

20 June 2016

Agenda Item: 8b

## **REPORT OF SERVICE DIRECTOR ENVIRONMENT, TRANSPORT & PROPERTY**

### **FORMER RUFFORD COLLIERY TIP – PROPOSED DISPOSAL OF COAL FINES (COAL DEPOSITS)**

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

1. To seek approval for the disposal of waste coal fines (deposits) from the site of the restored former Tip at Rufford Colliery on terms outlined in the exempt appendix.
2. That Committee support the principle of using part of any the proceeds from the disposal of waste coal fines (deposits) to fund the future management of the site be approved, subject to a future Report on the detail of this proposal.
3. That Committee support the principle of using part of any proceeds from the disposal of waste coal fines (deposits) to fund pre-development fees and works to explore additional opportunities within the County Council property portfolio for the improvement of former colliery spoil heaps, subject to a future report to Capital Asset Management Group (CAMG) as to such pre-development costs.

#### **Information and Advice**

4. Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972. Having regard to the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because divulging the information would significantly damage the Council's commercial position. The exempt information is set out in the exempt appendix.
5. In the 1990s, and following on from the decline of the Nottinghamshire Coalfield, the County Council acquired a number of former colliery tips and spoil heaps from the National Coal Board and their successors, the Coal Corporation and the Coal Authority. The objective of these purchases was to facilitate the restoration of the former coal tips by the County Council. The initiative enabled the County Council to leverage grant funding for the restoration of the former colliery tips. Very simplistically, the proposals incorporated drainage initiatives and the re-profiling and “capping” of the tipped materials. This, in turn, created opportunities for improving public access to, and/or agriculture/forestry on, the sites.
6. Whilst these initial restorations could be judged a success against the remediation objectives of the time, improved restoration techniques mean that there is now an

opportunity to improve on the restoration of a number of these sites to an enhanced level. Such further remediation will allow issues such as wildlife conservation and tip stability to be dealt in a much more robust and effective manner than was previously technically possible or realistic. In addition, a number of these Tips contain deposits in the form of waste coal slurry from the former extractive industries. It is now commercially possible to recover these former waste coal products and to sell them in to the power generation network. This opportunity means that, in addition to improving the quality and standards of remediation, to allow improved public access and wildlife enhancements, there is also an opportunity for the County Council to generate economic benefit from the recovery of these waste coal materials. This is a limited window of opportunity, however, as methods of energy generation switch way from fossil fuels. Such opportunities are unlikely to exist beyond about 2025. Any recovered coal fines are blended with (imported) coal to produce coal of suitable calorific value to be used in the nation's remaining coal fired power stations.

7. There may be several suitable locations across the County where such opportunities to improve the environmental quality of the previous tip restorations are likely to exist, but the first of these is at the former Rufford Colliery tip, situated between Clipstone and Rainworth, and to the west of Sherwood Pines. This is one of the first former colliery Tips which the Council acquired and which was restored to (mostly) lower grade grazing land, but with significant opportunity for further improved restoration to allow the re-creation of valuable, and rare, natural heathland habitat. The site is bisected by a watercourse, Rainworth Water, which has been in culvert since the days of mining on the site. This project offers the opportunity to re-profile the land to allow the removal of the culvert and the opening up of the Rainworth Water watercourse. This is a significant environmental improvement opportunity, in addition to the potential for habitat improvement.
8. The County Council owned site sits immediately adjacent to the former Rufford Colliery itself, which is owned by a company called Harworth Estates Limited. Harworth have secured planning consent to carry out a similar project to recover waste coal slurry and to remediate the site in a manner which broadly reflects the aspirations for the adjoining County Council land. That scheme is due for completion around 2018.
9. It is proposed to enter in to a contract with Harworth Estates Limited whereby they (Harworth) purchase the recoverable coal fines from the County Council and to remediate the site in accordance with a planning consent for the coal recovery/remediation which Harworth Estates will pursue at its own cost. As such, it will (subject to planning) be possible to "dovetail" the remediation of the Council land as a second phase to follow on from the completion of Harworth's own adjoining project. It is estimated that the coal recovery from the Council site could be completed by 2020, with remediation following on immediately thereafter. By working in partnership with Harworth Estates, it will be possible to see a consistent approach to remediation across the two adjoining sites. The County Council has undertaken a detailed Site Investigation to satisfy itself as to the volumes of coal fines capable of recovery and the amount of materials needing to be moved to secure the environmental improvement.
10. It is proposed to enter in to a contract to sell the commercially recoverable waste coal fines (deposits) to Harworth Estates, including the obligations for Harworth to seek planning consent for the project and subsequent site remediation. Access needs to be taken across the adjoining Harworth Estates land in order to provide an economically viable route for the removal of waste coal recoverable from the site. The terms for the

proposed disposal of coal deposits, and associated matters, are detailed in the exempt appendix.

11. The site is subject to a restrictive covenant in favour of the Coal Authority. No materials are to be removed from site without the specific approval of the Coal Authority. It is likely that the Coal Authority will levy a payment or royalty to secure its cooperation. The proposed transaction will require Harworth Estates to meet the cost of any payments to the Coal Authority.
12. The proposed structure for this transaction, and the procurement methodology adopted have been thoroughly reviewed by the Council's external legal advisers (Sharpe Pritchard) and are considered to be robust and appropriate, reflecting the special circumstances which pertain regarding Harworth Estate's project on its adjoining site. In addition, the proposal has been reviewed by specialist minerals surveyors (Wardell Armstrong) on behalf of the Council, and the proposed transaction is considered by them to represent best value to the Council in accordance with the requirements of s123 Local Government Act 1972.
13. Timescales: if the proposal is approved, it is likely that (subject to contract), a planning application will be lodged by Harworth Estates in late 2016, with the project on site during the period 2017-2022 (including remediation).
14. Committee is requested to support the principle of using some of the receipt from the sale of the coal deposits to support the long term proactive management of the site, including improved public access. The details of this remain under evaluation and would be the subject of a future report as the opportunity crystalizes.
15. Rufford Colliery Tip represents the first opportunity of this kind. This is dependent on detailed analysis of environmental opportunities, planning considerations and prevailing economic conditions. A preliminary scoping exercise is currently underway to assess this potential. Committee is asked to support the principle of using some of the proceeds from the Rufford Colliery proposal to allow evaluation of all remaining opportunities. It is anticipated that a detailed report will be prepared for consideration by the Capital Assets Management Group (CAMG).

### **Other Options Considered**

16. Do nothing: the opportunity to secure significant environmental improvements will be lost.
17. Delay to a later date: this is not really practical. The "window of opportunity" to sell coal fines in to the power stations is limited by changes in how energy will be generated in the future. Without the opportunity for a market for coal fines, the opportunity will be lost.
18. Sell the site rather than dispose of the coal deposited on it: this is feasible, but would require a different procurement model and the opportunities to pursue improved habitat and public access to the land would be significantly diminished. Not recommended.
19. Undertake the coal recovery and site remediation at the cost of the County Council (as a County sponsored project) rather than "partnering" with Harworth Estates. This would potentially deliver a higher capital receipt, but would expose the County Council to the

significant pre-development costs of the project and to the potential fluctuations in market coal prices and the consequent cost risk on site remediation. The County Council does not presently have the technical expertise and capability to deliver such a scheme. The financial risks associated are considered to be too great. Not recommended.

### **Reason/s for Recommendation/s**

20. There is an opportunity to cost effectively deliver enhanced environmental improvements to the site at no cost to the Council. Addresses potential improvements to open up watercourses, improve habitat and bio-diversity and address potential future engineering issues such as site stability.

21. Income generation opportunity

### **Statutory and Policy Implications**

22. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

### **RECOMMENDATION/S**

- 1) To seek approval for the disposal of coal waste fines from the site of the restored former Rufford Colliery on terms detailed in the exempt appendix.
- 2) That support is given to the principle of using part of any of the proceeds from the disposal of waste coal fines to fund the future management of the site, subject to a future report on detailed proposals.
- 3) That support is given to the principle of using part of the proceeds from the sale of coal fines being used to enable detailed pre-development appraisals of other similar sites across the County, subject to a detailed financial proposition to CAMG.

**Jas Hundal**

**Service Director, Environment, Transport & Property**

**For any enquiries about this report please contact: Ian Brearley on Tel: 0115 9774840**

### **Constitutional Comments (CEH 24.05.16)**

23. The recommendations fall within the remit of the Finance and Property Committee under their terms of reference.

### **Financial Comments (GB 3.6.16)**

24. The financial implications are set out in the report.

### **Background Papers and Published Documents**

25. None.

### **Electoral Division(s) and Member(s) Affected**

26. Ward(s): Blidworth  
Member(s): Councillor Yvonne Woodhead

File ref.: /IB/SB/  
SP: 3041  
Properties affected: 62008 - Former Rufford Colliery Tip