

**PRIVATE FINANCE INITIATIVE FOR WASTE  
(Report by Head of Environment & Transport)**

**1. INTRODUCTION**

- 1.1 At their meeting on 13 November 2003 Cabinet authorised arrangements for approving, on behalf of the District Council, the application to DEFRA for Private Finance Initiative (PFI) credits being made by the Cambridgeshire County Council.
- 1.2 Following the recent withdrawal of Peterborough City Council from the application for PFI credits the County Council are obliged to submit a revised application. The County Council are seeking the support of the District Council, as a waste collection authority, for the revised application.

**2. BACKGROUND**

- 2.1 The County Council faces substantially increased costs in providing alternative arrangements to land-filling household waste. Without the implementation of alternative arrangements the County Council will be obliged, from 2010, to purchase permits to allow the continued land-filling of any residual waste which exceeds the level prescribed by government regulation.
- 2.2 In order to reduce the cost of providing alternative waste treatment facilities the County Council are seeking PFI credits amounting to £40 millions; the maximum DEFRA are likely to award. To secure the PFI credits the County Council is required to submit to DEFRA an Outline Business Case (OBC) setting out their proposed treatment arrangements.
- 2.3 DEFRA require the County Council to demonstrate that their OBC is supported by the waste collection authorities which will deliver waste to the treatment facilities. The District Council signed the previous OBC. This included arrangements for dealing with the waste from Peterborough City Council.

**3. PRIVATE FINANCE INITIATIVE UPDATE**

- 3.1 The Cambridgeshire District Councils, with the exception of East Cambridgeshire, have confirmed that they will not be seeking the delivery of any of their collection services through the PFI contract. All waste collection authorities, however, accept that they will need to confirm their plans for delivering waste to the treatment plant before the County Council can finally enter into a contract for the provision of the plant. This matter was addressed in detail in the report to Cabinet on 2 September 2004, which also dealt with the related Statement of Understanding.
- 3.2 The revised OBC prepared by the County Council will be unchanged insofar as it relates to references to waste collection authorities. It is

being revised to exclude references to Peterborough City Council and to address new guidance issued by DEFRA since the initial OBC was prepared. In the circumstances the revised OBC has no direct implications, financial or otherwise, for the District Council. However, a failure of the County Council to secure the PFI credits and/or to meet the targets for substantially reduced land-filling in 2010 will have huge implications for the Council Tax payers of Cambridgeshire.

#### **4. RECOMENDATIONS**

4.1 It is recommended that Cabinet:

- a) Authorise the Director of Operational Services, after consultation with the Leader of the Council, to agree the information included in the Outline Business Case in respect of the District Council; and
- b) Authorise the Leader of the Council to sign the agreed Outline Business Case.

#### **Background papers**

The Strategy for dealing with Municipal Solid Waste 2002-2022 in Cambridgeshire and Peterborough - Environment and Transport 3<sup>rd</sup> Floor Pathfinder House

Revised Outline Business Case prepared by Cambridgeshire County Council – Environment and Transport 3<sup>rd</sup> Floor Pathfinder House

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