

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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