

WEST OF ENGLAND PARTNERSHIP

JOINT SCRUTINY COMMITTEE – 23rd September 2008

WASTE EXECUTIVE MEMBERS – PUBLIC MEETING – 23rd September 2008

ADDENDUM to the Report: JOINT WASTE STRATEGY – PHASE 3 OUTLINE BUSINESS CASE SUBMISSION TO DEFRA

BACKGROUND:

At today's meetings members are being invited to comment on the working Draft Outline Business Case (OBC). The completed OBC needs to be submitted to Defra by 31st October 2008 following its approval at Bristol, North Somerset and South Gloucestershire Council's Cabinet/Executive member meetings during October. Officers have indicated that whilst the substance of the OBC will remain unchanged during October, opportunities will be taken to refine and enhance the supporting text to help improve its presentation prior to submission. In the light of very recent correspondence, it will be necessary to incorporate some additional evidence to satisfy Defra's eligibility criteria.

On 17th September 2008 the Project Sponsor, the Director of Community Services, South Gloucestershire Council, received a letter from John Burns, Director, Defra Waste Implementation Programme in which he offers guidance on how Round 4 projects can be enhanced as a result of lessons learnt from the recent evaluation of Round 3 projects.

In particular, the objective is to ensure that projects in Round 4 can improve upon the carbon outcome of their reference projects by:

- a) maximising the probability of the provision of Combined Heat and Power (CHP); and
- b) undertaking adequate investigation of the potential to reach a 60% recycling/composting rate. *(Note: the National Target of 50% by 2020 remains unchanged)*

RESPONSE

Whilst the draft WoE OBC addresses both CHP, and the achievement of a recycling rate in excess of 50%, Defra are encouraging Authorities to enhance the quality of their submissions by the inclusion of additional evidence. To help applicants at this late stage Defra is proposing the following:

Combined Heat and Power

So as to avoid undue cost on Authorities, WIDP is undertaking regional CHP heat demand studies, the results of which will be made available by the end of November 2008.

Authorities are expected to commit to putting these studies into the public domain and to take appropriate action to ensure that bidders are encouraged to incorporate CHP into their proposals. As has been stated before, the Partnership's tender for Phase 3 will be 'technology neutral'. This should encourage a wide range of deliverable CHP solutions to come forward.

Defra believes their approach will maximise the probability that bidders will offer CHP proposals. If a CHP bid is shown to be the most economically advantageous tender but it breaches the Authority's affordability envelope, approved at the OBC stage, the Authority may apply for additional PFI credits.

Our OBC will need to acknowledge the potential contribution that such a study could have on our project.

Recycling and Composting Ambitions

The Partnership has been advised in the correspondence that 60% has been set as a yardstick for recycling and composting for Round 4 projects. That is not to say that it is now mandatory for projects to include 60% recycling and composting rate, or that those failing short of this level will not be eligible for PFI support. Defra are encouraging flexibility within residual waste contracts to allow for an increase in recycling rates to 60% or above in future years.

To help Authorities accommodate these requirements, Defra are recommending that they continue in dialogue with WRAP who will be assigned to scrutinise proposals in the OBC to test that they are capable of achieving or exceeding the current 50% requirement.

It is suggested that our OBC should recognise the Partnership's ambition to exceed the National Target of 50%, and that we will explore with organisations such as WRAP, opportunities to enhance our planned Programme Service Improvements to deliver a higher level of performance, including waste minimisation.

Members are asked to recognise amendments to the OBC reflecting these requests.