

**PRIVATE FINANCE INITIATIVE – PARTNERING AGREEMENT  
(Report by the Head of Operations)**

**1. PURPOSE OF REPORT**

- 1.1 To update cabinet on the progress of the Private Finance Initiative (PFI) Contract that will provide the County Council in its role as the waste disposal authority, with new waste reception, processing and disposal facilities for use by members of the joint waste partnership until the year 2035.

**2. INTRODUCTION AND BACKGROUND INFORMATION**

- 2.1 In 2001/02 the Cambridge Councils Association (CCA) joint waste partnership embarked on a project to provide new waste and recycling collection, processing and disposal facilities that would meet the needs of all partnership members, comprising the County Council, Peterborough City Council, the four District Councils and Cambridge City Council. Without the provision of new facilities, the County will be unable to meet future targets for waste reduction and recycling
- 2.2 When the project commenced, it was envisaged that the new contract would include both collection and disposal arrangements for all member authorities. This joint approach made a bid for PFI funds possible, and in 2004, a bid by the County, supported by all partnership members was made. The PFI bid was successful with the county receiving an offer of £35 million toward the cost.
- 2.3 As the project developed, it became clear that as the majority of partnership members undertake refuse and recycling collections 'in-house', using a diverse range of systems and equipment, creating a unified collection and disposal contract would not be viable, so the collection element was removed from the proposed contract.
- 2.4 As the majority of partner authorities also have their own commercial arrangements for the sale of dry recycled material that they collect, provision of Material Recycling Facilities was also removed from the proposed contract.
- 2.5 The outcome of the procurement exercise was that Donarbon Ltd., a locally based waste management company that already provide some waste facilities for the County, submitted the best offer and following detailed and lengthy negotiations, have been appointed 'preferred bidder' by the County.
- 2.6 The contract, which will run until 2035 will provide new waste, recycling and composting reception, processing and disposal, along with household waste recycling facilities across the county. To do this the company will build both local transfer stations and a new Micro

Biological Treatment facility to recycle residual waste that at present has to be land filled.

### **Current Position**

- 2.7 With Donarbon Ltd now appointed as the preferred bidder, it is necessary for the partner authorities to affirm their commitment to the process by formally signing a partnering agreement. Completion of this agreement is necessary in order to access the PFI funding and provide guarantees to the contractor, of the volumes and tonnages of materials that they will be required to receive and process. This material is designated as 'contract waste'.
- 2.8 A draft of the final agreement, which will run to the year 2035, is attached as annex 1 to this report. It provides a baseline summary of each authority's current collection arrangements, specifies which collected waste will be 'contract waste' and commits the partner councils to continue to provide separate collections of materials for waste and recycling in the future. The agreement does not prohibit changes to collection arrangements, but requires that before making any changes to local collection arrangements, partners consult fully. Provision to withdraw from the agreement in the future is provided for should the need arise.
- 2.9 The final agreement will be closely scrutinised by the Waste PFI legal panel which comprises the heads of legal services from all partner authorities before a formal signing ceremony takes place in the spring of 2007.

### **3. RECOMMENDATIONS**

- 3.1 Cabinet are requested to
- a) Note the outcome of the procurement process for new waste facilities.
  - b) Authorise the Director of Operational Services, following consultation with the Executive Councillor for Operations, to sign the partnering agreement on behalf of the Council.

### **BACKGROUND INFORMATION**

Agendas and Minutes of CCA Waste Forum meetings.

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