

## **Appendix 1**

### **Nottinghamshire PFI Project Details**

#### **East Leake Schools**

1. The contract covers the construction and operation of three sites in the Rushcliffe area;
  - I. a new primary school, Lantern Lane (which is still within Local Authority control);
  - II. a secondary school (formerly Harry Carlton Comprehensive now known as East Leake Academy), and;
  - III. a community leisure facility operated on behalf of Rushcliffe Borough Council.
2. The Contract is currently operated by an SPV "East Leake Schools Ltd" with day to day management provide by Carillion FM who deal with the "Hard" Facilities Management (FM) such as building maintenance, and sub contract the "Soft" FM such as catering and landscape services back to the Catering, Cleaning and Landscapes (CCL) group within the Environment, Transport and Property (ETP) Division of the County Council.
3. The schools provide a total of 308 primary places and 1180 secondary places.

#### **Financial Matters**

4. Capital cost of the project was £19.6m at 2002 and covers not only the financing and construction of the buildings but also a 25 year concession for the provision of hard and soft facilities management services. The facilities will revert to the Councils at the end of the concession period.
5. Annual revenue costs across the whole project are around £3.07 million, £1.76m met by the DfE, £564,000 met by the school governor contributions, £496,000 from Rushcliffe Borough Council for the leisure provision, leaving a current annual payment from the County Council of £271,000.
6. This annual payment from the County Council covers the affordability gap between the payments received from the partners and the monies spent with the contractor.
7. The project currently has a financial reserve of £3.2m.

#### **Bassetlaw Schools**

8. The Bassetlaw Grouped Schools contract covers the construction and management of 10 sites in the Bassetlaw area comprising 5 Secondary Schools which are now all Academies;
  - I. Elizabethan Academy Retford;
  - II. Outwood Academy Portland Worksop;
  - III. Outwood Academy Valley Worksop;
  - IV. Retford Oaks Academy;

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- V. Tuxford Academy;
  - VI. St Giles Special School Retford (which remains with the Local Authority);
  - VII. Post 16 Centres In Worksop and Retford;
  - VIII. Two Leisure Centres in Retford and Worksop delivered on behalf of Bassetlaw District Council.
9. The contract is operated by a SPV “Transform Schools Ltd (Bassetlaw)” with hard FM undertaken by “Engie” and the soft FM services contracted back to the County Council through CCL.
10. The schools provide a total of 3062 secondary places in Worksop, 2513 secondary places in Retford and 1462 secondary places in Tuxford. The two post 16 centres currently have a total of 602 on roll, and St Giles have 135 students with Special Educational Needs (SEN) on roll and attracts pupils from right across the north of the county.

#### **Financial Matters**

11. The capital costs of the project was £150.9m at contract close in 2005, and covers not only the financing and construction of the buildings but also a 27 year concession for the provision of hard and soft facilities management services from opening, which occurred on programme in December 2007. The facilities will revert to the Councils at the end of the concession period.
12. Annual revenue costs across the whole project are around £19.6 million, with £10.5 million met by the DfE, £4.4 million met by the school Governor contributions, £850,000 from Bassetlaw District Council for the leisure provision, leaving a current annual payment from the County Council of £3.8 million.
13. This annual payment from the County Council covers the affordability gap between the payments received from the partners and the monies spent with the contractor.
14. The project currently has a financial reserve of £304,000.

#### **Waste Management**

15. The Nottinghamshire semi-integrated waste management contract covers the treatment and disposal of the majority of the municipal waste generated in Nottinghamshire through the County Councils role as Waste Disposal Authority (WDA) for Nottinghamshire.
16. This includes the funding, construction/renovation and operation of;
- I. 12 Recycling Centres
  - II. A Material Recovery Facility (MRF) at Mansfield to separate and consolidate all of the mixed recyclable waste collected by the seven borough and district councils in the County (known as Waste Collection Authorities - WCA),

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- III. A facility for the treatment of green garden waste collected at the kerbside and the Recycling Centres;
- IV. Waste Transfer Stations (WTS) as delivery points for the WCA;
- V. The haulage to and treatment of this WCA waste at a number of Energy Recovery Facilities (ERF) outside of the County.

The new facilities delivered through the contract will revert to the Council at the end of the contract period.

- 17. The Contract is operated by a SPV "Veolia Environmental Services" (VES) part of the French owned multinational Veolia. VES subcontract the majority of the Recycling Centre operations to individual site licensees and composting services to another Veolia subsidiary, but operate the MRF directly. Energy Recovery is provided through a range of subcontractors including "Veolia Sheffield" and Fomento de Construcciones y Contratas (FCC).
- 18. Members are no doubt aware that the contract originally included the funding and construction of a new ERF at the former Rufford Colliery at Rainworth to process 180,000 tonnes per annum of residual waste through incineration, which failed to gain planning permission after a protracted Public Inquiry process.
- 19. Following the rejection of the Rufford ERF planning in 2011 a number of consequential variations have now been made, or are planned to the 2006 contract including the incorporation of a long term sub contract for the treatment of residual waste collected in Mansfield and Ashfield and the construction of a new WTS in Kirkby in Ashfield to serve the two district councils which is due to be signed in November 2016. The WTS is due to be operational by 31 March 2017 for the start of the new sub contract on 1 April 2017.
- 20. The PFI Waste Contract currently handles around 340,000 tpa of waste and achieves nearly 80% recycling and composting at the Recycling Centres, and helps the County achieve around 43% recycling and composting on average, and has reduce reliance on landfill disposal in the County to less than 10%.

### **Financial Matters**

- 21. The Waste Contract had an original capital cost of £180m, and an overall value of £850m, and attracted PFI credits of £38m at contract close in 2006.
- 22. The failure to secure planning for the Rufford ERF has reduced the capital value substantially and led to a reassessment of the PFI credits payable to the authority by the Department for the Environment, Food, and Rural Affairs (DEFRA) and HMT. The details were covered in a report presented to Environment and Sustainability Committee on 30 January 2014.
- 23. The council currently receives a revenue payment of £1.6m per annum to support the contract, which will increase to around £2m per annum once the Welshcroft Close WTS is operational, subject to meeting a number of relevant criteria set by DEFRA.

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24. Contract Payments to Veolia amount to around £26m per annum, with further payments of around £6m pa to other contractors for waste services outside of the PFI arrangements (68,000 tpa of waste treatment through the Eastcroft Energy from Waste plant, and 100tpa of medical waste requiring specialist processing), plus payment of statutory Recycling Credits to the WCA.
25. The project currently has a financial reserve of £27.8m.