

Cabinet – 22 October 2008

Residual Waste Treatment Facility with Staffordshire County Council (Project W2R)

Portfolio: Councillor Rachel Walker, Environment

Service: Street Pride

Wards: All

Key decision: No

Forward plan: No

1. Summary of report

The purpose of this report is to update members on the progress made on the W2R project and to secure support for the decision taken by Staffordshire County Council (SCC) to short-list a number of companies for delivery of a new residual waste treatment facility.

In order to meet statutory landfill diversion targets, the Council is working with SCC to secure 60,000 tonnes of long term disposal capacity at their proposed energy from waste facility.

In August 2008 the Department for Environment, Food and Rural Affairs (DEFRA) awarded SCC £122.4 million Private Finance Initiative (PFI) Credits for the W2R Project. Following the approval of PFI credits, SCC posted the Official Journal of the European Union (OJEU) notice and Pre-Qualification Questionnaire (PQQ) to invite interested companies to take part in the first phase of the procurement process. The PQQ closed on 22 September 2008 and, at its meeting on 15 October 2008, SCC's Cabinet agreed a shortlist of companies to progress to the next stage of the procurement process. DEFRA has requested that Cabinet be kept advised of progress at key stages of this major project to ensure ongoing support.

2. Recommendations

- 2.1 That Cabinet welcomes the award of PFI credits for the W2R Project.
- 2.2 That cabinet supports the decision by Staffordshire County Council to shortlist the following companies for the next stage of the procurement process in respect of the W2R Project:-

- a. Covanta Energy Limited
- b. MVV Umwelt GmbH
- c. Shanks Group Plc/Wheelabrator Technologies Inc.
- d. SITA UK Limited
- e. Veolia ES Aurora Limited

3. Background information

In September 2007, Cabinet agreed to submit an Expression of Interest (EoI) to Staffordshire County Council (SCC) relating to their Private Finance Initiative (PFI) to procure a residual waste treatment facility. In February 2008 Cabinet approved the signing of a Memorandum of Understanding between SCC, Warwickshire County Council (WCC) and Walsall. Further Cabinet reports in April 2008 and July 2008 detailed the potential costs to the Council of pursuing this route and sought approval to sign Heads of Terms.

SCC submitted their Outline Business Case (OBC) to DEFRA in April 2008. The OBC was approved in August 2008 and they were awarded £122.4 million in PFI credits. Immediately after credits were awarded, SCC posted their OJEU notice and PQQ documents as the first phase of the procurement process. The PQQ closed on 22 September 2008 and a number of companies were short-listed by SCC at a meeting of its Cabinet on 15 October 2008. These companies are as follows:-

- a. Covanta Energy Limited
- b. MVV Umwelt GmbH
- c. Shanks Group Plc/Wheelabrator Technologies Inc.
- d. SITA UK Limited
- e. Veolia ES Aurora Limited

Initial dialogue will now start with the short-listed companies.

4. Resource considerations

Financial: There are no implications arising directly from this report. However, estimated and revised project costs were reported to Cabinet in July 2008.

- 4.2 **Legal:** Heads of Terms have been signed by all parties. The Heads of Terms are not legally binding but they will form the basis of a future contract and then be superseded by a legally binding contract.

Officers have outsourced legal support for this project from suitably qualified consultants on the advice of the Assistant Director, Law & Constitutional Services.

- 4.3 **Staffing:** None arising directly from this report.

5. Citizen impact

Failure to meet the Council's Landfill Allowance Trading Scheme (LATS) targets will have financial implications which could place a burden on Council Tax payers.

6. Community safety

None arising directly from this report.

7. Environmental impact

Land filling waste produces landfill gases which contribute towards global warming and have a significant negative impact upon the environment. Walsall Council is committed to reducing the amount of biodegradable waste sent to landfill. The proposed site for the facility is located within Staffordshire and its environmental impact on residents of Walsall is likely to be minimal.

It is important to note that the council intends to maximise recycling and composting by the time the W2R facility becomes operational and therefore only the remaining residual waste will be sent for treatment.

8. Performance and risk management issues

8.1 Risk: A full risk assessment of the Project W2R has been undertaken and is reviewed each quarter.

8.2 Performance management: This project is very important to Walsall's strategy for meeting its LATS targets. In particular, it needs to ensure that the project is delivered on time with an attractive gate fee.

9. Equality implications

None arising directly from this report.

10. Consultation

None directly arising from this report.

Background papers

None

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A handwritten signature in black ink, appearing to read 'J Morris', on a light blue background.

Jamie Morris
Executive Director

17 October 2008

A handwritten signature in blue ink, appearing to read 'Rachel Walker', on a light yellow background.

Councillor Rachel Walker
Portfolio Holder

17 October 2008