

## Appendix 1

### Nottinghamshire PFI Waste Contract - Project Details

1. 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.
2. 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),
  - 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.

It should be noted that the Green Waste treatment facility currently being utilised through the contract "Veolia Oxton" does not form part of the PFI infrastructure since it is a 3<sup>rd</sup> party facility "Simpro Oxton" recently acquired by Veolia. Discussions continue with Veolia as to how this site could be incorporated within the PFI arrangements in due course in lieu of the contract facility noted above.

3. The Contract is operated by a SPV "Veolia ES Nottinghamshire Ltd" (VES) part of Veolia Environmental Services (UK) plc, the French owned multinational. 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 "EEW Energy from Waste" (EEW) in Germany.
4. 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.
5. Following the rejection of the Rufford ERF planning in 2011 a number of consequential variations have now been made to the 2006 contract including the incorporation of a long term sub contract for the treatment of residual waste collected in Bassetlaw and Newark and Sherwood, and most recently Mansfield and Ashfield, and the construction of new WTS in Worksop, Newark and Kirkby in Ashfield to serve the areas.

## **Appendix 1**

### **Nottinghamshire PFI Waste Contract - Project Details**

6. 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 44% recycling and composting on average, and has reduce reliance on landfill disposal in the County to less than 10%.

#### **Financial Matters**

7. 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.
8. 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.
9. The council however currently receives a revenue payment of £2.0m per annum to support the contract, which was recently increased from £1.6m upon completion of the Welshcroft Close WTS.
10. 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.
11. A detailed financial model underpins the project, alongside a complex affordability model which allows the Council to predict long term financial costs for the service based on a number of complex and interrelated assumptions around waste growth and inflation rates.
12. The project currently has a financial reserve of £27.8m which based on the affordability model and present assumptions is deemed sufficient to meet the financial requirements of the service until the end of the PFI arrangements in 2033.