

## Notice of Meeting

# Environment & Transport Select Committee



**Date & time**  
**Monday, 18 May**  
**2015**  
at **2.00 pm**

**Place**  
Ashcombe Suite,  
County Hall, Kingston  
upon Thames, Surrey  
KT1 2DN

**Contact**  
Huma Younis  
Room 122, County Hall  
Tel 020 8213 2725 or 020  
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**Chief Executive**  
David McNulty

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**This meeting will be held in public. If you would like to attend and you have any special requirements, please contact Huma Younis on 020 8213 2725 or 020 8213 2732.**

### Members

Mr David Harmer (Chairman), Mr Mike Bennison (Vice-Chairman), Mrs Nikki Barton, Mrs Natalie Bramhall, Mr Mark Brett-Warburton, Mr Stephen Cooksey, Mrs Pat Frost, Mr David Goodwin, Mr Ken Gulati, Mr Peter Hickman, Mr George Johnson, Mr Adrian Page, Mr Michael Sydney, Mr Richard Wilson and Mrs Victoria Young

### Ex Officio Members:

Mr David Munro (Chairman of the County Council) and Mrs Sally Ann B Marks (Vice Chairman of the County Council)

## TERMS OF REFERENCE

The Select Committee is responsible for the following areas:

### Environment

- Strategic Planning
- Countryside
- Waste
- Economic Development & the Rural Economy
- Housing
- Minerals
- Flood Prevention

### Transport

- Transport Service Infrastructure
- Aviation
- Highway Maintenance
- Community Transport
- Local Transport Plan
- Road Safety
- Concessionary Travel

## PART 1 IN PUBLIC

### 1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

### 2 DECLARATIONS OF INTEREST

To receive any declarations of disclosable pecuniary interests from Members in respect of any item to be considered at the meeting.

**Notes:**

- In line with the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012, declarations may relate to the interest of the member, or the member's spouse or civil partner, or a person with whom the member is living as husband or wife, or a person with whom the member is living as if they were civil partners and the member is aware they have the interest.
- Members need only disclose interests not currently listed on the Register of Disclosable Pecuniary Interests.
- Members must notify the Monitoring Officer of any interests disclosed at the meeting so they may be added to the Register.
- Members are reminded that they must not participate in any item where they have a disclosable pecuniary interest.

### 3 CALL- IN OF CABINET DECISION: AMENDMENT TO WASTE CONTRACT TO DELIVER THE WASTE STRATEGY

(Pages 1  
- 36)

*Purpose of the report: Scrutiny of Services and Budgets*

To scrutinise the amendment to waste contract to deliver the Waste Strategy, approved by the Cabinet on 28 April 2015.

### 4 DATE OF NEXT MEETING

The next meeting of the Committee will be held at 10.30am on 11 June 2015.

**David McNulty**  
**Chief Executive**  
Published: Friday, 08 May 2015

## **MOBILE TECHNOLOGY AND FILMING – ACCEPTABLE USE**

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Environment and Transport Select Committee  
18 May 2015

**Amendment to Waste Contract to Deliver the Waste Strategy**

**Purpose of the report:** *Scrutiny of Services and Budgets*

To scrutinise the amendment to waste contract to deliver the Waste Strategy, approved by the Cabinet on 28 April 2015.

**Introduction:**

- 1 On 28 April 2015 the Cabinet approved the amendment to the waste contract to deliver the waste strategy.
- 2 Four Members (Stephen Cooksey, David Goodwin, George Johnson and Nikki Barton) of the Environment and Transport Select Committee have called-in this Cabinet decision for reconsideration by the Committee.

**Background:**

- 3 The Cabinet's decision on the amendment to waste contract to deliver the Waste Strategy was published on 28 April 2015. The details of the Cabinet's decision extracted from the printed decisions, are stated below:

**RESOLVED:**

1. That all the necessary preconditions identified in the Cabinet report of 23 July 2013, as outlined in paragraphs 3 - 34 of the submitted report, have now been met.
2. That the assessment of the Director of Finance is that the cost of proceeding with the Waste Strategy, including the Eco Park, meets the value for money criterion and is the most affordable option available to the council.
3. That the council proceeds to issue the second Notice To Proceed (NTP2) in accordance with the contractual processes approved by Cabinet on 30 October 2013.

4. That the corporate revenue budget refresh in July 2015 will take into account the budgetary effect of delivering the Waste Strategy, including the Eco Park.
5. That the Strategic Director of Environment and Infrastructure puts in place the governance arrangements described in Annex 2 of the submitted report, and provides quarterly reports to the Cabinet Member for Environment and Planning and reports to Cabinet at key milestones by agreement between the Cabinet Member for Environment and Planning and the Leader of the Council.

***Reasons for Decisions:***

*To authorise development of the Eco Park, an essential part of the Waste Strategy and a priority for the council.*

- 4 On 5 May 2015, Democratic Services received notification that four Members (Stephen Cooksey, David Goodwin, George Johnson and Nikki Barton) of the Environment and Transport Select Committee had called-in this decision of the Cabinet. The reasons for the call-in are as follows:
  - a) *That the information considered by the Cabinet in agreeing that all conditions had been met was incomplete because it had not been the subject of scrutiny by the Environment and Transport Committee where members could test its validity;*
  - b) *To enable, through Members, residents views to be considered following the publication of the business case and financial plan with regard to Value for Money, Affordability and it being the Lowest Cost Option.*
- 5 The following documents in relation to the decision made on 28 April 2015 are attached:
  - Report considered by Cabinet on 28 April 2015 (**Appendix 1**).
  - Waste options financial assessment April 2015, considered by Cabinet on 28 April 2015 (**Appendix 2**).
  - Waste programme governance arrangements, considered by Cabinet on 28 April 2015 (**Appendix 3**).
  - Extract from the minutes of the Cabinet meeting of 28 April 2015 (**Appendix 4**).
  - The call-in notice received by Democratic Services on 5 May 2015 (**Appendix 5**).
  - The officer report in relation to the call-in (to follow).

**The Call-in:**

- 6 The Committee is asked to consider the above evidence together with evidence presented at the call-in meeting in order to review the decision taken by the Cabinet.
- 7 The Committee is asked whether or not it wishes to refer the decision back to the Cabinet for reconsideration.
- 8 If the Committee decides to refer back to the Cabinet for reconsideration, the Committee's concern must be stated.

**Recommendation:**

That the Committee reviews the decision of the Cabinet regarding the amendment to waste contract to deliver the waste strategy taken on 28 April 2015 and decides whether it wishes to refer the decision back to the Cabinet for reconsideration.

**Next steps:**

Should the Committee decide to support the decision of the Cabinet; the decision will take effect on the date of the Committee meeting.

Should the Committee refer the decision back to the Cabinet, it will be discussed at the Cabinet meeting on 26 May 2015. The Cabinet can then decide to amend the decision or not, before adopting a final decision.

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**Report contact:** Huma Younis, Scrutiny Officer, Democratic Services

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**APPENDIX 1****SURREY COUNTY COUNCIL****CABINET****DATE: 28 APRIL 2015****REPORT OF: MR MIKE GOODMAN, CABINET MEMBER FOR ENVIRONMENT AND PLANNING****LEAD OFFICER: MR TREVOR PUGH, STRATEGIC DIRECTOR FOR ENVIRONMENT AND INFRASTRUCTURE****SUBJECT: AMENDMENT TO WASTE CONTRACT TO DELIVER THE WASTE STRATEGY****SUMMARY OF ISSUE:**

In July 2013 Cabinet agreed to vary the waste contract to deliver the Eco Park, once seven conditions were met.

In October 2013, Cabinet agreed to the terms of the contract variation and the contract was subsequently varied. Conditions relating to necessary regulatory approvals, continued support from DEFRA, and final value for money and affordability assessments remained outstanding.

All conditions have now been met, as outlined in this report.

Delays and new conditions in the planning process have resulted in increased costs. However, this has not materially affected the overall assessment of value for money and affordability.

This Cabinet report addresses this issue and seeks unconditional approval to commit to construction of the Eco Park.

**RECOMMENDATIONS:**

It is recommended that Cabinet:

1. Notes that all the necessary preconditions identified in the Cabinet report of 23 July 2013, as outlined in paragraphs 3 - 34 of this report, have now been met.
2. Notes that the assessment of the Director of Finance is that the cost of proceeding with the Waste Strategy, including the Eco Park, meets the value for money criterion and is the most affordable option available to the council.
3. Agrees that the council proceeds to issue the second Notice To Proceed (NTP2) in accordance with the contractual processes approved by Cabinet on 30 October 2013.
4. Notes that the corporate revenue budget refresh in July 2015 will take into account the budgetary effect of delivering the Waste Strategy, including the Eco Park.

5. Requests that the Strategic Director of Environment and Infrastructure puts in place the governance arrangements described in Annex 2, provides quarterly reports to the Cabinet Member for Environment and Planning and reports to Cabinet at key milestones by agreement between the Cabinet Member for Environment and Planning and the Leader of the Council.

#### **REASON FOR RECOMMENDATIONS:**

To authorise development of the Eco Park, an essential part of the Waste Strategy and a priority for the council.

#### **DETAILS**

##### **Background**

1. In July 2013, Cabinet approved a recommendation that "the Waste Contract be varied to reflect the changes necessary to deliver our Waste Strategy, including the Eco Park, subject to relevant conditions being met."
2. This report describes how each of the seven conditions identified has now been met and the actions which need to follow to implement the decision.

##### **Fulfilment of conditions**

3. **Condition 1:** Confirmation by the Director of Legal and Democratic Services that the contract documents prepared for signature are consistent with the terms which relate to the recommendations in this report and with the requirements of the EU Public Procurement Regulations.

This condition was met in October 2013 by SCC and SITA entering into a contract variation, following confidential advice to Cabinet from the Director of Legal and Democratic Services.

4. **Condition 2:** Approval to divert the footpath to the north of the Eco Park.

This condition was met on 19 March 2014. A second Public Inquiry into the footpath diversion took place at the end of January 2014 and, on 19 March 2014, the Planning Inspector confirmed the footpath diversion order.

5. **Condition 3:** Variation of the planning permission to reflect the replacement of the gasification technology provider at the Eco Park, and other minor design changes.

This condition was met on 24 September 2014 when SCC's Planning and Regulatory Committee approved the variation.

6. **Condition 4:** Confirmation of amendment to the environmental permit to reflect the replacement of the gasification technology provider at the Eco Park.

This condition was met on 29 October 2014 when the Environment Agency issued the variation to the environmental permit.

7. **Condition 5:** Fulfilment of outstanding planning conditions.

This condition was met on 13 March 2015 when the pre commencement conditions were approved by SCC's Planning and Regulatory Committee. These were subsequently implemented by SITA Surrey.

8. **Condition 6:** Confirmation by the Chief Finance Officer (now Director of Finance) that the final cost represents value for money, is the lowest cost option and is affordable within the council's medium term financial plan.

This condition has been met as a detailed assessment by the Director of Finance completed in April 2015, based on advice from the council's external financial advisor, Deloitte, has demonstrated the variation to the Waste Contract to deliver the Waste Strategy (including the Eco Park) represents the best value for money for the residents of Surrey. When taken together with an assessment of qualitative factors, it represents overall value for money for the public sector. It is a sound basis from which further service improvements and potential cost savings will be delivered. Proceeding with this option also represents the most affordable solution to the council.

9. The April 2015 financial assessment is based on final costs and timescales and used a consistent methodology to that undertaken in October 2013 which reached the same overall conclusion.
10. The April 2015 qualitative assessment is based on advice from the council's technical advisors, Mott McDonald, who have provided a report to the council on the qualitative value for money benefits which derive from varying the Waste Contract to deliver the Waste Strategy (including the Eco Park). These benefits relate to strategic, contractual, economic and environmental factors, as described below.

- **Strategic benefits**

11. The Waste Strategy is based on recycling and composting as much waste as feasible, anaerobic digestion of food wastes and gasification of the residual wastes.
12. Surrey's Joint Municipal Waste Management Strategy, adopted by the county council in March 2015 retains a target to achieve 70% recycling and composting by 2019/20. This achievement will make Surrey County Council a leading authority in this respect.
13. All existing waste management and treatment options have a residue. It is possible to send this residual waste to landfill but there are environmental and materials benefits in diverting the material to produce power and potentially useful outputs.
14. The development of the Eco Park will provide the option to use technologies that enable bottom ash materials to be recycled and diverted from landfill. This not only allows Surrey to lead the way in integrated waste management but also extracts additional benefits and added value from the contract.

- **Contractual benefits**

15. The contract that Surrey has with SITA is a mature one which has been in operation since 1999. In working with SITA, the council is contracting with one of the largest waste management contractors in Europe who has a proven track

record of technology delivery. In progressing through the existing contract, the council can progress without further procurement as the contract is already in operation.

16. Within the main project agreement there is an existing performance management framework which is already in operation. As part of this arrangement SITA and Surrey have signed up to the Treasury Operational Savings Initiative, which works to identify additional savings within contracts. This has been possible due to the mature relationship between the parties and could be more difficult with a new contractor.
17. Business Continuity is important in waste management and having the project operating under a main contract allows for best practice processes to develop and maintain a capability to plan for and respond to incidents and business interruptions. This enables business operations to continue and ensure minimal disruptions to any operations within the contract that SITA undertakes. Business Continuity Management is a requirement enabling systems to be constantly updated and improved to meet changing client needs and provide the foundation for monitoring and evaluating strategies and the ability to manage unexpected events.
18. The provision of a plant with a 25-year operational period will have a minimum of 17 years of life left at the end of the contract with SITA. This would allow Surrey County Council to procure an Operations and Maintenance (O&M) contract for the operation of this plant, and a simpler contractual structure to process the remaining waste.
19. Having the Engineering Procurement Construction (EPC) contract within the existing waste management contract provides additional contractual protection to the council. Should the option to progress a new contract be developed outside of the one currently provided by SITA there is a potential for the security of the existing contract to be lost and there would be uncertainty with respect to the new contractor and their ability to deliver.

- **Economic and Environmental benefits**

20. Charlton Lane is a named site in the Surrey Waste Plan which was adopted by Surrey County Council in 2009 for the provision of Civic Amenity Sites (Policy WD1), Recycling Storage and Transfer of Waste, Materials Recovery and Processing Facility (Policy WD2) and Thermal Treatment (Policy WD5). The proposed Eco Park will use the site for waste management purposes and is therefore supported by the Surrey Waste Plan as well as the Surrey's Joint Municipal Waste Management Strategy. The Eco Park uses technologies to maximise recycling in the County. The Anaerobic Digestion (AD) facility will allow food waste to be used to produce renewable power and a useable product. The digestate potentially benefits farmers and land users by producing a soil improver to approved standards (BSI PAS 110).
21. BSI PAS 110 covers all AD systems that accept source-segregated biowastes. It specifies three key factors, controls on input materials and the management system for the process of anaerobic digestion and associated technologies, minimum quality of whole digestate, separated fibre and separated liquor and information that is required to be supplied to the digestate recipient
22. The digestate has proven benefits such as improved water retention and reduction in the use of inorganic fertilisers. This helps the council to achieve its

vision statement which states that “by 2026 the environment will be protected and enhanced for future generations.”

23. The Eco Park will deliver benefits to the local economy in terms of the construction and operation of the facilities. In addition to the economic premium given during construction, the facility is predicted to bring 42 permanent jobs to Surrey. This is in addition to an estimated 300 jobs which will be created during the construction phase. If waste is exported out of the County and no new facilities are constructed then the economic and employment benefits would be lost.
24. Through the use of mechanical treatment and AD the requirement for residual waste treatment is minimised, as the process will provide additional recycling and composting opportunities, which will result in a smaller scale combustion technology than conventional combustion. This ensures that the option corresponds with the waste hierarchy and minimises impacts such as the footprint of the plant required.
25. The AD process allows food waste to be used to produce biogas, which can be combusted to generate heat and power. The electricity can be used to power the plant and be exported to the national grid.
26. The bio-degradable element of waste qualifies as renewable energy and is therefore eligible for government related grants, e.g. Renewable Obligation Certificates (ROCs) or Contracts for Difference (CfDs). CfDs will gradually replace ROCs as the government incentive for this type of project and after 31 March 2017 ROCs will no longer be available to new applicants. Continuing the existing contract with SITA therefore may allow the site to be eligible for ROCs rather than CfDs. Although the level of financial support provided by CfDs would be equivalent to that provided by ROCs; as ROCs are well established and understood using this would reduce the risk associated with the novelty of a new system. There is also the potential benefit for the use of heat generated by the plant.

With regard to ROCs, SITA have recently received Preliminary Accreditation for the Fuel Measurement and Sampling procedures for the gasification plant from the industry regulator, OFGEM. It also remains the case that a key acceptance test of the plant will be the demonstration of its capability to generate a synthesis gas of sufficient quality to meet the standard set by OFGEM. In addition, once accreditation is obtained, further contractual arrangements with SITA will address the continued management of electricity and ROCs.

27. By treating waste in a multi-purpose Eco Park, this provides a significant reduction in waste transportation on the final tonnage of material being transported, the haulage of material is reduced and fewer vehicles will use the road system, which is already congested within Surrey and the surrounding counties. It is anticipated that the operation of the Eco Park will result in a reduction of weekday HGV movements of over 40% (160 HGVs) compared to the current operation and a slight reduction at weekends compared with the current operation.
28. Development of the Eco Park will enable Surrey County Council to be more self-sufficient with respect to its waste management services, rather than delivering all of the residual waste to an out-of-county solution. Use of an existing out-of-county solution does not provide any new development, or the associated employment and environmental benefits.

29. There is a reduced tonnage of residual waste requiring treatment (approximately 60,000tpa), which means that most conventional thermal treatment technologies would be too large to economically treat Surrey's waste alone. Using gasification allows a technology which is designed to treat smaller tonnages of waste without the need to import material from surrounding authorities.
30. In conclusion, the option to vary the waste contract to deliver the Waste Strategy, including the Eco Park, continues to represent best value to the public based on a qualitative assessment.
31. **Condition 7:** confirmation by the Strategic Director for Environment and Infrastructure that the contract variation meets DEFRA's requirements:
32. This condition has now been met. On 8 October 2013, following an agreement with the council to re-profile Waste Infrastructure Grant, DEFRA agreed to continue to support the council's waste contract, subject to it continuing to work closely with DEFRA and the demonstration of value for money. The value for money condition has been demonstrated by the fulfilment of condition 6.
33. In relation to working closely with DEFRA, council officers have continued to keep DEFRA fully informed therefore this condition is met provided that the final cost of entering into NTP 2 represents value for money. At a meeting with senior council officers on 25 March 2015, DEFRA confirmed that it would require evidence of value for money, but that the weightings to be applied between the quantitative and the qualitative elements of that assessment were a matter for the Council and that further approvals from DEFRA were not required provided that the approach to the assessment remained as previously accepted by DEFRA and that Cabinet accepted the new assessment of the Director of Finance.
34. It is also important that Cabinet is assured that ongoing arrangements which demonstrate that the council will continue to work closely with DEFRA are in place, consistent with the conditions of the agreement. Annex 2 describes the arrangements that will support the continuing strategic, delivery, and operational governance of the overall waste programme. The Strategic Director will set up the governance processes and report progress to the Cabinet Member for Environment and Planning on a quarterly basis. The Strategic Director will report to Cabinet at key milestones, by agreement with the Cabinet Member, Leader of the Council, and Select Committee Chairman.

#### **Service assessment by Assistant Director for Environment**

35. Delivering the Waste Strategy, including the Eco Park, as recommended in this report, remains the preference from a service perspective for three significant reasons:
  - It complies with the Waste Strategy approved by this council in March 2015.
  - It represents the lowest risk to business continuity for a highly visible and statutory service.
  - It provides an immediate and sound base from which to develop waste services in Surrey, in collaboration with Surrey district and borough councils.

### **Commercial assessment by the Head of Procurement and Commissioning**

36. From a commercial perspective there are two key considerations which support the delivery of the Waste Strategy, including the Eco Park, as recommended in this report:
- The cost of the recommended solution has been procured through a competitive process and subject to negotiation. SCC officers have worked alongside SITA UK to clarify and challenge bids from subcontractors. Therefore the cost is comparatively certain and reasons for increases in costs are understood.
  - There is less exposure to price increases in the key cost area of disposing of residual waste, either through energy from waste or landfill solutions.

### **Actions required to deliver the Waste Strategy, including the Eco Park**

37. The contract variation, approved in October 2013, included mechanisms called Notice to Proceed (NTP) 1 and 2 relating to the Eco Park. These mechanisms ensured that the council's cost exposure was limited until all conditions were met.
38. NTP 1 allowed for preparatory works relating to site access, detailed design and advanced procurement works to commence, in anticipation of approvals, in order to remove avoidable delays in the commencement of construction works and operation of the Eco Park.
39. NTP 2 approves the construction of the Eco Park, and would not be entered into until all conditions identified in the Cabinet report of 23rd July 2013 have been met. In order to proceed with the Waste Strategy, including the Eco Park, it is necessary for Cabinet to approve that council proceeds to issue Notice To Proceed 2.

<b>CONSULTATION:</b>
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40. Prior to the Cabinet decision in July 2013, a comprehensive range of communications and stakeholder engagement took place. These are set out in the 25 June and 23 July 2013 Cabinet reports.
41. Whilst the planning and environmental permit applications were being determined, communications from the Waste Disposal Authority principally involved:
- Written updates to local stakeholders (the MP, borough councillors, residents associations and community liaison group members).
  - Meetings of the Charlton Lane Community Liaison Group (CLG).
  - In addition, the SITA Surrey and SCC websites have been kept updated with key information.
42. The Community Liaison Group continues to meet regularly (on 11 occasions since July 2013). Its members include representatives of three local residents

associations, councillors and local residents. Minutes of the CLG are published on the SITA Surrey website.

43. Ahead of tree clearance works at the Eco Park site earlier this year, SITA Surrey wrote to residents living to the immediate area to give them information about the works, the anticipated impact and how to contact SITA in the event of any queries. Local stakeholders and the CLG were also informed of the works.
44. Following the public engagement activities carried out by SITA Surrey and SCC in early summer 2013, there have been periods of statutory consultation on the Eco Park planning and permit variations, which are necessarily independent processes:
  - The County Planning Authority consulted on the Section 73 planning application in autumn 2013 (copies of key planning application documents were made available on the SITA Surrey website during this period).
  - The Environment Agency carried out consultation on SITA's application to vary the environmental permit between 19 December 2013 and 3 February 2014, and on a draft permit and decision document from 24 July to 4 September 2014. In both instances, documents were either made available on the SITA Surrey website or links were provided to consultation documents on the Agency's website.
  - Extensive consultation was carried out by the Planning Inspector as part of the Public Inquiry into the footpath diversion in January 2014.

#### **RISK MANAGEMENT AND IMPLICATIONS:**

45. The risk management implications of this report are significant. Technology risks have been mitigated by selection criteria and strong due diligence and will be regulated by the Environment Agency through the management of the environmental permit. Legal, financial and commercial risks are summarised in this report. The recommended solution to enter into contract variation to deliver the Waste Strategy including the Eco Park represents the lowest risk option available to the council, from a contractual and operational perspective.

#### **FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:**

46. Officers have worked with the council's financial advisor Deloitte, and technical advisor Mott MacDonald, to update the value for money assessment reported to Cabinet on 30 October 2013. A summary of the updated assessment is included at Annex 1.
47. The value for money analysis within 30 October 2013 Cabinet report considered both quantitative and qualitative aspects of proceeding with the contract variation to deliver the council's Waste Strategy. Based on financial analysis alone, there was no material difference between proceeding with the contract variation or delivering the council's Waste Strategy through alternative third party arrangements. However, when taking into account other significant qualitative value factors relating to legislative, strategic, contractual and economic factors, it was considered that the delivery of the council's Waste Strategy through a contract variation represented the best overall value to the public. When taking into account future Waste Infrastructure Grant which would be received by the council, the contract variation was also the most affordable option for the council.

48. Subsequent delays due to regulatory approvals have resulted in changes to costs and other factors, requiring the value for money assessment to be updated. Officers have continued to work with SITA and specialist advisors, following Deloitte advice and applying a methodology which is consistent with previous assessments. Deloitte's final report confirms that the position remains unchanged i.e. that there remains no material difference between options in financial terms. The qualitative analysis set out in previous reports remains up to date and valid. Therefore, proceeding with the delivery of the council's Waste Strategy through the contract variation with SITA, including development of the Eco Park, continues to represent best overall value for money to the public sector and is the most affordable option to the council taking into account future Waste Infrastructure Grant.

#### **Section 151 Officer Commentary**

49. The Section 151 Officer confirms that, on the basis of costs provided by SITA and advice received from the council's external financial advisors Deloitte, there is no material change to the position reported to Cabinet on 30 October 2013, i.e. that based solely on financial analysis there is no material difference between the option to proceed with the Waste Strategy, including constructing the Eco Park, and the option to dispose of waste through third party facilities. When taking into account other significant legislative, strategic, contractual and economic factors the option to proceed with the Waste Strategy represents best overall value for money to the public sector.
50. The Section 151 Officer confirms that all material risks and implications are considered and explained elsewhere within this report and have been taken into account in completing the financial assessment.
51. In addition, when taking into account the Waste Infrastructure Grant, the option to proceed with the Eco Park represents the best value to the council. The impact of proceeding with the Waste Strategy on the Medium Term Financial Plan (MTFP) 2015-20 will be influenced by a number of factors, including the County Council's action plans and ability to make future savings, and will be reported to Cabinet as part of the wider MTFP refresh in July 2015.

#### **Legal Implications – Monitoring Officer**

52. The council's waste disposal functions are carried out in accordance with the Environmental Protection Act 1990 and it has a longstanding waste disposal project agreement ("the waste contract") with SITA to deliver that function, including the provision of waste infrastructure.
53. The ability to give SITA Notice NTP2 is a mechanism contained within the provisions of the waste contract.
54. Cabinet should have in mind its fiduciary duty to Surrey taxpayers and be satisfied that the proceeding to develop the Eco Park remains a prudent and reasonable decision, adopting an evidenced-based approach.

#### **Equalities and Diversity**

55. The Equality and Diversity implications as set out in 23 July 2013 Cabinet report have been reviewed. For the purposes of the Equalities Impact

Assessment (EIA), the key characteristics of what is being proposed (The development of an Eco Park) remain the same as they were when the EIA was undertaken in May 2013. There has also been no material change to the council's guidance on EIA, and no new information has arisen which would alter the findings of the original EIA. It is therefore confirmed that there are no significant changes and the EIA remains valid.

56. The Equality Impact Assessment will remain under review and will be updated if necessary if any additional impacts are identified during the delivery phase of the project following any decision by the Cabinet to implement the recommendations in this report.

#### **Public Health implications:**

57. Like all waste treatment facilities within Europe, the gasification and anaerobic digestion processing facilities at the Eco Park will have to comply with stringent emissions standards set by EU directives for the protection of health and the environment.
58. Extensive modelling was undertaken for the air quality assessment submitted as part of the planning and permit processes; this took into account existing background air quality both across Spelthorne borough and at points close to site, and the Air Quality Management Area. This demonstrated that the impact of emissions would be negligible.
59. Specific limits for emissions from the Eco Park are prescribed within its environmental permit and in certain instances these are more stringent requirements on the Eco Park than required by the European Union, to account for current air quality levels in Spelthorne. In granting a permit for the Eco Park, the Environment Agency, the body responsible for regulating the Eco Park, noted:

*'the permit will ensure a high level of protection is provided for the environment and human health.'*

This conclusion is consistent with the advice from Public Health England. The council will continue to follow the advice of Public Health England with regard to protecting the health of local residents.

60. Emissions from the Eco Park will be monitored and the monitoring data reviewed by the Environment Agency to ensure that it complies with the environmental permit.

#### **Climate change/carbon emissions implications**

61. The climate change and carbon emissions analysis as set out in the October 2013 report to Cabinet has been reviewed. There have been no significant changes to the parameters that were used in the original analysis, including the volume of waste input, waste composition, parasitic load, planned operating hours, efficiency of the plant, types and mass of wastes produced. Therefore the implications as described in that report remain valid.
62. The net benefit to mitigating climate change is a reduction in emissions of approximately 20,800 tonnes of CO<sub>2</sub>equiv per year compared with landfill.

63. The site will be neutral in energy cost terms and export over 27,700,000kWh to the national grid, which is enough to power 8,400 houses. Over two thirds of this (the electricity produced from the biodegradable element of the waste treated at the Eco Park) qualifies as renewable energy under current regulations.

#### **WHAT HAPPENS NEXT:**

64. Following approval, issue Notice To Proceed 2 in accordance with waste contract procedures, to commence construction of the Eco Park. The Eco Park is planned to commence operation in April 2017.
65. Establish governance arrangements discussed in Annex 2.
66. Take into account the budgetary effect of delivering the Waste Strategy, including the Eco Park in the budget refresh in July 2015.

**Contact Officer:** Ian Boast, Assistant Director for Environment. Tel: 020 8541 9479

#### **Informed:**

All relevant stakeholders informed.

#### **Sources / background papers:**

Surrey County Council Cabinet Reports:

- 23 July 2013
- 30 October 2013
- 24 June 2014 (including the EIA which remains appropriate)
- 25 November 2014
- 24 February 2015 (including Joint Municipal Waste Management Strategy Revision 2, 2015)

Surrey Waste Plan 2009

#### **Annexes:**

- Annex 1: Financial Assessment
- Annex 2: Governance Arrangements

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**APPENDIX 2-**

**Waste options financial assessment April 2015**

**Background & Summary**

1. Officers have worked with the council’s financial advisor Deloitte, and technical advisor Mott MacDonald, to review and update the value for money (VfM) assessment reported to Cabinet on 30 October 2013.
2. The value for money analysis within the 30 October 2013 Cabinet report considered both quantitative and qualitative aspects of proceeding with the contract variation to deliver the council’s Waste Strategy. Based on financial analysis alone, there was no material difference between proceeding with the contract variation or delivering the council’s Waste Strategy through alternative third party arrangements. However, when taking into account other significant legislative, strategic, contractual and economic qualitative factors, it was considered that the delivery of the council’s Waste Strategy through a contract variation represented the best overall value to the public. When taking into account future Waste Infrastructure Grant due to the council, the contract variation was also the most affordable option.
3. Subsequent delays due to regulatory approvals have resulted in changes to costs, requiring the value for money assessment to be updated. Officers have continued to work with specialist advisors, and have followed Deloitte’s advice and applied a methodology which is consistent with previous assessments. Deloitte’s final report confirms that the position remains broadly unchanged – i.e. that there remains no material difference between options in financial terms. The qualitative analysis set out in previous reports remains up to date and valid. Therefore, proceeding with the delivery of the council’s Waste Strategy through the contract variation with SITA, including development of the Eco Park, continues to represent best overall value for money to the public sector and is the most affordable option for the council.

**Updated VfM position**

4. The value for money assessment considers the overall impact on the public purse, and therefore excludes Waste Infrastructure Grant which is a transfer from one arm of government to another and does not affect the overall cost to the UK taxpayer.
5. The updated financial assessment has confirmed the position reported to Cabinet in October 2013 remains unchanged, i.e. that with a difference of 0.17%, there remains no material difference between options when excluding the benefit of Waste Infrastructure Grant. The table below shows the estimated net present value (NPV - i.e. value at today’s equivalent cost, discounted in line with HM Treasury guidance) of each option over the 25 year assessment period.

Value for money summary	NPV excluding Waste Infrastructure Grant £m
Option 1 - Amend the Waste Contract to deliver the Waste Strategy, including the Eco Park	1,120
Option 2 - Terminate Waste Contract, achieve recycling and landfill diversion improvements without building new infrastructure (i.e. secure other processing arrangements)	1,118
<b>Difference</b>	<b>2</b>

*Costs include a quantified risk adjustment*

### Updated affordability position

6. The affordability assessment considers the effect on the council's finances and as such does take account of Waste Infrastructure Grant. Grant of £78.6m (NPV £56m) is expected between 2015/16 and 2023/24. In option 1 this grant is expected to continue, whereas in option 2 it can be expected to stop.
7. When taking into account the benefit of future Waste Infrastructure Grant, option 1 is clearly the most affordable to the council.

Affordability summary	NPV including loss of future Waste Infrastructure Grant £m
Option 1 - Amend the Waste Contract to deliver the Waste Strategy including the Eco Park	1,064
Option 2 - Terminate Waste Contract, achieve recycling and landfill diversion improvements without building new infrastructure (i.e. secure other processing arrangements)	1,118
<b>Difference</b>	<b>-54</b>

*Costs include a quantified risk adjustment*

8. The annual budget impact of proceeding with option 1 will be influenced by a number of factors, including the council's plans and ability to make future savings and the potential to reconsider the mechanism for financing a proportion of the capital investment. The updated budget impact will be reported to Cabinet as part of the Medium Term Financial Plan refresh in July 2015.

### Movements in cost since October 2013

9. Costs and risks have changed in a number of areas since the last financial assessment was reported to Cabinet in October 2013. These include changes to capital costs, waste treatment site operating costs, expected termination costs of the SITA contract, and changes in the wider waste market. Overall, the value for money margin between the two options has changed from option 1 having the lowest NPV by £6.5m in 2013, to option 2 having the lowest NPV by £1.9m in 2015. Both amounts are considered immaterial in the context of the size of the project.

Total movement in VfM margin since October 2013	NPV £m
<b>Value for money margin at 30 October 2013</b>	<b>-6.5</b>
Waste treatment site operating and capital costs	21.1
SITA contract termination costs (allowing for capital development to date and other costs)	-13.3
Other changes including updated assumptions	2.5
Merchant EfW and AD site costs	-1.9
<b>Value for money margin at 28 April 2015</b>	<b>1.9</b>

10. As a consequence of delays to the regulatory process since October 2013, the capital cost of the Eco Park has increased by £16.7 million, from £74.6 million to £91.3 million. As this is a certain cost it has been used as the basis for financial assessment, however officers are working to mitigate the increase via wider contractual discussions. The cost increase includes £0.35 million for environmental enhancements relating to drainage and landscaping. The development of the Eco Park is one aspect of the council's 25 year contract with SITA, which commenced in 1999. Other costs associated with the provision of an integrated waste management service have also changed since October 2013.
11. The overall effect of changes to costs have been taken into account in the value for money and affordability assessment reported in this annex and, therefore, do not change the assessment of the option to deliver the Waste Strategy, including the Eco Park.
12. The impact of changes in cost on the county council's corporate revenue budget will be incorporated into the budget refresh of the Medium Term Financial Plan, which will be reported to Cabinet in July 2015.

### **Methodology & key assumptions**

13. In order to reassess the financial case for proceeding with the Eco Park, the council has followed the advice of its financial advisor, Deloitte, and its technical advisor, Mott MacDonald. The methodology applied is consistent with previous assessments.
14. Previous assessments included additional options (to terminate the waste contract and re-procure a contract to develop infrastructure, and to terminate and dispose of waste through landfill). These earlier assessments showed that these two options did not represent value for money. The current assessment has therefore focussed on the two lowest cost options available to the council which are:
  - Option 1 - Amend the Waste Contract to deliver the Waste Strategy, including the Eco Park.
  - Option 2 - Terminate Waste Contract, achieve recycling and landfill diversion improvements without building new infrastructure (i.e. secure other processing arrangements).
15. A number of assumptions have been made, including:
  - General inflation of 2.5% per annum.
  - Waste tonnages of 575,000 tonnes in 2015/16, based on the average tonnage across 2013/14 and 2014/15, which then varies in future years in line with industry expectations (as forecast by WRAP, a waste industry advisor).
  - Both options have been considered over a 25 year term, in line with the expected economic life of the Eco Park.
  - Costs are taken from the existing SITA contract, other SCC contracts, or have been estimated in line with market data and in accordance with advice from Mott MacDonald.
  - Costs include a quantified risk assessment (explained below).
  - Costs are presented in net present value (NPV) terms, i.e. at today's equivalent cost, discounted in line with HM Treasury guidance.
16. An independent audit of SITA's financial model has been undertaken by Operis, a company specialising in financial modelling and advice. Operis' final report confirms that "the logic and integrity of SITA's model are correct", that the model complies with accounting regulations and UK tax legislation, and no material errors have been identified.

### Quantified risk assessment

17. The council has worked with its financial and technical advisors, Deloitte and Mott MacDonald, to understand and quantify key risks, applying HM Treasury “Green Book” guidance, including 3-point estimates (lower, most likely and upper limit).
18. Risk reduces as a project becomes more certain. Option 1 benefits from the SITA contract, where costs are largely known, for the next 11 years. Option 2 involves terminating the SITA contract and procuring new contracts for managing facilities and disposing of waste and, therefore, contains more uncertainty and risk.
19. Key areas of uncertainty include:
- Cost of waste disposal outside of the SITA contract – including transport & gate fees at 3<sup>rd</sup> party facilities and landfill sites (including landfill tax).
  - Cost of operating waste treatment sites outside of the SITA contract.

Quantified risk adjustment (included in overall value for money assessment)	NPV £m
Amend the Waste Contract to deliver the Waste Strategy including the Eco Park	46
Terminate Waste Contract, achieve recycling and landfill diversion improvements without building new infrastructure (i.e. secure other processing arrangements)	99

### Sensitivity analysis

20. The outcome of the financial assessment is dependent on a number of assumptions, and as such there remains the potential for a range of outcomes depending on changes to those assumptions. This is reflected in the following sensitivity analysis.
21. **Energy income** – income is derived from the sale of energy produced by the Eco Park. SITA has assumed an energy price of £56 / Megawatt Hour (MwH), plus inflation, however this is not guaranteed. A lower rate of £44/MwH has been modelled to illustrate the impact of a variation in prices. This would increase the NPV of option 1 by £3.1m.
22. **Renewable Obligation Certificates (ROCs)** – ROCs are tradable certificates issued by OFGEM for production of renewable energy. The ROCs framework is due to change on 1 April 2017, and details of its successor (Contracts for Difference) remain unclear. SITA has started the process of applying for ROCs accreditation and do not expect the current delay to impact on this. However if no ROCs accreditation/income were received this would increase the NPV of option 1 by £8.5m.
23. **Capital financing terms** – any movement in underlying interest/swap rates and foreign exchange rates will impact the cost of option 1. Total debt charges are estimated at 6.245% made up of a 2.15% swap rate (1.72% indicative swap rate provided by SITA plus a standard 0.43% buffer to allow for movement in rates prior to financial close), 3.75% margin, 0.325% credit charge and other costs. The actual swap rate will be fixed when the loan is entered into, and may therefore change. The following sensitivities have been considered:
- If the swap rate remained at the estimated level and the 0.43% buffer was not required the cost of option 1 would reduce by £1.6m NPV.
  - As above, and with a further swap rate reduction of 0.25%, the cost of option 1 would reduce by £2.6m NPV.
  - An increase in the swap rate of 0.25% above the buffer would increase the cost of option 1 by £1m NPV.

### Company credit checks

24. Company credit checks have been undertaken for the main contractors, including SITA Surrey's sub-contractors. The results are summarised below.

Company	Function	Credit rating	Turnover £m
SITA Holdings UK Ltd	Parent company of SITA Surrey Ltd	Good	£633m
SITA Surrey Ltd	Main contractor	Very good	£61m
MW High Tech Projects UK Ltd	EPC (engineer, procure & construct) contractor	Very good	£330m
Outotec OYJ (Finland)	Parent company of Outotec UK Ltd – gasification technology	No concerns identified	£1,104m
Monsal Ltd	Anaerobic digester technology	Good	£13m

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**APPENDIX 3**

**Waste programme governance arrangements: Proposals for 28 April 2015 onwards**

The waste programme at Surrey County Council is currently managed by a Strategic Waste Board (SWB) and a Waste Programme Delivery Board (WPDB).

Should Cabinet decide to proceed with the Eco Park development, it will be necessary to amend current arrangements to ensure operational delivery is managed appropriately. This paper sets out proposals for governance from 28 April 2015 onwards.

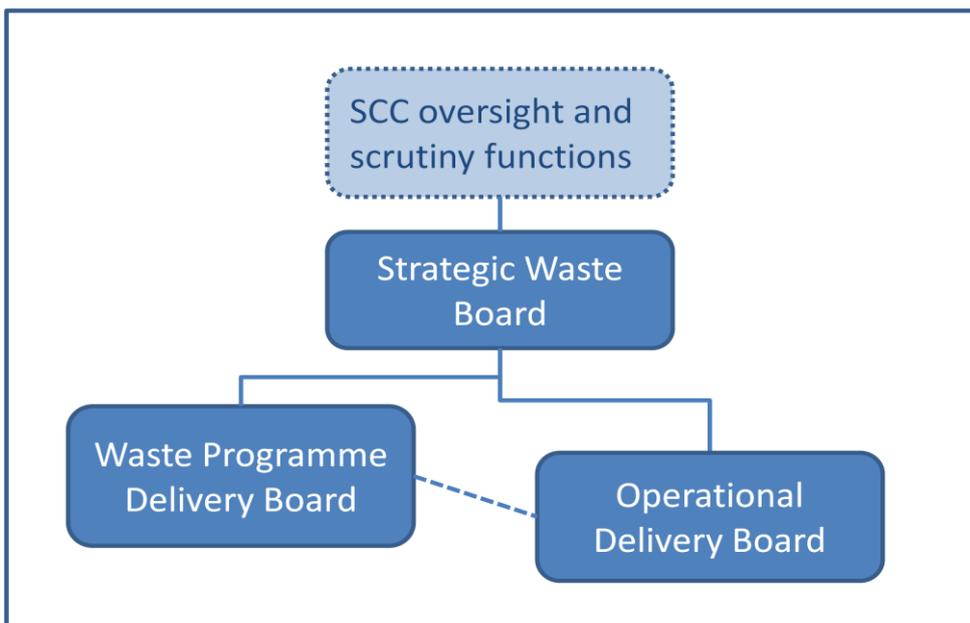
**Oversight and scrutiny**

The waste agenda will continue to be a matter for reporting to the council's oversight and scrutiny functions. Therefore, Chief Executive and Member oversight will continue in accordance with SCC's wider governance and reporting procedures.

**Waste governance structure**

The arrangements described in this report cover the officers directly responsible for delivering and overseeing the waste programme. The figure below shows the proposed governance structure for the start up phase of the Eco Park construction. A new group, the Operational Delivery Board, will be created to sit alongside the existing WPDB which will be responsible for managing the delivery of Eco Park development.

The two delivery boards will report into the SWB, which is composed of senior officers and DEFRA's lead 'transactor' for Surrey. There is also a line of responsibility from the Operational Delivery Board to the WPDB as the latter is responsible for delivering the entire waste programme, which includes matters other than the Eco Park.



**Figure 1:** Proposed governance structure post 28 April 2015

## Terms of reference

The tables below outline the proposed terms of reference for the three boards described above. These proposals are subject to amendment as the groups will review and formally agree their terms of reference if the decision to proceed with the Eco Park development occurs.

<b>Strategic Waste Board</b>	
Purpose	<ul style="list-style-type: none"> <li>• Oversee delivery of Waste programme including Eco Park development</li> <li>• Set strategic direction</li> <li>• Resolve issues escalated by delivery boards</li> <li>• Report on progress to SCC oversight and scrutiny functions as appropriate (e.g. Cabinet, Select Committee)</li> </ul>
Membership	<ul style="list-style-type: none"> <li>• Strategic Director Environment and Infrastructure</li> <li>• DEFRA Transactor</li> <li>• Director of Legal and Democratic Services</li> <li>• Director of Finance</li> <li>• Assistant Director, Environment</li> <li>• Waste Programme Manager</li> </ul>
Meeting frequency	<ul style="list-style-type: none"> <li>• Monthly</li> </ul>
Typical discussion points	<ul style="list-style-type: none"> <li>• Contract update (including variations)</li> <li>• Risk register</li> <li>• Performance review</li> <li>• Forward programme</li> <li>• Budget position</li> <li>• Communications &amp; stakeholder engagement</li> <li>• Project reviews</li> <li>• Compliance with PFI award conditions</li> <li>• DEFRA update</li> </ul>

<b>Waste Programme Delivery Board</b>	
Purpose	<ul style="list-style-type: none"> <li>• Ensure programme is set up to deliver overall strategy and targets</li> <li>• Ensure programme is delivering expected outcomes</li> <li>• Identify and manage risk</li> <li>• Ensure all waste disposal authority activities have a sound business case</li> <li>• Escalate issues to strategic board as required</li> </ul>
Membership	<ul style="list-style-type: none"> <li>• Assistant Director, Environment</li> <li>• Waste Operations Group Manager</li> <li>• Waste Development Group Manager</li> <li>• Finance Manager</li> <li>• Category Manager</li> <li>• Waste Programme Manager</li> </ul>
Meeting frequency	<ul style="list-style-type: none"> <li>• Fortnightly</li> </ul>
Typical discussion points	<ul style="list-style-type: none"> <li>• Project prioritisation and resourcing</li> <li>• Project reporting and reviews</li> <li>• Performance reporting</li> <li>• Budget monitoring</li> <li>• Risk management</li> <li>• Forward plan</li> <li>• Update on major developments</li> <li>• Partnership updates</li> <li>• Waste contract update</li> </ul>

<b>Operational Delivery Board</b>	
Purpose	<ul style="list-style-type: none"> <li>• Oversee delivery phase of Eco Park (construction and commissioning)</li> <li>• Ensure key milestones are met</li> <li>• Manage communications and stakeholder liaison</li> <li>• Resolve operational/construction issues as required</li> <li>• Ensure residual planning and permitting requirements are met</li> <li>• Escalate issues to strategic board as required</li> </ul>
Membership	<ul style="list-style-type: none"> <li>• Waste Operations Group Manager</li> <li>• Client Engineer</li> <li>• Waste Programme Manager</li> <li>• Specialist advisers as appropriate</li> </ul>
Meeting frequency	<ul style="list-style-type: none"> <li>• Weekly</li> </ul>
Typical discussion points	<ul style="list-style-type: none"> <li>• Construction/commissioning update</li> <li>• Detailed contractual issues</li> <li>• Risk management</li> <li>• Budget position</li> <li>• Planning/permitting update</li> <li>• Communications update</li> </ul>

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## APPENDIX 4

### MINUTES OF THE MEETING OF THE CABINET HELD ON 28 APRIL 2015 AT 2.00 PM AT ASHCOMBE SUITE, COUNTY HALL, KINGSTON UPON THAMES, SURREY KT1 2DN.

#### 82/15 AMENDMENT TO WASTE CONTRACT TO DELIVER THE WASTE STRATEGY [Item 6]

Before handing over to the Cabinet Member for Environment and Planning to introduce the report, the Leader of the Council reminded Members that in October 2013, Cabinet had agreed to the terms of the Contract variation, subject to seven conditions being met.

The Cabinet Member for Environment and Planning then introduced the report on the amendment to the waste contract to deliver the Waste Strategy. He said that this was an important report and that he would give a detailed introduction to it.

He said that, in July 2013 the Cabinet took the decision to deliver the Surrey Waste Strategy, including the development of the Eco park by varying the council's long term contract with SITA. In agreeing to vary the Surrey Waste contract to deliver the Eco park, the Cabinet set out seven conditions that would need to be in place before they would consider building it and the Cabinet would need to be assured that all seven conditions had been met. Today's report confirmed that all seven conditions have now been met. These conditions and are outlined in paragraphs 3 to 39 of the submitted report.

Taking each condition in turn:

- Condition 1 - the Director of Legal and Democratic Services must confirm that the contract documents for signature were consistent with terms which related to the recommendations in the report of July 2013 and with the requirements of the EU Public Procurement regulations.

**This condition was met in October 2013.**

- Condition 2 - to divert the footpath to the North of the Eco park.

**This condition was met on the 19 March 2014.**

- Condition 3 - variation of planning permission to reflect the replacement of the gasification technology.

**This condition was met on the 24 September 2014.**

- Condition 4 - amendment required to the environment permit to reflect the replacement of the gasification technology.

**This condition was met on 29 October 2014 when the Environment Agency issued the variation.**

- Condition 5 - the fulfilment of outstanding planning conditions.

**This condition was met when Surrey County Council's Planning and Regulatory Committee approved these on the 13 March 2015 and this was subsequently implemented by SITA Surrey.**

- Condition 6 - outlined in paragraphs 8 to 30 of the submitted report was that Surrey County Council's Director of Finance would examine the final cost, decide if this represented Value for Money, was the lowest cost option and importantly, was it the most affordable within the council's Medium Term Financial Plan.

**The Director of Finance has confirmed that this condition has now been met.**

The assessment of the Director of Finance was based on advice from the Council's external financial advisor, Deloitte and Technical Advisor, Mott Macdonald. It has demonstrated that the variation to the waste contract to deliver the waste strategy, including the Eco park, represented the best value for money for the residents of Surrey. It also represented overall Value for Money for the public sector and it represented the most affordable solution to the Council. The financial report from Deloitte was a detailed and comprehensive analysis which follows HM Treasury Green Book guidance.

The Cabinet Member also drew Cabinet's attention to Annex 1 which described the assessment carried out by the Director of Finance and which also contained a summary of the key points from the Deloitte report, which informed that assessment. He said that there remained no material financial difference between the options, when excluding the benefit of Waste Infrastructure Grant. However, there were qualitative differences, which he would address later.

He drew Cabinet's attention to paragraph 10, Annex 1 which stated that the delays to the regulatory process since October 2013 had meant that the capital costs of the project had increased by £16.7m and this will be a direct cost to Surrey's residents, but even taken this into consideration the project still remained Value for Money.

- Condition 7 - that the contract must meet DEFRA's requirements.

He confirmed that officers have been working closely with DEFRA and had kept them informed of progress. DEFRA required evidence of SCC's Value for Money assessment and this was supplied to them together with information on SCC Waste Strategy.

**DEFRA continued to support the County Council's waste contract, and therefore this condition has now been met and he drew Cabinet's attention to paragraph 32 of the submitted report.**

In relation to the number of emails received, particularly about public health and the negative effect that the project will have on health, due to air quality, he said that this Council took the health of the Surrey public very seriously and considerable work had been done during the planning and regulatory stages to provide assurances on this matter. He drew attention to the public health implications which are outlined in paragraphs 57 to 60 of the submitted report.

He said that extensive modelling work had been conducted on air quality and submitted as part of the planning and permit process and these results demonstrated that the impact of emissions would be negligible. The Environment Agency said *'The permit will ensure a high level of protection is provided for the environment and human health.'*

He confirmed, that to provide further assurances to residents he had asked officers to investigate installing additional air quality monitoring equipment in the immediate area of the site and if a decision is taken to proceed with the Eco park then he would expect the equipment to be installed prior to commencement of the plant commissioning. Data from this equipment would be monitored by the Council and made available to the public.

Summing up, he said that this project had taken a number of years to get to this stage and officers and partners have worked hard to get to this point.

He considered that Surrey County Council and its partners had taken great strides in reducing recycling and re-using waste, and this development would help take the Surrey Waste Strategy forward for the benefit of the Surrey public and would also have wider benefits.

He was delighted to remind Members that the project would deliver 300 construction jobs and it was predicted to create 42 permanent jobs. It would also reduce over 40% of the HGV lorry movements compared with the current operation and produce enough green electricity to power more than 8,000 homes. The Eco park would provide an education centre for children and adults to help them understand waste and its operation. The area would also be landscaped and include the provision of a new footpath.

Finally, he said that Surrey would be more self sufficient in respect of its waste management and would deliver benefits for the Surrey public.

Questions and responses from other Cabinet Members are detailed below:

**'We have all received emails from local residents and councillors expressing a range of concerns about the Eco Park. What assurances can you give about these areas of concern?'**

Recognition that residents had concerns about any potential impacts on health and the environment was a key point. However the Cabinet Member wished to reassure residents that the waste management industry was subject to very strict regulation to ensure that it did not cause pollution or harm.

The Eco Park would have to comply with an environmental permit issued by the environment agency which will *'ensure a high level of protection is provided for the environment and human health'*.

The potential impact of the Eco Park on human health was considered extensively in the various officer reports to the council's Planning and Regulatory Committee

This conclusion was consistent with the advice from Public Health England.

On technical issues, he said that the process of gasification was well understood and the technology that would be used to clean up the emissions

to ensure they met the standards in the environmental permit have been robustly tried and tested and was in operation at many other plants within the UK and worldwide.

**‘Can you explain how the proposed development of the Eco Park will achieve wider benefits for the Surrey Economy?’**

Firstly, he said that it would create 300 new jobs during the construction period which would represent a significant boost for the local economy. It was expected that there will be over 40 new long-term jobs created which are expected to include skills development and apprenticeship opportunities.

There would also be a significant reduction in congestion and impact on local roads and HGV movements would be reduced by over 40%.

The site will be self sufficient in energy and will export sufficient green electricity to power over 8000 homes.

It will also help the Council to be more self-sufficient in waste.

These wider benefits, when added to the contribution to Surrey’s waste strategy, are the reasons why the Government continues to support Surrey’s overall waste strategy including the Eco Park.

**‘Taking Mr Catt’s comments into account, can you reassure Members that the project does represent overall value for money?’**

The Cabinet Member said that this is a complex assessment, which is why the Council had taken advice from specialist consultants, who have worked with council officers to conduct a most thorough value for money analysis. This work has enabled the Director of Finance to advise Cabinet that the option to proceed with the waste strategy including the Eco Park represents the best overall value for money to the public sector.

She had also advised that this also represented the most affordable solution for Surrey residents and provided a sound basis from which further service improvements and potential cost savings would be delivered.

**‘Residents have expressed concern that if we build the Eco Park it will discourage recycling as we will need to keep feeding the plant with waste and not develop other solutions. What assurance can you give me that this is not the case?’**

He said that, in 2014/15 Surrey’s districts and boroughs collected around 575,000 tonnes of waste from residents and local businesses. The proposed gasification plant at the Eco park would deal with around 55,000 tonnes of waste per year. Assuming that levels of waste remain static, the County would need to be recycling over 90% of the waste that was collected before there was insufficient waste to feed the gasifier and therefore, he didn’t see any concerns over recycling as an issue.

He said that the County Council had been working with borough and district colleagues, in partnership to increase the level of recycling and whilst performance had improved, there were significant plans through the Surrey Waste Partnership to improve this further.

Finally, he was asked for confirmation that the Equality and Diversity implications, as set out in the Cabinet report on 23 July 2013, were still valid and that the Equality Impact Assessment would remain under review during the delivery phase of the Eco park. Also that this be included within the Terms of Reference, as set out in Annex 2 of the submitted report. This was agreed.

**RESOLVED:**

1. That all the necessary preconditions identified in the Cabinet report of 23 July 2013, as outlined in paragraphs 3 - 34 of the submitted report, have now been met.
2. That the assessment of the Director of Finance is that the cost of proceeding with the Waste Strategy, including the Eco Park, meets the value for money criterion and is the most affordable option available to the council.
3. That the council proceeds to issue the second Notice To Proceed (NTP2) in accordance with the contractual processes approved by Cabinet on 30 October 2013.
4. That the corporate revenue budget refresh in July 2015 will take into account the budgetary effect of delivering the Waste Strategy, including the Eco Park.
5. That the Strategic Director of Environment and Infrastructure puts in place the governance arrangements described in Annex 2 of the submitted report, and provides quarterly reports to the Cabinet Member for Environment and Planning and reports to Cabinet at key milestones by agreement between the Cabinet Member for Environment and Planning and the Leader of the Council.

**Reasons for Decisions:**

To authorise development of the Eco Park, an essential part of the Waste Strategy and a priority for the Council.

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**APPENDIX 5**

**Form to call in a decision – please complete all fields marked \***

If you require any assistance, please contact Democratic Services on 020 8541 9122.

**Your Details**

First Name \*

Surname \*

**Decision-making body \***

- |                                        |                                       |
|----------------------------------------|---------------------------------------|
| <input type="checkbox"/> Cabinet       | <input type="checkbox"/> Runnymede    |
| <input type="checkbox"/> Elmbridge     | <input type="checkbox"/> Spelthorne   |
| <input type="checkbox"/> Epsom & Ewell | <input type="checkbox"/> Surrey Heath |
| <input type="checkbox"/> Guildford     | <input type="checkbox"/> Tandridge    |
| <input type="checkbox"/> Mole Valley   | <input type="checkbox"/> Waverley     |
| <input type="checkbox"/> Reigate       | <input type="checkbox"/> Woking       |

**Decision taken \***

Date decision taken \*

**Reason(s) for calling in the decision**

1. That the information considered by the Cabinet in agreeing that all conditions had been met was incomplete because it had not been the subject of scrutiny by the Environment and Transport Committee where members could test its validity;  
2. To enable, through Members, residents views to be considered following the publication of the business case and financial plan with regard to Value for Money, Affordability and it being the Lowest Cost Option.

**Desired outcome**

**Identified evidence**

**Desired Witnesses**

### Member calling in decision

1. Member *	Stephen Cooksey
Date of call-in	5 <sup>th</sup> May 2015
2. Member	David Goodwin
3. Member	George Johnson & Nikki Barton

Committee responsible for examining this decision

- |                                                      |                                                             |
|------------------------------------------------------|-------------------------------------------------------------|
| <input type="checkbox"/> Cabinet                     | <input type="checkbox"/> Communities                        |
| <input type="checkbox"/> Council Overview & Scrutiny | <input type="checkbox"/> Education                          |
| <input type="checkbox"/> Adult Social Care           | <input type="checkbox"/> <u>Environment &amp; Transport</u> |
| <input type="checkbox"/> Children & Families         | <input type="checkbox"/> Health Scrutiny                    |

### Call-in by Select Committee

Select Committees have the power to call in decisions made, but not yet implemented, by the Cabinet and/or local committees if they feel that the decision is inappropriate. Implementation will be delayed while the Select Committee meets.

A decision can be 'called in' for scrutiny by the Chairman or Vice-Chairman of the relevant Committee or by any three or more Committee members from more than one political party. A decision must be 'called in' within five days of publication of the decision by the Cabinet and/or local committees (decisions must be published within three working days of the Cabinet and/or local committee meeting). The Chairman of the Select Committee must then call a meeting of the Committee within another ten working days.

The Select Committee can interview the Cabinet Member and/or Council officers and make recommendations to the decision-maker suggesting improvements to the decision.

Issues to consider when deciding whether to call in a decision:

- Has the Cabinet adequately taken account of the appropriate Select Committee's views?
- Can the query be satisfied without a call-in?
- Is call-in constitutionally possible (e.g. Is the issue a Cabinet decision)?
- Can you build the case for a call-in? You will need to work with the Scrutiny Officer for the Committee to identify evidence and plan an approach.

### **Call-in of Local Committee decisions by Cabinet**

The Cabinet can call in decisions made by a local committee that have a significant policy or budgetary implication. The Leader, Deputy Leader or any three or more members of the Cabinet may call in a decision within five days of its publication by the local committee. The call-in will be discussed at the next appropriate meeting of the Cabinet (in discussion with the local committee chairman) with no action being taken on the decision in the meantime. The local committee chairman may attend the Cabinet meeting and speak on the item. The Cabinet may choose to accept, reject or amend the decision of the local committee.

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