



DERBY CITY COUNCIL

COUNCIL CABINET 8 June 2010

ITEM 7

Joint Report of the Strategic Directors of
Resources and Neighbourhoods

Waste Management Project – Referral from Audit and Accounts Committee

SUMMARY

- 1.1 Planning Control Committee rejected Resource Recovery Solutions' (RRS) planning application for the Sinfin Lane waste treatment facility in December 2009.
- 1.2 At the Direct and Internal Services Cabinet Member Meeting 2 March 2010 the Cabinet member agreed to provide financial support to RRS for their appeal.
- 1.3 Audit and Accounts Committee reviewed this decision on 1 April 2010 and made a referral to Cabinet on 20 April 2010.

RECOMMENDATION

- 2.1 To approve the existing delegated authority to the Strategic Directors of Neighbourhoods and Resources, in consultation with the Cabinet Member for Neighbourhoods, to agree to move to financial close of the contract with RRS Ltd at a time felt to be most beneficial for the Council in line with the Cabinet decision of 21 April 2009.

REASONS FOR RECOMMENDATION

- 3.1 The Inter Authority Agreement that was signed between Derby City Council and Derbyshire County Council on 8 December 2009 requires the Council to make its decision to obtain the maximum financial advantage for both Authorities.
- 3.2 The financial savings from the Waste Contract remain significant and in line with the original business case, even with the anticipated 12 month delay introduced to the project by the Planning Control Committee decision – assuming planning permission is granted on appeal. The forecasted savings have been reduced by this delay and could become a cost to both Councils if the delay extends to 24 months or beyond.
- 3.3 When financial close occurs it locks all the financial details in the contract and fixes the foreign exchange rates and interest rates that will be applied and by doing so will remove considerable uncertainty and financial risk to the City Council.

SUPPORTING INFORMATION

- 4.1 RRS submitted their appeal on 16 March 2010.
- 4.2 The Public Enquiry is set to start on 7 September 2010 and anticipated to be completed by 8 October 2010.
- 4.3 The provisional date for the decision to be announced is 17 November 2010.

OTHER OPTIONS CONSIDERED

- 5.1 Withdrawing from the project would leave the Council exposed to very significant financial risks from Landfill Tax increases and projected Landfill Allowance Trading Scheme deficits.
- 5.2 Withdrawing from the project would mean the City Council's residual waste would continue to go to landfill with the consequent impact on the environment from carbon emissions, as it is unlikely that short term sourcing of third party waste treatment capacity would remain economic.

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Background papers:

Waste Management Cabinet Reports
Direct and Internal Services Cabinet Meeting Report - 2 March 2010

List of appendices:

Appendix 1 – Implications

IMPLICATIONS

Financial

- 1.1 As forecasted in the original business case and previous reports to Cabinet, there are significant financial savings to be made in moving forward to financial close with RRS as set out in paragraph 3 of the report.

Legal

- 2.1 The City Council will enter a long term contract (likely to be until 2038) with a joint venture between United Utilities and Interserve, called Resource Recovery Solutions, for the disposal of residual waste jointly with the County Council. The management of the contract will be managed under the Inter–Authority Agreement which was signed on 8 December 2009, with Council Cabinet approval.

Personnel

- 3.1 A successful project will create at least 30 jobs in the City.

Equalities Impact

- 4.1 None

Corporate objectives and priorities for change

- 5.1 The Waste Management Project will help to reduce landfill and help Derby towards a better environment. The cost will increase from current levels but is expected to be cheaper than ‘business as usual’ and will therefore contribute to better value for money.