



meeting	ENVIRONMENT AND SUSTAINABILITY SELECT COMMITTEE		
date	31 OCTOBER 2005		
from	Director of Environment	agenda item number	

PROGRESS ON THE PFI WASTE CONTRACT

Purpose of Report

1. To give Members an overview of the Authority's Waste Management process and recent developments.

Background

2. The County Council's Waste Management section is currently in the process of awarding a 26 year PFI supported contract to manage all of the County Council's waste. This contract will ensure that the County Council achieves recycling rates of 43% in 2010, 48% in 2015 and 52% in 2020. In addition to this the contract will ensure that the Authority reduces its reliance on landfill in accordance with the targets set by Government for Nottinghamshire.
3. The procurement process commenced in June 2002 with the publication in the European Journal of the Authority's intention to award the contract. The contract process is being managed by a procurement team consisting of external advisors from Eversheds for technical issues, from Deloitte for financial issues and from Sharpe Pritchards for legal issues. The team also consists of County Council personnel from finance, legal and the waste section. The contract itself is based on the treasury's standard PFI procurement document which was published in 2004. The County Council is currently a pathfinder project for the Treasury in that we are agreeing modifications to the contract documents that will be accepted as standard for the industry for future contracts. The Authority is being supported in this process by representatives from the 4Ps, PUK, organisations set up by Government to encourage Authorities to implement PFI projects.
4. This will be the most complex contract ever awarded by the Authority and the lifetime value of the contract is estimated to be approximately £800m.

New Facility

5. Cabinet on 27th July 2005, approved the appointment of Onyx Environmental as preferred bidder for the contract. Their proposals are to provide a Material Recycling Facility at Mansfield, a Garden Waste Composting Facility at Bilsthorpe,

an Energy from Waste Facility in the Mansfield/Ashfield area, four Transfer stations and to refresh the Authority 17 Household Waste and Recycling Centres

Progress with Contract Negotiations

3. Since the appointment Onyx have been working closely with the Council and our advisers to finalise all the contract documentation to enable the submission of a Full Business case to DEFRA in November to enable them to confirm the award of credits and leading to a recommendation to Council and a contract close in early 2006.
4. Onyx are also working on confirming short term outlets for dry recyclates and residual waste, identifying and securing a site for the Energy from Waste Facility and progressing the planning application for the Material Recycling Facility (MRF) at Crown Farm Way, Mansfield.

Work with the Waste Collection Authorities

5. In tandem with the work to close out the PFI contract, we have been liaising closely with the WCA's to develop the Partnering Agreement. This agreement will commit the District/Borough Councils to deliver all the kerbside collected materials (with the exception of glass and some minor tonnages committed of charities and existing contracts) exclusively to Onyx for the duration of the PFI contract.
6. In acknowledgement of the loss of revenue from recycling credits that this will bring, the County Council is considering mechanisms whereby some of the revenue from the MRF can be shared with the WCA's based on tonnages of material, delivered to the MRF. In exchange for this revenue share the WCA's would however need to meet the costs of treating material which was delivered, but did not meet the facility quality requirements, and therefore required subsequent disposal, incurring extra costs for both the Council and the provider.
7. In addition and to reduce District Council transportation costs, the Council has obligated Onyx to provide waste transfer stations strategically placed around the County at Newark, Colwick, Worksop and Giltbrook, which will be in place by 2010. Up to that date and to minimise the impact of delivery point changes, (from the current provision) the County Council will make "Tipping away Payments" to a WCA that has to travel more than 5 miles or 15 minutes outside of its boundary to reach a facility.
8. The level of these payments is presently under discussion through both a joint technical and financial offers group.

PETER WEBSTER
Director of Environment

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