissioned PWC to examine the costs and benefits of a joint residual waste procurement. The report concluded that combining the options and financial modelling work that there is clearly a deliverable project that provides all three authorities with the best opportunity for partnering.

The focus of the study was a value for money comparison between options but it was beyond the scope of the study to assess the annual budget impact. The financial modelling undertaken has provided a starting point in identifying the gap between existing budgets.

Further detailed evaluation will be undertaken at OBC stage which will enable each partner to make more specific budget provision.

8.7 Member Awareness of Budgetary Implications

The partners have been alerted to the significant and prolonged growth in waste disposal costs. Members have been made aware that to stabilise cost increases at a sustainable level, Project Transform needs investment in a long term solution as not procuring facilities will subject the partners to higher costs and greater financial uncertainty.

As cost projections become more refined as part of the more detailed financial evaluations for the OBC these will then be built into future financial plans. A quarterly update report will be taken to the Member Advisory Panel which will include financial information. This will enable members to be informed about the progression of the project in terms of performance and financial projections of spend.

8.8 Funding for procurement process

The approved budget for procurement process, which includes internal costs and external advisory support up to OBC stage, is estimated at £0.45m, this includes a budget for the appointment of a Project Director and support costs. To progress the development of the OBC and complete the procurement exercise, a Project Director will be appointed, along with a dedicated project team and the appointment of external consultants.

All procurement and project costs will be split equally one third to each authority up to OBC stage. Beyond the OBC, will require further agreement to establish how costs will be shared. Coventry City Council will be the host location for the project team and any appropriate costs/overheads will be included within the project costs. Each authority will take a lead on the procurement of either the legal, financial or technical advisors, and these costs will form part of the overall project costs, which will be split according to the agreement of the Partners.

8.9 Medium Term Financial Strategy

Each partner authority has taken into consideration and advised members of the significant additional investment that will be required for waste management as part of its MTFS.

8.10 Affordability - Whole System Costs

In addition to the specific waste management activities that are impacted on by the project, the partners recognise that in order to deliver the reference project there are additional costs associated with achieving the 50% front end recycling and integrating any new facility within existing operations. These are outside of the scope of the PFI procurement.

The partnership is aware of the additional whole system costs, and intend to fully investigate these costs and the overall affordability impact as part of the OBC. Some of the key uncertainties are set out in the table below.

Table 13 Costs-key uncertainties

Land	Coventry owns the site identified for the purposes of the EoI.
Transport	The location of any new facility may require compensation to WCAs and the HWRC operators for additional costs incurred. The partners will investigate the use of transfer/bulking stations to minimise this impact, probably procured separately through prudential borrowing.
Impact upon WCA	The full impact upon the Warwickshire Districts in their roles as WCA, and the financial consequences of this for Warwickshire has still to be assessed.
Recycling	Incentive schemes for recycling have been put in place and improved where appropriate. Take-up is still uncertain, but significant provision has been made to facilitate reaching the targeted 50% recycling rate. Processing the 50% recycled materials may also require additional investment in composting and recycling facilities, e.g. MRFs and IVCs.

8.11 Value for Money

For the development of the OBC, a quantitative assessment of Value for Money will be undertaken using the HM Treasury Value for Money model in order to demonstrate that the costs of the PFI option are likely to be lower than the costs of undertaking a project delivering the same results using conventional procurement.

8.12 Payment Mechanism

Initial consideration has been given to the performance and payment mechanism. Project Transform will develop the mechanism utilising available guidance, to ensure that it reflects and delivers the key drivers for the contract, whilst ensuring deliverability/ bankability.

8.13 Accounting Issues

Given the nature of the scheme, the proposed risk allocation and the existence of similar precedent schemes whose assets are deemed to be off the procuring authority's balance sheet, it is not anticipated that the accounting opinion would be a significant procurement issue. Project Transform will develop the accounting opinion for the OBC, which it will share with its Auditors. This work will pay regard to the implications of the introduction of International Financial Reporting Standards in the United Kingdom.

9 Stakeholder Communications

9.1 Identification and Analysis of Stakeholder Issues

The procurement of long-term residual waste management infrastructure in the sub-region will involve and affect a large number of stakeholders. The Partners appreciate the importance of engaging fully with stakeholders. The project team at its meeting on 21st February 2008 undertook an initial stakeholder identification exercise. Key stakeholders were identified, the list of key stakeholders is provided in Appendix L.

The type and level of engagement identified for each of stakeholder group has been determined for each stage of the procurement process by using a RACI chart. The RACI chart (standing for Responsible, Authorise, Consult and Inform) divides the project into major tasks and identifies what sort of communication or involvement is required / desired from each of the stakeholder groups. The RACI chart is also included in Appendix L.

9.2 Evidence of Stakeholder Activities

Table 14 provides a summary of Key Stakeholder Groups and the consultation that has taken place or is planned in respect of the project.

Table 14 List of key stakeholders

Primary Stakeholder Group	Details of Consultation
Employees	It is envisaged that consultation with employees will be undertaken during the OBC stage of the exercise.
Media	Key decisions and project intentions will be communicated through local press releases and will continue as part of the Communications Plan. Significant local newspaper, radio and TV coverage of the project has already taken place.
Customers	Coverage in the local press has generated public awareness of the project. It is anticipated that customers will be engaged further as the development of the facility proceeds. Individual authorities of the partnership have completed consultations on waste management.
Central/Local Government	A Members Advisory Panel has been established and is meeting on a regular basis. The Members Advisory Panel has cross party membership, with regular update reports being taken. Each individual council briefs its members on the emerging waste issues and where necessary has, and will continue to take reports for decision. A meeting has been held with DEFRA representatives where information regarding the formation of the partnership was delivered and the intentions of the procurement exercise.

External Advisors	Legal, financial and technical advisors have been appointed to support the County Council in its procurement process. As part of the Waste Infrastructure Delivery Programme (WIDP) a 4Ps Transactor was appointed 2007 to assist with the project.
Regulators	The EA and HSE are seen as key stakeholders, and both are likely to feature later in the process.
Professional & Trade Associations	CIWM, LARAC, CBI, ESA, CABE and WRAP have been identified as potentially influential stakeholders in the project.
Special Interest Groups	Special Interest Groups range from national lobbying groups such as Friends of the Earth, through to re-use groups and site-specific resident action groups and local Parish Councillors. Initial dialogue and requests for information have been received from Friends of the Earth representatives and it is intended that copies of the EoI will be dispatched once complete.
Unions	TUPE Transfer

This list of stakeholders is not exhaustive and it is anticipated that the key stakeholders will change and evolve as the project progresses.

9.3 Market Interest

The Partnership is aware that market capacity in the waste sector is constrained and that it will need to tailor its Procurement Strategy to maximise competition. With this in mind a soft market testing exercise is planned for the summer of 2008. Stimulating interest in the waste sector is vital to the success and quality of the project. The adopted approach to procurement allows flexibility to test market interest and maximise competition.

9.4 Communications Strategy

Working and managing communications across three authorities is a challenge that the partners recognise needs effective monitoring and management. The partners are developing a communication strategy to ensure that all key stakeholders are engaged and consulted at appropriate times. This will also focus on identifying key groups specific to the sub-region.

Key features of the Strategy will be:

- The development of a dedicated website
- Members information packs
- Key stakeholder information packs
- Members awareness sessions

The Strategy will not be a static document and will be actively reviewed and refreshed.

10 Timetables

10.1

The following table sets out the indicative project timetable for the long-term procurement of waste treatment facilities. The timetable has been developed with guidance from external advisors and incorporates experience gained from recent projects. Guidance from the 4ps and DEFRA has also been included.

An outline programme for the development of the Outline Business Case is provided in Appendix M.

Table 15 Timetable

Task	Date
Submission Expression of Interest to DEFRA	March 2008
Approval of EoI	May 2008
OBC produced and approved by the decision making bodies of the partners	September 2008
Submission of OBC to DEFRA	October 2008
PRG Approval of OBC	February 2009
OJEU Tender Notice	February 2009
PQQ Documentation Issued	February 2009
PQQ returns	April 2009
Long list bidders - partner approvals	April 2009
Competitive Dialogue/Issue ISOS	April 2009
Proposed Outline Solutions returned	June 2009
Evaluate, interview and short list bidders	July 2009
Short list bidders - partner approvals	July 2009
Issue ISDS	July 2009
Proposed Detailed Solutions returned	October 2010
Evaluate and interview bidders	January 2010
Final bidders – partner approvals	January 2010
Final tenders issued	June 2010
Final tenders returned	August 2010
Evaluation and selection of preferred bid	September 2010
Council approvals of preferred bid	October 2010
DEFRA/PRG approval of Full Business Case	December 2010
Contract Award	January 2011