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Deputy Leader of the Council and  
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Capital and Culture



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## What are our Objectives?

- Environment City to Environment Capital
- Delivering our Sustainable Community Strategy
- Meeting our targets, exceeding expectations
- Making 65% Plus a national exemplar
- Exploring alternative ways of delivering services to improve quality at lower cost





## What are the next steps?

- Continuance of delivery of the 65% Plus Plan
- Decisions to be made to shortlist suitable bidders
- Cabinet decision to endorse 'taking forward' principles for Peterborough City Services
- Preparation for post short listing procurement stage
- Key specialist advisors being selected to ensure best value
- Briefing to Scrutiny 08 and 29 September 2009



Paul Tonks  
Head of Business Transformation  
Procurement Approach

## Aims of the Procurement Process

- To support and improve service delivery
- To achieve cost security
- To underpin broader Council objectives e.g. Environment Capital and Growth Agenda
- To ensure compliance with statutory obligations e.g. refuse collection
- To enhance our Comprehensive Area Assessment performance

## Decisions made to date

Council resolution on 28 February 2007 approved

- The integrated solution for waste management
- The commitment to recycling in excess of 65%
- The continuation of the promotion of waste minimisation, reuse and recycling
- The improvement of existing, and provision of new, facilities to meet these aims, including an energy resource recovery facility at Fengate



## Delivering the Programme

- Good bidder response to the OJEU notices
- Competitive Dialogue allows Council and bidders to explore best options for the programme for integrated tender for Lots 1, 2 and 3
- Outline and detailed submission phases allow Council to sense check procurement options
- AD being procured by Restricted Procedure as less complex
- Gateway reviews at critical phases of the procurement to ensure that Council aims and objectives are being met



Richard Pearn  
Waste 2020 Programme Manager  
Bob Wilson  
Consultant Programme Manager

## Where are we now?

- Landfilling waste is no longer environmentally sustainable as rotting rubbish produces methane
- Statutory landfill reduction targets will be enforced
- Government's landfill tax 'escalator' increases landfill tax
- Dogsthorpe landfill site planning permission expires 2013
- Planning permission granted for the new MRF in April 2009
- EfW Environmental Permit and Planning applied for in 2009

## Where do we take Peterborough City Services?

- Peterborough City Services' ability to trade and expand is currently constrained
- Budget limitations are putting pressure on Peterborough City Services service delivery
- Potential generation of income streams/cost savings giving long term financial benefits for the Council and reducing Council risk

## Where do we want to be?

- Recycling more and recycling smarter
- Using an environmentally sustainable alternative to landfill for residual waste
- Self-sufficient regarding waste management
- UK Environment Capital status
- Peterborough City Services operating as a more commercially focused unit

## How do we realise the entire programme?

- Education to minimise waste production
- Householders' Recycling Centre in south of city
- Replace or refurbish Dogsthorpe Householders' Recycling Centre
- New, larger Materials Recycling Facility in Fengate
- Improved Electrical Appliance Recycling Programme

## How do we realise the entire programme?

- Collection of household food waste for processing with anaerobic digestion to generate power, heat & compost
- Using non-recycled residual waste as fuel for energy recovery
- Peterborough City Services working with a partner, providing long term stability and growth opportunities

## Update on procurement work to date

- OJEU notices issued for AD Lots 1-3 procurement - April/May 2009
- Industry Open day & informal 1-2-1 sessions -May 2009
- Mace assignment commenced - July 2009
- Evaluation and shortlisting report to be finalised on AD - September 2009
- Evaluation and shortlisting recommendations to be finalised for CM decision – October 2009

## Procurement process going forward

- Project programme identifies key steps and decisions that need to be made before and for the next stage(s) of procurement
- Entec is carrying out a technology Options Appraisal to validate robustness of the Council's procurement
- Preparation of tender documents for the AD in progress
- Planning application on EFW earmarked for Planning Committee – October 2009

## Decisions to be taken & next steps

- Determine more precise scope for Peterborough City Services' Operational Services procurement
- Following approval of the short list for the AD procurement, finalise and issue tender invites
- Following approval of the short list for Lots 1 – 3, prepare and issue Invitation to Submit Outline Solutions as commencement of Competitive Dialogue process



## Peterborough – Residual Waste Cashflow Forecast

Assumptions:

- 1) Waste growth in line with population growth from c.170k to c.225k
- 2) Landfill tax in line with legislation and then reduced to £2 per tonne increments.
- 3) Lats: ability to purchase at reduced levels and then removed from 2021/22.
- 4) Landfill gate fee increasing to £30 per tonne from 2013/14.
- 5) Operational contract duration = 25 years from 2015/16.
- 6) Annuity Based repayments of PB at 4% repaid over life of contract.
- 7) No ROCS on power generation.
- 8) NPV discount rate of 3.5%.



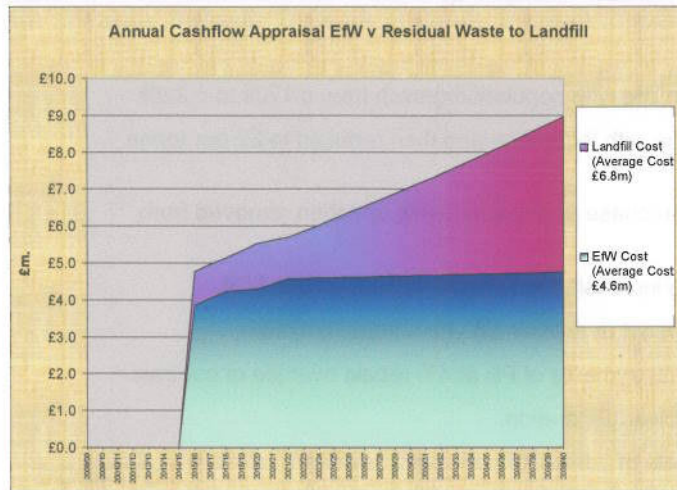
## Peterborough – Residual Waste Cashflow Forecast (Cumulative)



The forecast net cost for the “do nothing” approach over the life of the facility would be £55.6m. under these assumptions.



# Peterborough – Residual Waste Cashflow Forecast (Annual cost)



The repayment of Prudential Borrowing is assumed to be on an equal annual repayment basis over the life of the facility.

