

Somerset Waste Board meeting  
24 February 2017  
Report for decision

Paper  
Item No. 5

**Approval of a New Waste Treatment Facility Contract**

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<b>Forward Plan Reference:</b>	SWB/17/01/01
<b>Summary:</b>	<p>The Report recommends that Somerset County Council enters into a long term New Waste Treatment Facility Contract with Viridor to generate energy from Somerset's residual waste from April 2020.</p> <p>This report should be read with previous reports, particularly the Report to SWB dated 21<sup>st</sup> October 2016 as this provides background on the route to this decision and the major risks and benefits. An outline of previous reports is included as an appendix.</p>
<b>Recommendations:</b>	<p><b>The Task and Finish Group recommend that the Board:-</b></p> <ol style="list-style-type: none"> <li><b>1. Agrees that Somerset County Council enters into a New Waste Treatment Facility Contract (known as "NWTF2") in accordance with the provisions of the Strategic Partnering Agreement with Viridor dated 13<sup>th</sup> May 2006 as provided to members at the meeting in substantially complete form.</b></li> <li><b>2. Confirms authority is delegated to the Managing Director of the SWP and the Director of Commissioning and Lead Commissioner for Economic and Community Infrastructure, Somerset County Council, in consultation with the New Project Task and Finish Group, to finalise and sign the contract.</b></li> </ol>
<b>Reasons for recommendations:</b>	To reduce the overall environmental impact of residual waste, to introduce compliant, competitive and affordable arrangements for the transfer, haulage and treatment of residual waste and to meet MTFP savings targets from 2016/17 onwards.
<b>Links to Priorities</b>	

<p><b>and Impact on Annual Business Plan:</b></p>	<p>SWB Business Plan 2016-21 Action 1.1 is to seek economically viable alternatives to landfill.</p>
<p><b>Financial, Legal and Equalities Implications:</b></p>	<p><b>Financial Implications</b></p> <ul style="list-style-type: none"> <li>• The total value of this contract will be in the region of £300m over 25 years based on current prices and projections.</li> <li>• In the interim period before the facility is available, SWP would continue to use local landfill as the principal disposal method, with the benefit of a cost adjustment to meet SCC's savings target from 2016/17.</li> <li>• The agreement will deliver £650K savings in the current financial year subject to risks identified</li> <li>• From 2017/18 the terms of the agreement with Viridor will, subject to risks identified, deliver £1.3m savings pa compared to the landfill price in the short term and seeks to maintain that differential at the point of moving from landfill to EfW on commissioning of the facility (projected as 1<sup>st</sup> April 2020).</li> <li>• The tonnage price per tonne element will be subject to appropriate contractual inflation indices.</li> <li>• Due to the nature of the economy and policy around taxation and future technology there is inevitably some uncertainty around the relative cost of energy from waste in the long term.</li> </ul> <p><b>Legal Implications</b></p> <ul style="list-style-type: none"> <li>• The proposal is in line with the Strategic Partnering Agreement between SCC and Viridor dated May 2006 which envisaged and enables one or more NWTF contract(s).</li> <li>• The proposal has been evaluated, negotiations supported and the recommendations are proposed with the assistance of the SCC Procurement Team and external legal advisors, Addleshaw Goddard, whose advice has been reviewed and approved by SCC's retained legal support.</li> </ul> <p><b>Equalities Implications</b></p> <ul style="list-style-type: none"> <li>• This proposal does not have any direct implications for any particular groups with Protected Characteristics and therefore a formal Equalities Impact Assessment has not been completed.</li> </ul>
<p><b>Risk Assessment:</b></p>	<ul style="list-style-type: none"> <li>• The biggest risk within the NWTF2 proposal is that while it is competitive compared to current market rates and delivers the short term savings required, it might not provide good value over the long term. Mitigation factors are outlined in more detail in Section 6.3.</li> <li>• In accordance with the Board's expectations and SWP's attention to management of risk, a number of other risks</li> </ul>

	<p>have been identified and were set out in the report of 21<sup>st</sup> October 2016. This includes assessment of risks of external challenge to the process which should always be a consideration in any procurement / contract change exercise.</p> <p>The Pennon Board has approved the project and, as reported to the Board on 16<sup>th</sup> December 2016, this risk is now diminished.</p>
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## 1. Background

- 1.1. The basis of this proposal was set out in Report SWB/15/12/01 to the SWB on 21<sup>st</sup> October 2016.  
  
<http://www1.somerset.gov.uk/council/meetings/reports.asp?item=1545>
- 1.2. At that meeting the Board agreed in principle to enter into a New Waste Treatment Facility Contract (known as “NWTF2”). This is in accordance with the provisions of the Strategic Partnering Agreement with Viridor dated 13<sup>th</sup> May 2006.
- 1.3. The Board also delegated authority to the Managing Director of the SWP and the Director of Commissioning and Lead Commissioner for Economic and Community Infrastructure, Somerset County Council, in consultation with the New Project Task and Finish Group, to finalise and approve the contract on the basis of Heads of Terms which were set out in a Confidential Appendix.
- 1.4. The proposed contract includes use of Transfer Stations at Dimmer and (subject to planning and permitting) Walpole landfill sites.

## 2. Progress since October 2016

- 2.1. An update was provided to the Board meeting on 16<sup>th</sup> December 2016  
  
<http://www1.somerset.gov.uk/council/meetings/reports.asp?item=1390>
- 2.2. The Heads of Terms have been finalised and are expected to have been signed by the Managing Director prior to this meeting under the delegated authority agreed on 21<sup>st</sup> October 2016. Signing of the Heads of terms triggers the first savings payment under the agreement.
- 2.3. Detailed final negotiations around the final form of contract have continued with agreement reached on all substantive elements. A copy of the contract will be provided for all Board members at the meeting and will also be made available (in the most up to date draft form available) in advance for inspection by Board Members plus other members of all partners who can demonstrate a right to know for their role. To arrange this, contact the Managing Director using the contact details above.
- 2.4. In view of the timing of this meeting close to the anticipated contract signing date the opportunity is afforded for members in the interest of accountability and transparency to finally review and approve the terms of the contract.

- 2.5. The key (non-commercially confidential) aspects of the contract are summarised below

### **3. Key aspects of the NWTF2 Contract**

- 3.1. Once the Avonmouth facility is operational (expected to be from April 2020) SWP will pay on a gate fee per tonne basis for transfer, haulage and treatment of residual waste. The revised prices will be set out in a confidential summary sheet available to members with the contract document. The gate fee price has improved through negotiation on that reported on 21<sup>st</sup> October 2016.
- 3.2. The 21<sup>st</sup> October 2016 SWB Report advised that officers were, with the approval of the Task and Finish Group, in dialogue with Viridor regarding the potential to agree to a Minimum Tonnage Guarantee (MTG) in exchange for a reduced gate fee. This has been concluded and at the recommendation of the Task and Finish Group, the contract includes a MTG agreement based on a floor and ceiling level. Based on waste forecasting, the base threshold is well below current annual tonnage and the future annual tonnage forecast in all but the most extremely optimistic high recycling diversion scenarios. In the event that there is insufficient waste to reach the lower threshold the first option will be for Viridor to source alternative waste, then for SWP to attempt to source alternative waste and, only if this is not possible, for a compensatory payment to be made.
- 3.3. The contract ensures that either party is liable to pay the other compensation on termination. As part of the final negotiation on the level of compensation it has been agreed to include contract review points at 15 and 20 years. While these do not provide the option to make a unilateral clean break without compensation, they provide a framework for discussion of termination or any permitted variation that might be beneficial at the time. An earlier review point has also been included at 10 years purely to cover the arrangements for Waste Transfer at Dimmer, this coinciding with the extent of the planning consent.
- 3.4. The contract secures Somerset County Councils MTFP savings to April 2020 - £650,000 in 2016/17 & £1,300,000 in 2017/18, 2018/19 & 2019/20
- 3.5. Should the contract terminate prior to reaching its 'Trigger Date' (fulfilment of conditions expected to be fulfilled within six months of the contract signature date), Viridor will compensate Somerset County Council for deferring the open procurement exercise as agreed by the Board in March 2015.
- 3.6. A further gate fee saving should the capital cost of providing the Walpole Waste Transfer Station be lower than current estimate.
- 3.7. A gate fee refund for every tonne above an agreed threshold for each Waste Transfer Station – where the Contractor attracts third party waste through the Waste Transfer Stations the Council will benefit from a small rebate (see further comment in Appendix 2)
- 3.8. The contract is predicated on Viridor providing Waste Transfer Stations at Dimmer & Walpole and a Treatment Facility at Avonmouth, all expected to be operational by April 2020 (Transfer Stations from the Summer of 2019)

- 3.9.** A 50% share of income from electricity generated at the Waste Treatment Facility where the sales price per unit exceeds an agreed threshold price.

#### **4. Contractual timeline**

- 24<sup>th</sup> February 2017 – SWB approval of the NWTF2 Contract
- By 15<sup>th</sup> March – Signature & Common Seal of the NWTF2 Contract
- 24<sup>th</sup> March 2017 – SWB meeting date in case of any last minute issues
- July 2017 - Construction commences for the Avonmouth EfW Plant
- September 2018 - Construction commences for the Dimmer WTS
- October 2018 - Construction commences for the Walpole WTS (subject to planning permission)
- 1<sup>st</sup> April 2020 - Service Commencement

#### **5. Waste Transfer under NWTF2**

- 5.1.** The proposal and pricing is based on Viridor using their consented Waste Transfer facility at Dimmer and a facility at Walpole which is currently subject to planning. Should it be consented, Walpole offers a very good option being an established waste site with close access to the M5.

- 5.2.** While full consent (time limited to December 2030) for a Transfer Station has been obtained at Dimmer, representatives from communities close to and on the approaching road network to the Dimmer site have been opposed to the development of a Transfer Station. Their views have been expressed to the Board on many occasions and more recently to meetings at South Somerset District Council (31<sup>st</sup> January and 1<sup>st</sup> February). Appendix 2 explains why SWP advocated a two Transfer Station model and why Dimmer is advantageous.

#### **6. Risks and Opportunities**

- 6.1.** The biggest risk within the proposal is that, while the NWTF2 proposal is competitive and delivers the short term savings required, it may not provide good value over the long term.

- 6.2.** The reasons for considering this risk include:

- The possibility that in the future incineration with energy recovery may be subject to application of a financial instrument in the same way as landfill has been through the landfill tax. Any added costs due to change in legislation would be at SCC's risk.
- It is possible that, in the longer term, alternative technologies may become more economically viable but, unless a termination process is triggered, they would not be accessible until the contract term is over. However the global track record of alternative technologies to recover energy from significant amounts of household waste is not encouraging.

- Similarly Mechanical Biological Treatment (MBT) systems have a number of issues which include reliability problems and the further gate fees needed to dispose of products such as refuse derived fuel. Effectively users have to pay two sets of gate fees which in combination usually exceed competitive EfW prices.

### 6.3. Other Risks / Benefits / Opportunities

- There are some public perception risks around opting for an Energy from Waste solution. Most objections to projects of this nature are usually around location and/or the technology and associated concerns around emissions to atmosphere. The proposed plant will be fully compliant with EU emissions limits (which, on the basis of Defra briefings, are expected to be included in the “Great Repeal Bill” which is expected to convert EU legislation into UK legislation). Others may object that reliance on such facilities stifles the motivation to improve avoidance, minimisation and recycling. The agreement will not involve guaranteeing tonnages of waste at, or close to, current levels.
- Any such objections will be considered and responded to but, with facilities already consented, there is lower risk of serious delay to the delivery timetable.
- In this case the proposal involves a facility using established technology which already has consent, located in an industrial area, albeit outside of Somerset.
- The Contract would perpetuate the strategic partnership with a well-established Company who have already successfully delivered a number of similar major infrastructure projects including Energy from Waste Facilities at Lakeside (Colnbrook nr Heathrow), Ardley (Oxfordshire), Trident Park (Cardiff), Marsh Barton (Exeter), Runcorn and Bolton. Members of the Board have visited several of these facilities over the last few years.
- The contract could deliver benefits and opportunities in the south west region, supporting regional infrastructure and inward investment.
- The contract position is “low maintenance” in that once agreed, SWP/ SCC need not go through further evaluation/procurement processes for a generation but formal review points have now been incorporated.
- It is important to consider there are a number of risks in not proceeding with the proposal; principally that further delays to the process could, at best, risk savings being delayed and the aspiration to divert material up the waste hierarchy is similarly pushed back without a clear alternative to landfill.

## **7. Options Considered and Rejected**

### **7.1. Continuing landfill**

- Landfill is likely to be unacceptable in the longer term (recent Circular Economy proposals suggest restricting landfill to no more than 10% by 2030). While future Government Policy towards landfill tax, it is likely that landfill will continue to become more expensive in relation to other treatment and disposal through continued taxation.
- Landfill is currently more expensive than the option proposed (taking into account the full cost of gate fee, transfer and haulage). The rate of tax increase for the next two financial years has been set at 2.5%.
- Somerset's vision is that by 2028 the facilities should be in place for Somerset to minimise the amount of waste sent to landfill to the small fraction of waste that remains after treatment.

### **7.2. Going to the market for other suppliers and technologies**

- Going to the market remained a fall back option if an acceptable agreement with Viridor cannot be reached. The pros and cons of this were set out in the 21 October Report.
- It was noted that at least one Transfer Station is likely to be required whatever non-landfill route is taken.

## **8. Background Papers**

### **8.1. See Appendix 1**

## **Appendix 1**

### **History of Decision Process**

#### **Somerset Waste Board Reports**

##### **28<sup>th</sup> March 2014 - Extension of Strategic Partnering Agreement with Viridor.**

Summary of information in the public report

- Recommended extension of the Strategic Partnering Agreement (SPA) between Somerset County Council and Viridor to May 2021, in accordance with provisions within the Agreement.
- Noted the commencement of the New Project Approval Process as set out in the SPA in accordance with SWB Business Plan 2014-19 Action 4.1 and sought member comments on the scope and requirements of a Preliminary Stage Project Proposal.
- Proposed a (non-decision making) “New Project Task and Finish Group” consisting of the three Board Members who sit on the Strategic Partnering Board with Viridor plus one other SWB member and one place offered to the Joint Waste Scrutiny Panel.
- Set expectation that SWB receives written or verbal updates from officers and/or the Task and Finish Group at quarterly meetings throughout the process - noting that some of these may be commercially confidential.

Summary of confidential information

- There was no confidential information in the report

##### **20<sup>th</sup> June 2014 – Viridor New Project Task & Finish Group update.**

Summary of information in the public report

- Noted that the Viridor New Project Task and Finish Group (T&FG) held its inaugural meeting on 15th May 2014. Members in attendance were briefed on the background and progress with the New Project Approval Process.
- There were no actions for the Board to consider other than noting that Viridor have formally accepted the Board’s proposal to extend the Strategic Partnering Agreement with Viridor to 2021
- A formal “Request for Proposal” for a new project had been made to Viridor in April.
- Viridor contractually had from April until the end of July 2014 to respond

with a Preliminary Stage Project Proposal (PSPP) but requested a 3 month extension to the deadline with retrospective reduction in other stages of the process. This provided a new PSPP deadline of 31st October 2014 but kept the overall timeline for the project to schedule.

- It was expected that as a result of this time extension SWP would get a comprehensive set of options for consideration. On this basis members noted the Managing Director had approved this action.
- Noted that the T&FG will consider the proposal from Viridor and bring recommendations to the Board's scheduled meeting in December 2014.

Summary of confidential information

- There was no confidential information in the report

### **19<sup>th</sup> December 2014 – New Project Task & Finish Group – Quarterly Update & Consideration of the Preliminary Stage Project Proposal.**

Summary of information in the public report

- This non-confidential report covered a confidential paper which briefed members on the Preliminary Stage Project Proposal (PSPP) submitted by Viridor Waste Management Limited in relation to future waste treatment/disposal options
- It briefly recapped of the process up to that point (as outlined in previous reports)

Summary of confidential information

- The confidential report recommended rejection of the PSPP submitted by Viridor on the basis that it didn't deliver a solution that predominantly diverts waste from landfill and the price was not competitive. The Board agreed.
- Noted that Viridor could, if they wish, submit a revised PSPP in response to the decision to reject the first proposal.
- This information subsequently became public in later reports

## **20<sup>th</sup> March 2015 – New Project Task & Finish Group – Update on the New Project Approval Process (NPAP) and Consideration of Options.**

### Summary of information in the public report

- A non-confidential report covering a confidential paper that briefed members on Viridor's response following the decision of the Board on 19<sup>th</sup> December 2014.
- The report noted that Viridor had, of their own volition, applied for consent to convert the former In-Vessel Composting building at Dimmer into a Transfer Station and this had met with local objection.
- Noted that none of the recommendations in the confidential report had any direct bearing on Viridor's Dimmer Transfer Station Proposal or the planning process currently in train.

### Summary of confidential information

- The confidential report outlined that Viridor did not submit a revised PSPP
- This permitted the Board to suspend Viridor's exclusive right to manage waste for disposal and to commence an open procurement process which they agreed to do.
- It was noted that Viridor had requested more time to consider making an alternative proposal
- The Board agreed that should they make such a proposal then they would need to propose savings to compensate for any delay to the procurement process.
- The above is now public information.
- The report also included (as an appendix) a document setting out the scope and requirements of the residual waste procurement procedure. Much of this was subsequently shared with potential suppliers at a soft market testing event on 5<sup>th</sup> May 2015.

## **19<sup>th</sup> June 2015 – New Project Task & Finish Group Update.**

### Summary of information in the public report

- Made public that Viridor's exclusivity had been suspended and that a procurement process had been started.
- Reported feedback from the supplier day on 5<sup>th</sup> May 2015.

- Identified that the lack of existing Transfer Stations was a barrier to progressing quickly to procurement.
- Stated that the confidential recommendation was, in summary, to seek authorisation to proceed to procure services for the transferring, hauling and disposal of residual waste.
- Proposed the preferred procurement process.

#### Summary of confidential information

- The confidential paper sought authorisation to proceed to procure services for the transferring, hauling and disposal of residual waste and proposed the detail of the process.
- It was noted that a search for sites was underway. The main reason for confidentiality of the detail was to protect SWP's negotiating position when exploring options for transfer stations.
- The report noted the risks of trying to secure sites, gain consent and build suitable transfer stations in a short timeframe. No sites existing or potential were named or alluded to in the report.

#### **25<sup>th</sup> September 2015 - New Project Task & Finish Group Update.**

#### Summary of information in the public report

- A non-confidential report covering a confidential paper that confirms the progress made in relation to the future waste treatment/disposal options and sets out the recommendations of the Task and Finish Group to proceed to issue the OJEU Notice to formally commence the procurement process.
- The public report made clear that the confidential element concerned withholding the location of two potential sites to offer to the market as "contract reference" sites for Waste Transfer Stations so as not to prejudice commercial negotiations for the acquisition of the sites.

#### Summary of confidential information

- The confidential report contained mostly information in the public report about the OJEU process and identified the two reference sites and back up sites

## **21<sup>st</sup> October 2016 – New Project Task and Finish Group Update – Proposal for a New Waste Treatment Facility with Viridor**

### *Comment on long gap in public reporting*

- *SWP were concerned not to prejudice the procurement process which remained the fall back option had talks with Viridor about their new offer broken down.*
- *SWB members were kept briefed in confidential sessions. No decisions were taken other than to accept that the procurement process was on hold pending completion of the dialogue with Viridor.*
- *The negotiation process took longer than envisaged, partly due to the uncertainty caused post EU referendum and changes at a senior level within Viridor.*

### Summary of information in the public report

- Set out details of an approach and appraisal of a new proposal from Viridor for a long term New Waste Treatment Facility contract with Viridor based on Viridor's proposed Energy Recovery Facility at Avonmouth, served by two in-county Transfer Stations.
- The Report sets out the background, financial implications, the contractual mechanism, risks and mitigation measures.
- The proposal set out and sought approval in principle to enter into the contract in line with the Heads of Terms in the confidential appendix
- The report proposed delegation of the completion of contract negotiations to officers in consultation with the Task and Finish Group.

### Summary of confidential information

- The confidential report consisted of a short summary of the key aspects of the Heads of Terms and the Draft Heads of Terms

## **16<sup>th</sup> December 2016 –Task and Finish Group Update – New Waste Treatment Facility Project**

### Summary of information in the public report

- Reported on a Task and Finish Group meeting on 29<sup>th</sup> December and principally that Pennon Group Board had approved the project

- Indicated hope that the contract will be ready for signature in mid-March
- The Managing director reported verbally that he hoped that the Board would be in a position to agree the contract on 24<sup>th</sup> February 2017

#### Summary of confidential information

- There was no confidential information in the report

## **Appendix 2**

### **Rationale for the Continuation of Dimmer as the Eastern Delivery Point.**

#### **More Transfer Stations versus More Collection Rounds**

SWP have been asked how we have concluded that the best option involves two transfer stations for the county.

Transfer stations are an expensive capital investment and the cost of building, operation and haulage from an additional facility always has to be balanced against the cost of operating more collection vehicles with a higher average distance to tip.

To illustrate this, in 2007, in anticipation of the impending closure of Rydon landfill site near Williton, SWP obtained estimates for:

- (a) Construction and operation of a Transfer Station at the site and associated bulk haulage to Walpole.
- (b) Direct delivery of refuse from West Somerset to Walpole landfill (obtained from ECT Recycling CIC as a variation to their tendered price for the new collection contract).

Despite requiring the equivalent of two additional refuse collection vehicles, the additional cost of direct hauling was c£60kpa per year lower than the costs of building and running a transfer station plus associated onward haulage of consolidated refuse.

The County Council, in agreement with the SWP partners, committed to reinvest annually the amount it would have spent on transfer into the collection contract. The value of this is >£300k in the 2017/18 budget. This more than covers the cost of the additional vehicles.

It should be noted this was a smaller facility with much lower throughput (around 12-15,000t pa) than needed for Walpole and Dimmer. The annual cost of running the site and haulage would have been less expensive than the current projected costs for Dimmer and Walpole - but higher on a per tonne basis.

#### **Efficient Round Planning**

The contract sum paid to Kier for refuse collection is a per-household price subject to annual inflationary indices and allowing for household growth. It is in Kier's financial interest to plan and operate rounds as efficiently as possible. Rounds are, increasingly, planned using computer software which use complex algorithms to determine the optimum route given constraints such as time, vehicle capacity and crew-to-driver ratios as well as the need to avoid, for example, collecting near schools at critical times.

Based on the above, Kier have offered SWP a significant discount (members of the Board are aware of the sum from previous confidential reports) to consolidate depots.

Consolidation is particularly important for recycling as the unloading, sorting, baling and storage of recyclables requires significant infrastructure investment under Recycle More. But it also makes sense to co-locate the refuse fleet to share common facilities including staff welfare, maintenance, management and administration.

With vehicles operating zonally from a large depot, efficient round routing will mean that they will tend to concentrate (albeit not necessarily exclusively) in different areas on different days so the contractor can more easily cover unforeseen issues such as breakdowns. This would mean that the usage of multiple transfer stations remote from the depot (for example Frome and Yeovil have been suggested by Dimmer residents) would be imbalanced, which is inefficient. In this scenario Transfer Stations are likely to take in a very high proportion of their weekly input in just two or three days. The most efficient way to run a transfer station is to receive and despatch roughly similar amounts day by day.

### **Location Benefits of Dimmer**

Given the central location of the Evercreech Depot with reasonable transit times to the eastern Centres of population, it makes sense to locate a Transfer Station in reasonably close proximity. Yeovil is the biggest town in the East but is very close to the Dorset border; its catchment area within Somerset covers an arc of (broadly) 180 degrees not 360 degrees. Yeovil would also be a considerable distance from the main Mendip District towns. Kier already collect refuse from the Chard and Ilminster areas of South Somerset more efficiently from the Taunton Depot, so moving *more* of the fleet in the direction of Yeovil would be sub-optimal on a number of levels.

### **Cost Benefits of Dimmer**

Critically, as has been frequently stressed in public meetings, the Dimmer proposal is based on the existing In Vessel Composting (IVC) Shed, with an extension. This significantly reduces the amount of capital required versus building a similar specification TS from scratch. The per tonne fee at Walpole, being very similar in most respects to Dimmer is estimated to be >40% higher on a per tonne basis.

Based on assumptions around input tonnage of 50,000tpa, this would save >£2.2m over ten years.

It should be noted that the costs for Walpole are estimated pending a tendering process for the capital works, should planning permission be obtained. However Viridor have agreed that the figure is a maximum – if the capital costs are lower than estimated, the gate fee will be reduced accordingly.

To further verify this we compared costs with a site in a neighbouring county procured by the local authority from a third party (not Viridor) under a Design Build and Operate (DBO) contract to handle a similar annual tonnage. The cost provided per tonne is >6% higher than the projected ceiling cost for Walpole and >50% higher than Dimmer.

SWP are therefore, satisfied that the costs of using Dimmer are significantly lower than would be if we were to build a new site from scratch with all new infrastructure elsewhere.

Residents might be concerned that a lower gate fee at Dimmer might encourage SWP to put more material through Dimmer compared to Walpole. However the additional haulage costs from Dimmer to Avonmouth more or less balance this out. If capital costs for Walpole turn out to be lower, then the balance changes in favour of Walpole.

Collection contractor Kier is also looking at altering the balance in favour of delivering more material through Walpole.

The NWTF2 contract includes a gate fee refund for every tonne above an agreed threshold for each Waste Transfer Station – where the Contractor attracts third party waste through the Waste Transfer Stations the Council will benefit from a small rebate. This ensures the fixed cost element is spread more fairly if third party throughput increases. The maximum potential benefit to SCC is small and, because of the limitations on input imposed as part of the planning permission, not expected to exceed a few thousand pounds per annum.

### **Existing Planning Consent**

It is also important that Dimmer already has planning consent (which could, regardless of the NWTF contract, be exercised by Viridor or a subsequent owner). This eliminates delay and uncertainty which would be costly to SCC.

Residents have raised highways objections, however these were considered when planning consent was granted and no objection were raised by the Highways Authority. SWP have always acknowledged there is likely to be more traffic on the B3153 through Clanville as a result of the consent but must rely on the highways authority advice.

Although unconnected with the NWTF project, the Recycle More project is predicted to reduce incoming tonnages by >20%. Due to this reduced tonnage and refreshed round design, Kier are intending to use c30% fewer RCVs to cover the county.