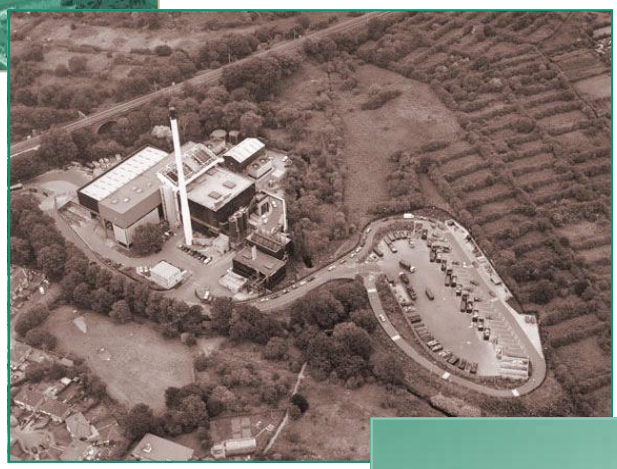
Project Transform - Information Pack



Project Transform

Transforming waste into resources

Introduction

This booklet has been put together for Members to provide background information and to address some of the issues regarding the development of Project Transform.

This information will be supported by the development of the Project's dedicated web pages which can be found at **www.projecttransform.info**

The following information is provided in this booklet.

Background to Project Transform

Frequently asked questions

Glossary

Other useful sources of information

Background - Project Transform

Project Transform is a partnership between Coventry City Council, Solihull Metropolitan Borough Council and Warwickshire County Council. As Warwickshire is a two-tier authority, the five district and borough councils of Warwickshire are also involved in the project. They are:

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

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.

Background - Project Transform

To formalise the Partnership, each of the three partners has signed a **Memorandum of understanding (MOU)** which includes the following objectives:

(i) collaborating over the procurement of long-term waste treatment facilities for the sub-region in general;
(ii) collaborating specifically in replacing the existing Energy from Waste (***EfW***) plant in Coventry operated by a Local Authority Waste Disposal Company (***LAWDC***) with a new facility, part funded through Private Finance Initiative (***PFI***) credits (if possible following financial and business appraisals and advantageous to the Parties) to be operational by 2016/17;
(iii) collaborating on

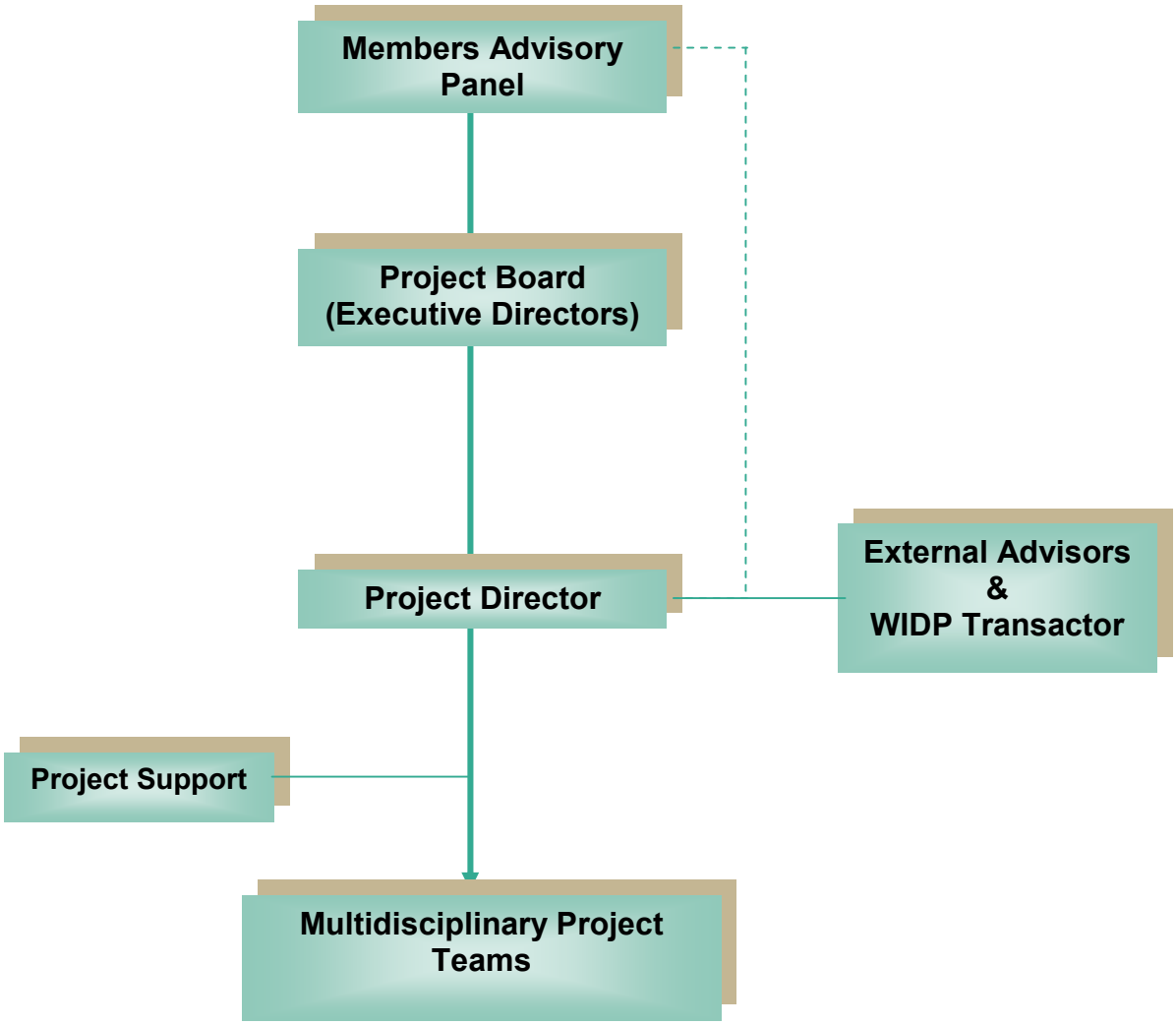
(a) trading Landfill Allowance Trading Scheme (***LATS***) allowances;
(b) provision of in-vessel composting (***IVC***) facilities, (
c) provision of transfer stations;
d) long term landfill requirements and
(e) facilities for disposal of bottom ash from the existing EfW plant and any f uture facility in order to maximise the efficiency and effectiveness of the objectives stated in (i) and (ii)

(iv) and, finally to collaborate in any other area of waste management beneficial

The MOU is valid for 2 years or until superseded by a legally binding document.

How will the project progress?

To progress Project Transform a project governance structure has been developed. The structure ensures that there is accountability for decisions and clear direction of the project.



Frequently asked questions?

Why do we need a new facility?

Does a new facility mean less recycling?

How large will the new facility be?

How long will the process take?

What is PFI?

Why do we need a new facility?

Targets—Diversion from Landfill

All waste disposal authorities in the UK have been set challenging targets to reduce the amount of biodegradable municipal waste (BMW) that is sent to landfill for disposal. This is so that the UK complies with the targets in the EU Landfill Directive. If the UK fails to meet these targets it could be fined by the EU.

To ensure that we comply with the Directive, the Government has set up the Landfill Allowance Trading Scheme (LATS). Each waste disposal authority has been given annual reducing targets of the amount of waste that can be landfilled. There is scope for authorities with surplus allowances such as Coventry and Solihull to trade with authorities that will be in a deficit position such as Warwickshire in later years. If an authority exceeds it's target and does not cover the deficit by trading allowances, it will be fined **£150** for every tonne that it landfills over it's allocated annual allowance. If an authority contributes to the UK failing to meet the national targets the Government may also pass a proportion of the EU fine onto the breaching authority.

Landfill Directive Targets

- send 25% less rubbish to landfill by 2010
- send 50% less rubbish to landfill by 2013
- send 65% less rubbish to landfill by 2020

Landfill Allowance Trading Scheme

A scheme has been set up which allows authorities with surplus allowances to trade with authorities that will have a deficit in any one year. Both Coventry and Solihull have surplus allowances as they send a minimal amount of waste to landfill. Warwickshire will be in a deficit position in years to come (post 2011) as it currently relies on landfill as its main means of waste disposal.

Landfill Allowances

Each of the partners has been allocated annual landfill allowances, which reduce year on year. If an authority landfills more than their allocated allowance they could be fined £150 for every tonne of waste that is landfilled over the allowance,

Landfill Tax

The landfill tax is set to rise by £8 per year until 2011, where it will reach £48 per tonne of waste landfilled. This is in addition to the actual cost of landfill.

Why do we need a new facility?

Coventry and Solihull Waste Disposal Company - Existing EfW

Coventry and Solihull Councils currently jointly own a Local Authority Waste Disposal Company (LAWDC) called Coventry and Solihull Waste Disposal Company Limited (CSWDC). In turn CSWDC operate an EfW based in Coventry.

CSWDC have an annual processing capacity of approximately 240,000 tonnes of mixed waste, this capacity is currently provided as follows:

- Coventry's Waste (Household and Commercial) = 120,000
- Solihull's Waste (Household Only) = 65,000
- Others (Including Warwickshire) = 55,000

The EFW plant is now 33 years old, and compared to other EFW facilities is considered to be old and reaching the end of its life.

A condition survey was completed by WS Atkins in March 2005, and estimated that the existing facility could be operational for an additional 15 to 20 years given current levels of investment. However this does assume that current electrical generation and emission controlling technologies continue to meet European practice guides.

Economies of Scale

In order to gain reasonable economies of scale for the capital cost of any future treatment facility, whether that be EFW or another technology, the three authorities took the decision to work together to create a sub-regional approach to our future Waste Management.

Sub-regional fit

Coventry, Solihull and Warwickshire jointly handle over 550,000 tonnes of waste, the regional spatial planning strategy also provides an indication of considerable future housing growth in both Coventry and Warwickshire.

Part of the sub-regional approach to waste management is to adopt an holistic approach encompassing the collection, bulking, storage, recycling, and treatment of waste. This should ensure that any increase in vehicle movements is kept to a minimum. Project Transform's remit is to bring this holistic approach together.

Does a new facility mean less recycling?

Targets—Recycling, Composting and Waste Reduction

There are concerns that investment in a new waste treatment facility such as EfW and commitment to a long-term contract will mean that less effort is put into recycling and composting.

This is not the case, all three authorities are committed to increasing levels of recycling and composting to meet or exceed wherever possible the target to recycle and compost 50% of household waste by 2020.

In addition to this we are also tasked with actively reducing the amount of residual waste produced per household.

The partners will be working together and with the Warwickshire Districts to develop schemes and initiatives to maximise recycling, composting and the reduction of waste.

Waste Strategy for England 2007 Targets

Waste Reduction

Reduce the amount of household waste not reused , recycled or composted by 45% between 2000 and 2020

Recycling and composting

- Recycle & Compost 40% household waste by 2010
- Recycle & Compost 45% household waste by 2015
- Recycle & Compost 50% household waste by 2020

Recovery

- Recover 53% of Municipal waste by 2010
- Recover 67% of Municipal waste by 2015
- Recover 75% of Municipal waste by 2020

How large will the new facility be?

Even if we meet our targets and recycle and compost 50% of our waste there will still be 50% left (so called residual waste) that we will need to treat or dispose of.

We are working closely with technical advisors to ensure that we get the future capacity of the plant right. We need to take into account future predictions of increases in households and population in the sub-region.

Based on current information and assuming no growth in waste arising per head of population but taking into account the proposed housing growth there is likely to be a need for 300,000 – 350,000 tonnes capacity treatment facility.

If a new Energy from Waste facility is developed, due to advances in technology it is unlikely that it will be any bigger than the current facility.

Regional Spatial Strategy (RSS)

The RSS is a regional planning document which considers the whole of the West Midlands and proposes future requirements with respect to new houses required as well as the infrastructure required to support the region such as waste treatment facilities.

The RSS is still in the consultation phase but it proposes considerable increases in the number of houses in the sub-region.

Between 2006—2026 it proposes the following new houses will be developed:

Coventry	33,500
Solihull	7,600
Warwickshire	41,000

Cutting edge design

Any new facility will be designed by experienced architects and will be to the highest standards. An innovative design will be developed while being sensitive to the setting and meeting the latest environmental legislation and industry good practice. Sustainable building techniques will also be adopted.

How long will the process take?

PFI Application Process

There are several distinct stages to follow when developing a new residual waste treatment facility. For the PFI process it is necessary to produce an Expression of interest for PFI credits. This stage has been completed and an EOI was submitted to Defra at the end of March 08. The next stage is the development of the Outline Business Case for PFi credits, which needs to be submitted by the end of October 08. Irrespective of the final funding mechanism followed, it is necessary to have a robust business plan to support our proposals.

Competitive Dialogue Procurement Process

The next key stage in the process is procurement. As this will be a high value contract it is necessary to follow EU procurement regulations. In this case the Competitive dialogue procurement process will be followed. This allows for constructive discussions with selected bidders throughout the process, which should lead to an optimal solution for all involved. This process takes on average two and a half years.

Planning

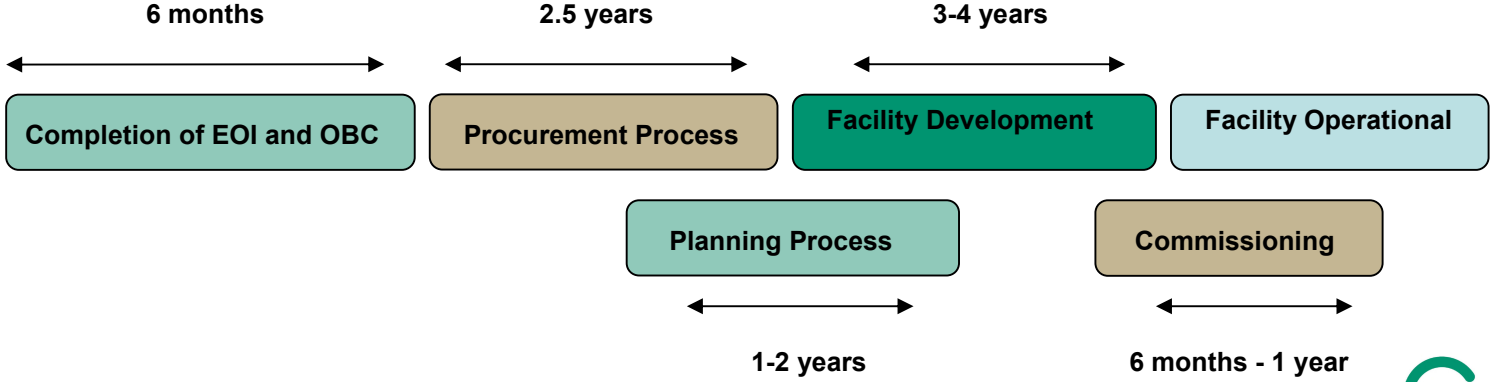
Any new waste treatment facility will require planning permission to be granted before it can be developed. To achieve this, the proposed site and development will need to fit with current planning policy. Before a planning application can be submitted a significant amount of preparatory work is required, such as Environmental Impact Assessments (EIA). An EIA considers the impact of the development on flora, fauna and air quality etc. Such studies can take months to develop as some of the information required is seasonally dependent.

Once an application is submitted a period of consultation is carried out and then a decision on the application is made by the relevant committee at the Planning Authority. Delays to the planning process can have a significant impact on the schedule and delivery of projects Typically the development of any type of waste treatment facility is not without some opposition, therefore it is important to submit a robust application.

Development

The development phase varies depending on the type of facility, however it is estimated that it could take between 3 –4 years to develop a facility such as a new EfW.

The figure below provides an estimate of how long it could take to develop a new residual waste treatment facility.



What is PFI?

PFI (Private Finance Initiative) is a type of Public Private Partnership (PPP) and is one of the main mechanisms through which the public sector can improve value for money in partnership with the private sector. It does this by involving the private sector more directly in asset provision and operation and allocating risk to the party best placed to manage that risk. PFI was launched in 1992.

The principle of PFI is that a public sector body obtains a service for a fixed price rather than an asset. A private sector contractor funds any asset required and is then paid for the services actually provided by reference to pre-agreed standards. Value for money for the public sector is achieved by transferring the risk of providing the services on time and on budget to the private sector.

Do PFI Credits cover the whole cost of the facility?

PFI credits are available for residual waste treatment projects and will support 50 per cent of the capital value of the infrastructure to be procured within the current funding rounds.

Is PFI the only funding mechanism?

However this is not to say that PFI always offers the most appropriate procurement solution. Procuring authorities are encouraged to consider all possible options that may be suitable for the procurement contemplated, including PPPs and Prudential Borrowing

Advantages of PFI

The key advantages of PFI include:

- Desired service standards are maintained – since private sector capital, not just its profit, is at risk, there is a strong incentive for the private sector to maintain high and reliable service standards over the life of the contract;
- New services are more likely to start on time – since the private sector contractor does not get paid until it delivers (it is worth noting that the record of conventional procurement is comparatively poor in this respect);
- Contractors are given an incentive to deliver the required service under the whole life of the asset – the private sector partner gets paid only if it maintains standards over the length of the contract;
- A better understanding of the total costs of providing the required service is demonstrated up-front – in PFI procurement, the public sector client can clearly define the service it requires, and the private sector partner gives a price for the total cost of that service; and,
- New ways of working, and new approaches to service delivery – the public sector defines the service to be delivered, but it is for the private sector partner to decide how to deliver it.

Glossary

Biodegradable Municipal Waste (BMW)	Waste that is capable of undergoing anaerobic or aerobic decomposition, such as food and garden waste, and paper and paperboard.
Commercial Waste	Waste arising from premises, which are used wholly, or mainly for business, sport, recreation or entertainment, excluding industrial and municipal waste.
Composting	An aerobic, biological process in which organic wastes, such as garden and kitchen waste are converted into a rich humus-like material, which can be used to improve soil quality.
Controlled Waste	Comprised of household, industrial, commercial, clinical and agricultural waste, which require a waste management licence for the treatment, transfer or disposal. The main exempted wastes are mine and quarry wastes. Radioactive and explosive wastes are controlled by other legislation and procedures.
EC Directive	A European Community legal instruction, which is binding in all Member States, but must be implemented through the legislation of national governments within a prescribed timescale.
Energy from Waste	The combustion of waste under controlled conditions in which the heat released is recovered to provide hot water and steam, which is usually used for electricity generation.
Home composting	Compost which can be made at home using a traditional compost heap or a purpose designed container or wormery.
Household Waste	This includes waste from household collection rounds, waste from street-sweepings, bulky waste collection, wast3e from household waste recycling centres, litter collection, garden waste collection, separate hazardous household waste collection and material collected as part of kerbside collections.
Household Waste Recycling Centres	Sites provided by the local authorities, which accept household and municipal solid waste for example, bulky items such as beds, cookers and garden waste as well as recyclables and ordinary refuse.
Industrial Waste	Waste from any factory and from any premises occupied by an industry (excluding mines and quarries).

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

Glossary

In-vessel Composting	The composting of biodegradable material in an enclosed vessel. In-vessel systems have greater process control than windrow systems and speed up the initial phases of composting.
Landfill Allowance Trading Scheme (LATs)	Introduced on 1 April 2005, LATS is an innovative scheme that is aimed at helping waste disposal authorities to reduce the amount of biodegradable municipal waste (BMW) sent to landfill.
Landfill Directive	A key European Directive agreed in April 1999, which aims to prevent and reduce as far as possible, the negative effects of landfill on the environment and human health.
Mass Burn Incineration	The controlled burning of waste to reduce its volume or toxicity. Ash residues still need to be disposed of the landfill.
Materials Recovery Facility	A facility to process wastes for the purpose of recovering useful materials using a variety of manual and mechanised separation techniques.
Mechanical Biological Treatment (Biological Mechanical Treatment)	A facility using one or more mechanical, biological or thermal processes to extract more than one useful product e.g. recyclables, compost, fuel, energy, from a mixed waste stream. This covers a wide range of technologies that are capable of treating mixed waste or source separated materials.
Recovery	Generating value from wastes from a wide variety of activities such as recycling, composting and energy recovery.
Refuse derived fuel (RDF)	A solid, liquid or gaseous fuel derived from waste, which typically will be used as a fuel product on site or by a third party user.
Regional Spatial Strategy	
Waste Transfer Station	A site to which waste is delivered for sorting and/or bulking prior to transfer to another facility for recycling, treatment or disposal.

MWMS	Municipal Waste Management Strategy	Solihull	Solihull MBC
OBC	Outline Business Case	SRF	Secondary recovered fuel
OJEU	Official Journal of the European Union	WCA	Warwickshire collection authorities
PFI	Private Finance Initiative	WCC Warwickshire	Warwickshire CC
PRG	Project Review Group	WDA	Waste Disposal Authority
RDF	Refuse derived fuel	WIDP	Waste Infrastructure Delivery Programme
RSS	Regional Spatial Strategy	WIDP	Waste Infrastructure Delivery Programme
		WRAP	Waste & Resources Action Programme

Other sources of information

Information on PFI

Frequently asked questions PFI

http://www.defra.gov.uk/environment/waste/localauth/funding/pfi/pdf/faq-pfi.pdf

Criteria for securing PFI Credits

http://www.defra.gov.uk/environment/waste/localauth/funding/pfi/pdf/pfi-criteria-aug08.pdf

Other Waste PFI Projects

http://www.defra.gov.uk/environment/waste/localauth/funding/pfi/projects.htm

Information on Defra support to Waste projects & Waste Policy

Background on Waste Infrastructure Delivery Programme (WIDP)

http://www.defra.gov.uk/environment/waste/wip/widp/index.htm

Information on the Waste Strategy for England 2007

http://www.defra.gov.uk/environment/waste/strategy/index.htm

Information relating to the three Partner Authorities

Information on Coventry's Waste Services

http://www.coventry.gov.uk/ccm/navigation/environment/rubbish--waste-and-recycling/

Information on Solihull's Waste Services

http://www.solihull.gov.uk/environment/refuse.htm

Information on Warwickshire's Waste Services

http://www.warwickshire.gov.uk/waste