

Waste Management Service Contract: Members Briefing October 2013 Frequently Asked Questions (V2.0)

#	Question	Subject	Proposed Response
1	Who is the Waste Management Service Contract with?	General	The Waste Management Service PFI Contract (WMSC) was signed between Herefordshire and Worcestershire Councils and Mercia Waste Management Ltd (Mercia) in December 1998 for 25 years.
2	When was the Waste Management Service Contract (WMSC) agreed?	General	The WMSC was agreed in December 1998. It is a 25 year contract (to 2023).
3	What is included in the Waste Management Service Contract?	General	<p>The WMSC was for an integrated solution to be delivered by Mercia for the treatment and disposal of all Local Authority Collected Waste arising within the 2 counties.</p> <p>The Waste Management Service Contract included requirements for; a Mixed Waste Material Reclamation Facility (MRF), Transfer Stations, Pre-Sorted MRFs, Household Waste Sites (now Household Recycling Centres), Operations and Management of Hill and Moor Landfill, Construction and operation of a Waste to Energy Plant (<i>more modern term for this is Energy from Waste - EfW</i>) and Composting facilities.</p>
4	Why wasn't an Energy from Waste (EfW) Plant built as originally envisaged?	General	Mercia started the process to deliver an EfW Plant at the British Sugar site in Kidderminster. However, their planning application failed at appeal in 2002 and it was therefore acknowledged that the proposed EfW plant was undeliverable at that particular site.
5	Have options other than EfW been considered?	Technical	<p>Yes. Following the 2002 position regarding the site in Kidderminster, various solutions for residual waste were investigated including; out of county disposal / treatment and autoclaving. Planning permission was obtained in 2005 for an autoclave solution at Hartlebury Trading Estate (Worcestershire) and Madely (Herefordshire).</p> <p>In 2006 Worcestershire County Council acquired the land at Hartlebury Trading Estate for the purposes of residual waste disposal, with the intention of developing an autoclave facility there. However, autoclave negotiations with Mercia broke down in 2007 due to the uncertainty about the end market for the process by-product. A satisfactory end market was a planning requirement but it became clear that this could not be met with any certainty and so the autoclave option was not</p>

			<p>deliverable.</p> <p>The Joint Municipal Waste Management Strategy (JMWMS) sets out the policy approach to disposing of waste including how the councils will manage waste in accordance with the Waste Hierarchy. In line with national guidance Waste Prevention is prioritised in order to reduce the amount of waste produced by the two councils. Then, in order of priority, Reuse, Recycling and Composting of waste is encouraged. Any waste remaining is 'residual waste' which the JMWMS identified should be treated to Recover Energy. Only after all these things have been done can we consider landfill as a means of disposing of any waste that remains.</p> <p>The Joint Municipal Waste Management Strategy was originally adopted in 2004 and the 2009 JMWMS Review included a list of possible options for the treatment of residual waste and an appraisal of these was carried out by Environmental Resources Management Limited (ERM). This included; a financial assessment of Capital and Operational expenditure (CAPEX and OPEX) costs of the various options for comparative purposes and an assessment of the different options against environmental criteria undertaken using the Environment Agency's life cycle assessment tool – Waste and Resources Assessment Tool for the Environment (WRATE).</p> <p>The Residual Waste Options Appraisal ranked EfW high, particularly with combined heat and power (CHP). The Residual Waste Options Appraisal (Annex D to the JMWMS) informed the method for treatment of residual waste, and Mercia was expected to bring forward proposals for disposing of residual waste in response to the JMWMS review.</p> <p>Mercia proposed an Energy from Waste facility to deal with residual waste and commenced a site search. This resulted in the site at Hartlebury Trading Estate being selected as the best site available in the two counties for an EfW plant. In July 2012, the Secretary of State granted planning consent for the EfW Plant at Hartlebury following a comprehensive call-in and Planning Inquiry.</p>
6	Why is EfW the preferred option?	Technical	<p>The Residual Waste Options Analysis (as part of the Joint Municipal Waste Management Strategy Review) looked at all the potential residual waste treatment technologies and narrowed these down to a short list that contains variants of 3 options: Energy from Waste (with and without Combined Heat and Power (CHP) and out of counties), Autoclave (one or two) and Mechanical, Biological Treatment (MBT) (on or offsite combustion).</p> <p>MBT and out of county EfW were consistently poor performers in terms of the options analysis, thereby leaving EfW (with or without CHP) or Autoclave as realistic solutions. Autoclave solution has been previously looked at with Mercia, but it was undeliverable as the market for the fibre product could not be satisfactorily proven. So when Mercia brought forward an EfW solution it was accepted as being in line with the JMWMS.</p> <p>An EfW solution:</p>

For Elected Members Only

			<ul style="list-style-type: none"> • Supports achievement of the Strategic objectives and principles within the Joint Municipal Waste Management Strategy; • Supports the Waste Hierarchy providing an integrated waste management solution; • Reduces impact of increases in Landfill Tax; • Makes use of proven, reliable technology; • Has planning permission secured.
7	What is the proposed capacity of the EfW Plant?	Technical	The proposed EfW Plant would deal with 200,000 tonnes of residual waste per annum.
8	Have you considered do nothing until 2023 and then build and EfW plant?	Technical	As part of the draft value for money assessment, a "Continue As Is" Option is included. This is not specific about the waste disposal route post 2023.
9	What will the Cabinet report cover?	General	The Cabinet report will include; value for money assessment, financing proposals and an update against the outstanding parameters previously identified. From this, recommendations will be made as to the preferred option to enable Cabinet to make a decision.
10	Why has the Cabinet Report been postponed?	General	<p>As part of discussions with Defra and Her Majesty's Treasury a further financing option was recently suggested.</p> <p>The points raised in discussions with Defra / HMT are being further explored ahead of the report going to Cabinet.</p>
11	What options have been considered as part of the Value for Money Assessment?	General	<p>The following options have been considered as part of the value for money assessment:</p> <ul style="list-style-type: none"> • A Variation to the PFI Waste Management Service Contract for the Energy from Waste plant (in terms of location and dates) using commercial finance; • A Variation to the PFI Waste Management Service Contract for the Energy from Waste plant (in terms of location and dates) financed by the Councils (Herefordshire and Worcestershire); • Continue 'As Is'; • Terminate the Waste Management Service Contract and procure an Energy from Waste Plant (design, build and operate) and other waste management services; • Terminate the Waste Management Service Contract and procure other waste management services but not an Energy from Waste Plant.

For Elected Members Only

11	Is there more we could do in terms of recycling to reduce residual waste?	Technical	<p>The authorities have considered all waste management options in the review of the Joint Municipal Waste Management Strategy. The outcome is that the approach is to prevent waste wherever possible before reuse, recycling and composting.</p> <p>By preventing waste to begin with rather than encouraging its creation, through food and garden waste collection services, we are helping to reduce the amount of waste produced. This method manages waste at the top of the hierarchy and helps everyone save money as well as reducing the impact on the environment.</p> <p>In terms of the commingled collection of recycling from the kerbside, our system is one of the best performing in the country. Alongside that the majority of Waste Collection Authorities (Borough/City and District Councils) offer a paid for collection of garden waste which provides an option for those residents who want to dispose of their garden waste in this way.</p> <p>The Household Recycling Centres offer a wide range of recycling options diverting approximately 75% of the waste delivered to them away from landfill and we are constantly working with Mercia to improve this further.</p>
12	What is the impact of landfill tax?	Technical	<p>Landfill Tax was £8 / tonne in 1996, has risen to £72 / tonne and is rising to £80 / tonne in April 2014.</p>
13	Why can't we continue to send waste to landfill?	Technical	<p>We need to divert waste away from landfill for a number of reasons, including;</p> <ul style="list-style-type: none"> • National policy to divert waste away from landfill; • Agreed Joint Municipal Waste Management Strategy; • Cost of landfill; • Availability of landfill space / capacity.
14	Is there an option to terminate the existing Waste Management Service contract?	General	<p>Yes. Two of the options included within the Value for Money assessment look at the impact of doing this. If the existing Waste Management Service Contract were to be terminated then there would be breakage costs associated with this.</p>
15	How much more per year would an EfW Plant cost the councils?	Finance	<p>In the absence of formally setting their budgets each Council has indicated a potential affordability envelope of £6 million (Herefordshire Council and Worcestershire County Council) over and above the current budget in the first full year post construction of the EfW Plant.</p>

For Elected Members Only

16	What is the value of the PFI Credits?	Finance	In 2013/14 the combined PFI Credits are £5.5M (both Councils)																								
17	To what extent are the PFI credits at risk?	Finance	<p>This depends. The Value for Money Assessment is carried out excluding the PFI Credits, in line with Her Majesty's Treasury guidance. However for the Councils affordability, it is important to take a view as to the impact each of the options has on PFI credits.</p> <p>Details of this will be included in the financial section within the Cabinet Report.</p>																								
18	Have we considered securing capacity at other waste treatment plants in the region?	Technical	In partnership with Mercia we have explored options to secure spare capacity at other regional waste treatment plants, but have been unsuccessful.																								
19	What are other authorities doing?	Technical	<p>The following table provides details of what some other authorities in the West Midlands region are doing to treat their residual waste.</p> <table border="1" data-bbox="842 675 2065 1051"> <thead> <tr> <th data-bbox="842 675 1368 711">Local Authority</th> <th data-bbox="1368 675 1780 711">Type of Treatment</th> <th data-bbox="1780 675 2065 711">Status</th> </tr> </thead> <tbody> <tr> <td data-bbox="842 711 1368 748">Dudley</td> <td data-bbox="1368 711 1780 748">Energy from Waste</td> <td data-bbox="1780 711 2065 748">Operational</td> </tr> <tr> <td data-bbox="842 748 1368 785">Wolverhampton/Walsall</td> <td data-bbox="1368 748 1780 785">Energy from Waste</td> <td data-bbox="1780 748 2065 785">Operational</td> </tr> <tr> <td data-bbox="842 785 1368 821">Staffordshire/Stoke City/Walsall</td> <td data-bbox="1368 785 1780 821">Energy from Waste</td> <td data-bbox="1780 785 2065 821">Operational</td> </tr> <tr> <td data-bbox="842 821 1368 858">Coventry/Solihull/Bedford/Walsall</td> <td data-bbox="1368 821 1780 858">Energy from Waste</td> <td data-bbox="1780 821 2065 858">Operational</td> </tr> <tr> <td data-bbox="842 858 1368 895">Birmingham</td> <td data-bbox="1368 858 1780 895">Energy from Waste</td> <td data-bbox="1780 858 2065 895">Operational</td> </tr> <tr> <td data-bbox="842 895 1368 932">Shropshire</td> <td data-bbox="1368 895 1780 932">Energy from Waste</td> <td data-bbox="1780 895 2065 932">Under Construction</td> </tr> <tr> <td data-bbox="842 932 1368 1051">Staffordshire/Sandwell, Walsall and Warwickshire</td> <td data-bbox="1368 932 1780 1051">Energy from Waste</td> <td data-bbox="1780 932 2065 1051">Under Construction</td> </tr> </tbody> </table> <p>There is a strong tendency towards use of Energy from Waste to treat residual waste with authorities working independently or in partnership like Herefordshire and Worcestershire.</p>	Local Authority	Type of Treatment	Status	Dudley	Energy from Waste	Operational	Wolverhampton/Walsall	Energy from Waste	Operational	Staffordshire/Stoke City/Walsall	Energy from Waste	Operational	Coventry/Solihull/Bedford/Walsall	Energy from Waste	Operational	Birmingham	Energy from Waste	Operational	Shropshire	Energy from Waste	Under Construction	Staffordshire/Sandwell, Walsall and Warwickshire	Energy from Waste	Under Construction
Local Authority	Type of Treatment	Status																									
Dudley	Energy from Waste	Operational																									
Wolverhampton/Walsall	Energy from Waste	Operational																									
Staffordshire/Stoke City/Walsall	Energy from Waste	Operational																									
Coventry/Solihull/Bedford/Walsall	Energy from Waste	Operational																									
Birmingham	Energy from Waste	Operational																									
Shropshire	Energy from Waste	Under Construction																									
Staffordshire/Sandwell, Walsall and Warwickshire	Energy from Waste	Under Construction																									
20	Are you planning to extend the existing contract with Mercia?	General	There are no plans to extend the existing Waste Management Services Contract beyond 2023.																								