

**West of England Partnership  
4<sup>th</sup> July 2008**

## **Waste Management Progress and Next Steps**

### **Purpose of the Report:**

1. To report on the status of the West of England Waste Management and Planning Projects. These projects are:
  - To prepare a Joint Waste Core Strategy;
  - To develop a Joint Residual Municipal Waste Management Strategy;
  - To procure waste treatment infrastructure.

### **Background**

2. The Partnership comprising the 4 constituent Unitary Authorities was formed in 2005 to deliver a Joint Residual Municipal Waste Management Strategy (JWS), a Joint Waste Core Strategy (JWCS) and to procure long term waste treatment infrastructure to divert waste from landfill. It has developed its own dedicated website: [www.rubbishorresource.co.uk](http://www.rubbishorresource.co.uk)
3. The Waste Partnership has so far been directed by a Joint Member Project Board comprising the Executive Members for Waste and Planning from each of the Authorities, and managed through a Directors' Programme Board. Technical, Financial and Legal Advisors have been appointed to work alongside a small dedicated team of officers to deliver the project outcomes.
4. The Member Project Board will shortly be transformed into the Joint Waste Committee which will implement the Strategy, whilst the development and adoption of the Joint Waste Core Strategy will be managed through the Planning, Housing and Communities Programme Board. Both these bodies are to be an integral part of the over-arching West of England Partnership, alongside the Joint Transport Committee.
5. Scrutiny has been provided via a Joint Waste Overview & Scrutiny Reference Group (JWO&SRG) supplemented by individual UA Scrutiny Panels. This JWO&SRG will soon be replaced by the West of England Joint Scrutiny Board.
6. Future governance arrangements are the subject of a Joint Working Agreement.

### **Joint Waste Core Strategy**

7. The Core Waste Strategy establishes a land use planning policy for all waste arising in the West of England. It is being prepared in the context of

national and regional policy, which emphasises the diversion of waste away from landfill. It is required to be in general conformity with the Regional Spatial Strategy and will need to have regard to the Joint Waste Strategy and the Sustainable Community Strategies and other key strategies of each constituent Authority.

9. The four Authorities have agreed to work together to prepare a Joint Waste Core Strategy in recognition of the strategic benefits that such an arrangement offers. When adopted the Joint Waste Core Strategy will become part of the Local Development Framework of each constituent Authority. It will provide a framework to guide the more detailed waste planning policies of each Authority.
10. A draft Preferred Options Consultation Document proposes a spatial planning option for the distribution of the waste management facilities that will be required over the plan period and will identify the potential sites for strategic waste management facilities. This Preferred Options Consultation Document has been recommended by the Member Project Board and is in the process of being scrutinised before being put to public consultation in December 2008.

### **Joint Residual Municipal Waste Management Strategy and Procurement**

11. The Joint Waste Strategy has been approved by all 4 UAs, who have also given approval to the Partnership procuring Phase 2 interim waste treatment capacity to help defer/avoid landfill allowance penalties in the period prior to the long-term facilities becoming operational (target date 2015) – see details below. A copy of the summarised Joint waste Strategy is appended as Appendix A.

The Strategy has a 4 phased approach:

**Phase 1:** Waste reduction and source segregation (*Each UA to continue to maximise waste diversion/minimisation/recycling in order to at least achieve the national recycling target of 50% by 2020*).

**Phase 2:** Interim treatment of waste (*a joint procurement process of all the 4 UA's which seeks alternatives to landfill for the period 2010- 2015, to avoid LATS penalties*)

**Phase 3:** Long term waste treatment to meet LATS diversion targets to 2020.  
(*B&NES has elected not to participate in Phase 3*).

**Phase 4:** Longer term treatment beyond 2020 (*This provides flexibility towards the adoption of emerging technologies and deals with waste after 2020 when predictions are more difficult to determine accurately*).

12. Procurement of Phase 3 treatment is following a rigorous process within Defra's Waste Infrastructure Delivery Programme (WIDP) through which the project is supported by a WIDP Transactor who provides guidance and input to the project and the OBC.
13. An Expression of Interest (EOI) for PFI credits of £60m was submitted to Defra in March 2008. In May 2008 Defra gave the green light to the Partnership submitting an Outline Business Case (OBC) for the procurement of long-term waste treatment infrastructure capable of dealing with approximately 160,000 tonnes of waste per annum. This OBC needs to be submitted by October 31<sup>st</sup> 2008 when it will then be scrutinised by a Treasury Project Review Group.
14. The Expression of Interest was also prepared in accordance with strict Defra guidelines, requiring the determination of a Reference Project through a Technology Options Appraisal (TOA) process. This resulted in three top ranking technologies; these were: Pyrolysis/gasification; conventional Energy from Waste (EfW) by incineration, and Biological Mechanical Treatment. Conventional EfW was subsequently modelled as it is known to be proven, deliverable and bankable at the scale required. Defra dictates that these are the factors to be adopted when the choice of Reference Project is made.
15. Future tenders will be evaluated against this Reference Project and financial, environmental and socio-economic criteria. The determination of EfW by incineration as the reference technology for Phase 3 of the Strategy does not in any way commit the partnership to choosing this as its final solution. It will however be the technology against which all tenders will be evaluated based upon an output specification and an agreed set of performance indicators.
16. The programme by which the necessary supporting documentation is prepared, approved and scrutinised is extremely tight as the deadline for submission of the Outline Business Case for PFI funding support is 31<sup>st</sup> October 2008. The draft Decision Timeline shown in Appendix B illustrates this particular point.

### **Next Steps**

- The immediate task for the Waste Project Team is to move quickly to Phase 2 procurement whilst at the same time preparing the Outline Business Case for Phase 3 and to submit this to Defra by 31<sup>st</sup> October 2008.
- The establishment of the Joint Waste Committee underpinned by a Joint Working Agreement and all appropriate indemnities between the partnering Authorities to cover the procurement processes.
- To ensure that all necessary protocols are in place so that it can be demonstrated to Defra by clear and unambiguous evidence that the

decision making body of each Authority is committed to meeting its share of the cost of the PFI project over the lifetime of the contract. Appendix B shows that this has to be secured during the month of October 2008 following a period of scrutiny in September, if we are to meet the deadline of 31<sup>st</sup> October.

The majority of the OBC is textual evidence brought forward from the Waste Strategy, the Expression of Interest, and the emerging Joint Waste Core Strategy. It will have a number of iterations during the period to October before submission. It is the Affordability Envelope (Full Economic Cost Model) which will need to be as definitive as possible at the earliest opportunity; 1<sup>st</sup> September 2008 is shown in Appendix B. This is to ensure that it can be scrutinised by each Authority in good time. Earlier meetings of the Joint Scrutiny Board and Joint Waste Committee are planned to provide members with an early understanding of the project and the processes involved.

The programme following submission of the OBC is likely to be:

|   |               |
|---|---------------|
| Phase 3: UAs approve the Outline Business Case and it is submitted to Defra                                       | October 2008  |
| Phase 2: UAs approve the outcome of tendering   | February 2009 |
| Phase 3: UAs approve Output Specification and Evaluation Criteria - <i>these define the project prior to OJEU</i> | March 2009    |
| OJEU Advertisement  | April 2009    |
| Phase 3: Decision to invite specified bidders to participate in Competitive Dialogue.                             | Late 2009     |
| Phase 3: Approval of the Invitation to Submit Outline Submissions (ISOS)  | Early 2010    |
| Phase 3: Approve Preferred Bidder   | Mid 2010      |
| Phase 3: Approve Final Business Case  | Late 2010     |
| Phase 3: Award of contract  | Early 2011    |

## **Recommendation**

### **That Members note the report**

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## APPENDIX B

### Draft Decision Timeline for OBC and Affordability Envelope (Full Economic Cost Model) for Phase 3

|                                     |  |  |
|-------------------------------------|--|--|
| 11 <sup>th</sup> July 2008          | Joint Scrutiny Board Members   | Begin to acquaint Joint Scrutiny with OBC/Affordability process  |
| Late July – 28 <sup>th</sup> July?  | Informal JWC   | Prepare JWC for decisions ahead  |
| Late July (TBD)                     | Joint Scrutiny Board   | Further Scrutiny input   |
| 1 <sup>st</sup> September 2008      | Formal JWC   | JWC receives Affordability Envelope & draft OBC and forwards to scrutiny panels                            |
| 16 <sup>th</sup> September 2008     | Formal JWC   | JWC considers Initial feedback from Scrutiny. More complete OBC document available for review.             |
| Before 2 <sup>nd</sup> October 2008 | Individual UA Scrutiny's plus Joint Scrutiny Board (TBD possibly 11 <sup>th</sup> September) | Additional period to consider Affordability Envelope if required   |
| 2 <sup>nd</sup> October 2008 ?      | Formal JWC   | JWC considers Scrutiny comments and recommends Affordability Envelope to individual UA Executives/Cabinets |
| 6 <sup>th</sup> October 2008        | SGC Cabinet  | Approves Affordability Envelope and OBC subject to final completion of OBC                                 |
| 28 <sup>th</sup> October 2008       | NSC Executive  | Approves Affordability Envelope and OBC subject to final completion of OBC                                 |
| 30 <sup>th</sup> October 2008       | BCC Cabinet  | Approves Affordability Envelope and OBC subject to final completion of OBC                                 |
| 31 <sup>st</sup> October 2008       | DEADLINE   | Submit OBC & Affordability Envelope to Defra   |

**NB: Each UA must ensure that it has the recommendation to be considered at their Cabinets/Executive in October entered into their Leader's Forward Plan in accordance with their forward programme for decision making.**

## APPENDIX C

### PROGRAMMED TIMETABLE FOR THE PROCUREMENT OF FUTURE WASTE TREATMENT CAPACITY

#### Phase 2

|  |                       |
|--|-----------------------|
| Approval to procure interim treatment capacity       | June 2008             |
| Advertise  | September 2008        |
| Submission of tenders                                | December 2008         |
| Bid evaluation                                       | January/February 2009 |
| Contract award                                       | March 2009            |
| Planning permission secured plus construction period | 2009-2011             |
| Facility Operational                                 | 2011                  |

#### Phase 3

|   |               |
|---|---------------|
| Submission of Expression of Interest (Eoi) to Defra                             | March 2008    |
| Invitation to submit an Outline Business Case (OBC) to Defra                    | May 2008      |
| Deadline for OBC submission   | October 2008  |
| Defra Approval of the OBC   | February 2009 |
| Project Review Group Approval of the OBC  | March 2009    |
| OJEU Advertisement inviting tenders   | April 2009    |
| Decision to invite specified bidders to participate in any Competitive Dialogue | Late 2009     |
| Approval of the Invitation to Submit Outline Submissions                        | Early 2010    |
| Approve Preferred Bidder  | Mid 2010      |
| Approve Final Business Case   | Late 2010     |
| Award of contract   | Early 2011    |