

**RESPONSE TO ENTERPRISE, GROWTH AND COMMUNITY INFRASTRUCTURE
OVERVIEW AND SCRUTINY COMMITTEE'S REPORT ON WASTE PRIVATE
FINANCE INITIATIVE (PFI)**

To: **Cabinet**

Date: **22nd May 2012**

From: **Executive Director: Economy, Transport and Environment**

Electoral division(s): **All**

Forward Plan ref: **N/a** *Key decision:* **No**

Purpose: **To respond to the report from the Enterprise, Growth and Community Infrastructure Overview and Scrutiny Committee on the Waste PFI.**

Recommendation:

- a) To thank the Enterprise, Growth and Community Infrastructure Overview and Scrutiny Committee (EGCI OSC) for its report.**
- b) To consider and agree the responses to the recommendations.**

<i>Officer contact:</i>		<i>Member contact:</i>	
Name:	John Onslow	Name:	Councillor Mathew Shuter
Post:	Service Director: Infrastructure Management and Operations	Portfolio:	Cabinet Member for Enterprise
Email:	John.Onslow@cambridgeshire.gov.uk	Email:	Mathew.Shuter@cambridgeshire.gov.uk
Tel:	01223 715663	Tel:	01223 699173

1. BACKGROUND

- 1.1 The County Council is the Waste Disposal Authority for Cambridgeshire and as such is responsible for treating and disposing of municipal waste (household and commercial waste) that is collected by the five District Councils (Waste Collection Authorities). In addition, the County Council is responsible for running Recycling Centres (Household Waste Recycling Centres). Accordingly, in ensuring a cost effective approach to disposal the Council sought a solution to treat residual waste we entered into a PFI contract with Donarbon Waste Management Ltd which has subsequently, through company acquisition, become AmeyCespa (East) Ltd
- 1.2 The Mechanical Biological Treatment (MBT) plant at Waterbeach is the centrepiece of the contract and treats the Council's residual waste. Whilst at 54% Cambridgeshire has one of highest recycling rates for a shire county, there still is an amount of remaining waste that requires disposal. The purpose of the MBT plant is to maximise the diversion of biodegradable waste from landfill, thereby reducing greenhouse gas emissions that occurs with landfill. In addition to the provision of the MBT, the main elements of the contract are:
- The disposal of *all* municipal waste collected in the county with the exception of waste collected and retained for recycling by the five District Councils
 - The management of the County's nine Household Waste Recycling Centres (HRCs)
 - The design and build of one Waste Transfer Station and one In-Vessel Composting (IVC) facility
 - The provision of an education centre at the MBT.
- 1.3 The value of the Waste PFI contract is £731m over 28 years. It attracted £35m of Government-funded credits. The MBT, a Waste Transfer Station, an In-Vessel Composting facility plus other capital plant and equipment for the 28-year period cost a total of £68 million.

2. RESPONSE TO THE RECOMMENDATIONS (THE ORIGINAL RECOMMENDATION BEING IN BOLD)

2.1 Recommendation 1 – Financial Risk

Regularly review and manage the financial risks associated with the delay in fully commissioning the MBT plant

Proposed Response – Fully Accepted

- 2.2 Whilst the entire infrastructure required by the Waste PFI contract has now been constructed and is in operation, the MBT plant is yet to be fully commissioned. It has undergone cold commissioning and is in the process of full commissioning. The contractual longstop date for this, and therefore Full Service Acceptance (FSA), is 9th November 2012.
- 2.3 Progress towards the full commissioning of the Mechanical Biological Treatment will be kept under close review. As the plant becomes more

efficient, less waste will be sent to landfill. The associated financial risks associated with both the delay in commissioning of the plant and avoidance of landfill will be carefully evaluated by the Waste PFI (Waste Infrastructure Credits (WIC)) Delivery Board, supported by advice from Local Government Shared Services (LGSS) and other expertise. The design of the contract allows for reduced payments due to delays in commissioning up to the long stop date of 9th November 2012.

2.4 Recommendation 2 – Market Exploitation

Explore, as a priority, the potential uses and markets for the recyclates and Compost-Like Output (CLO) processed through the MBT plant

Proposed Response – Fully Accepted

- 2.5 The significant achievement in recycling reflects the enthusiasm shown by Cambridgeshire households towards this activity in the wider context of saving scarce resources. The RECAP Board, in reviewing its working arrangements, continues to focus on driving improvements in not only the percentage and quality of recyclable materials being collected but also reducing the total waste per household. This helps to minimise both the environmental impacts as well as the financial burden associated with the collection and disposal of non-recyclable waste.
- 2.6 In continuing to work in partnership with AmeyCespa East Ltd, market opportunities for the recovered recyclates and CLO can be found. The building of a Materials Recycling Facility (MRF) will potentially enable AmeyCespa to clean the recovered recyclate and so provide a more suitable material for marketing. Whilst markets are being explored for the CLO, until the MBT plant is commissioned the consistency of this material cannot be guaranteed.

3. ALIGNMENT WITH PRIORITIES AND WAYS OF WORKING

3.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

3.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

3.4 Ways of working

There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource and Performance Implications

To maximise the opportunities to the full business advantage of the Council and to act on the stages up to commissioning of the MBT plant, there will be an additional call upon resources. This will involve not only those within the Council, including LGSS, but also external advisors. Defra, through the Waste Infrastructure and Delivery Programme (WIDP), will continue to offer support and act as a 'critical friend'

Commissioning will not impact on recycling rates but it will enable the County Council to further minimize the amount of waste we send to landfill.

4.2 Statutory, Risk and Legal Implications

Failure to deliver the appropriate solution(s) for the treatment and disposal of the Council's municipal waste will lead not only to legal consequences but also expose the Authority to reputational and legal non-compliance of European and UK legislation.

4.3 Equality and Diversity Implications

There are no significant implications expected.

4.4 Engagement and Consultation

There are no significant implications expected.

Source Documents	Location
Waste PFI contract	Phil Crack Castle Court A Wing