

Dear Councillor

CABINET - WEDNESDAY, 8TH DECEMBER, 2021

I am now able to enclose, for consideration at the meeting of Cabinet on Wednesday, 8th December, 2021, the following reports that were unavailable when the agenda was published:

Agenda No Item

- | | |
|---|--|
| 7 | Energy From Waste Plant Future Options (Pages 3 - 8)
[To report on the future options for the City's Energy From Waste Plant] |
| 9 | Energy From Waste Plant Future Options (Pages 9 - 22)
[To report on the future options for the City's Energy from Waste plant] |

If you have any queries about this meeting, please contact the democratic support team:

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CITY OF WOLVERHAMPTON COUNCIL	Cabinet 8 December 2021
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Report title	Energy from Waste Plant Future Options	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Steve Evans City Environment and Climate Change	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All Wards	
Accountable Director	Ross Cook, Director of City Housing and Environment	
Originating service	Environmental Services	
Accountable employee	Anna Spinks Tel Email	Waste Manager 01902 554317 Anna.spinks@wolverhampton.gov.uk
Report to be/has been considered by	Directorate Leadership Team	13 October 2020 & 23 November 2021 15 October 2020
	Strategic Executive Board	15 October 2020 & 22 November 2021

Recommendations for decision:

The Cabinet is recommended to:

1. Approve the proposed way forward in terms of the short term and contract end requirements for the Energy from Waste Plant identified within the body of the report.
2. Endorse the entering into a formal Energy from Waste partnership arrangement as detailed within the report.
3. Delegate authority to sign an initial knowledge sharing formal tripartite arrangement and any additional ancillary agreements, to the Cabinet Member for City Environment and Climate Change in consultation with the Director of City Housing and Environment and the Chief Operating Officer.

4. Approve Use of Budget Strategy reserve to cover initial Energy from Waste partnership expenditure.
5. Delegate authority to the Director of City Housing and Environment, Director of Finance and Chief Operating Officer to proceed with next stage option appraisal work.
6. Delegate authority to procure a new short term operate and maintain contract on final expiry of the current contract to the Cabinet Member for City Environment and Climate Change in consultation with the Director of City Housing and Environment and the Chief Operating Officer.
7. Delegate authority to agree the terms to extend the current contract if required to the Cabinet Member for City Environment and Climate Change in consultation with the Director of City Housing and Environment and the Chief Operating Officer.

Recommendations for noting:

The Cabinet is asked to note:

1. The contract end issues identified within the report and the proposed way forward.
2. The need to undertake further work to determine the future strategic direction in terms of the Energy from Waste Plant.

1.0 Purpose

- 1.1 This report provides an update on the contractual arrangements in place for the operation of the Energy from Waste Plant (EFW), and advises on the current date of expiry of that contract.
- 1.2 The report outlines the short term implications of that contract end, and makes recommendations to address issues associated with the end of the current contract, taking into account the financial implications.
- 1.3 The report also details the opportunity to enter into a partnership arrangement to deliver the short and long term requirements for the Wolverhampton EFW.

2.0 Current Contract Arrangements and Future Requirements

- 2.1 The current 25 year contract with Wolverhampton Waste Services (WWS), to operate and maintain the EFW plant, expires on 11 February 2023. Once this contract expires the Council will need to have a new arrangement in place, to ensure the continuity of waste disposal.
- 2.2 A further options appraisal will be undertaken utilising specialists to confirm the short term future options.
- 2.3 This process has endorsed the need for more detailed exploration of the longer term future options utilising external specialists. It should be noted that in order to provide the Council with a City Centre District Heat Network it would need to be powered by the EFW plant.
- 2.4 More work is now required to understand the Council's future waste disposal needs (including the impact of the waste collection changes that will be introduced from 2023 onwards as a result of the Environment Bill), as well as costings to inform the Council's future strategic approach. These workstreams will need specialist support to be delivered.

3.0 Partnership Offer

- 3.1 Up to now City of Wolverhampton Council (CWC) has been approaching the need to deliver both the short and longer term requirements of the plant as a solely Wolverhampton owned and delivered project. However, Wolverhampton has recently been invited to join an existing local authority partnership which will allow collaboration and support between the councils for the delivery of the works needed.
- 3.2 In order to progress the short term issues associated with the future of the EFW plant in the timetable required, and to support the initial membership of the partnership on a knowledge sharing basis, an allocation of appropriate funds will be required.
- 3.3 Once committed to the initial knowledge sharing phase of the partnership, further discussion and development of the Council's longer term aspirations for waste disposal can be scoped and brought back to the council for approval.

- 3.4 Further work to establish the more detailed cost benefit analyses of all available options for the longer term approach will need to be undertaken.
- 3.5 Cabinet are recommended to approve the entering into a formal Knowledge Sharing Partnership arrangement.
- 3.6 It will be necessary for the Council to enter into a formal collaboration arrangement and any additional ancillary agreements. Delegated authority is requested to the Cabinet Member for City Environment and Climate Change, Director of City Housing and Environment and the Chief Operating Officer to sign the required agreements for the initial knowledge sharing phase of the partnership.

4.0 Evaluation of alternative options

- 4.1 The main body of the report covers the evaluation of alternative options.

5.0 Reasons for decision(s)

- 5.1 The detail supporting the relevant decisions requested by this report is contained within the main body of the report and reflects the time and cost benefits of delivering the project outcomes in the manner proposed.

6.0 Financial implications

Current Position

- 6.1 The current annual net revenue expenditure budget for 2021-2022 associated with the EFW contract is £5.2 million. This is made up £8.9 million expenditure and £3.7 million income obtained via a third- party acceptable waste agreement to sell incinerator capacity.

The Partnership

- 6.2 Given the short timeframes available, the Council needs urgent advice in order to fully appraise the options available for disposing of the city's waste both in the short and long term. The invite from the partnership provides this opportunity to condense timescales and minimise the impact of allowing the contract to expire. Based on the indicative costings provided by the partnership, the costs sharing partnership arrangement would also have reduced cost when compared to a potential in-house led solution.
- 6.3 The details of initial estimates have been provided by the partnership and included in the exempt report. The costs associated with partnership initial knowledge sharing and detailed option appraisal will be funded through City Environment budget efficiencies where possible with approval sought to fund from Budget Strategy reserve to cover any shortfall.
- 6.4 Given the financial significance of finding a future waste solution for the Council it is considered imperative that work is required to fully understand the details, costs and benefits of all the potential waste disposal options for an informed decision to be made.

This would include taking into account the major government waste sector reforms proposed and currently under consultation, partner/supplier/provider interest, availability of funding sources and climate change agenda and how this links to the DHN.

- 6.5 The expertise of the Partnership could also facilitate the opportunities to look at financial models and grant funding opportunities which could support the costs of any options considered.

[ES/02122021/S]

7.0 Legal implications

- 7.1 The current contract expires in February 2023 and the Council must have arrangements in place for waste collection and disposal as required by law.
- 7.2 In the short term there are no legal implications to undertaking a new market exercise for a short term operate and maintain contract so long as the engagement meets the requirements of the Public Contracting Regulations 2015.
- 7.3 As identified within the body of the report specialist legal advice will be required to support the project during the detailed phases due to the technical nature of the service, and budgetary accommodation needs to be made to support this.
- 7.4 The Council will need to review the partnership agreement and should the terms be acceptable, sign it subject to appropriate delegations being in place.

[SZ/08112021/P]

8.0 Equalities implications

- 8.1 This proposal has no equalities implications.

9.0 All other implications

- 9.1 The main body of the report details the key environmental and climate change impacts.
- 9.2 The Council will comply with its environmental aspirations as set out in the Council's Waste Strategy and climate change commitments.
- 9.3 Any future investment will look to deliver the highest possible environmental mitigations for waste disposal. These will consider the inclusion where possible of the latest technology for electricity generation, solar usage, heat capture technology, carbon capture technology and energy efficiency measures.
- 9.4 The EFW plant is a Council owned asset and as such any upgrade or contractual arrangement will be undertaken with the input of Corporate Landlord.

10.0 Schedule of background papers

- 10.1 There are no background papers associated with this report.

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