

## **SCRUTINY BOARD (SAFER AND STRONGER COMMUNITIES)**

**TUESDAY, 22ND NOVEMBER, 2011**

**PRESENT:** Councillor B Anderson in the Chair

Councillors P Ewens, P Grahame, J Hardy,  
P Harrand, G Hyde, J Jarosz, C Macniven,  
M Robinson and N Walshaw

### **53 Exempt Information - Possible Exclusion of the Press and Public**

Councillor Pryke, as signatory to the Called-In decision requested that information that was contained in Appendix B to the report be released as a public document. Following advice from Officers on the sensitive information detailed in Appendices B and C to the report, the Board was asked to take a vote on whether to keep this information restricted and to exclude the public from the meeting during the discussion of the information in these appendices.

#### **RESOLVED -**

That the public be excluded from the meeting during the consideration of the following parts of the agenda designated as exempt on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present there would be disclosure to them of exempt information so designated as follows:-

Appendices B and C to Agenda Item 7, Call-In – Waste Solution for Leeds – Residual Waste Treatment PFI Project, under the terms of Access to Information Procedure Rule 10.4(3) and on the grounds that they contain commercially sensitive information on the City Council's approach towards procurement issues, and commercially sensitive pricing and information about the commercial risk position of bidders, where the benefit of keeping the information confidential is considered greater than that of allowing public access to the information.

### **54 Apologies for Absence and Notification of Substitutes**

Apologies for absence were submitted on behalf of Councillors R Grahame, K Groves, M Hamilton and J Marjoram.

Councillors P Grahame, C MacNiven, P Ewens and M Robinson were in attendance as substitutes.

### **55 Call-In of Decision - Briefing Paper**

The report of the Head of Scrutiny and Member Development informed Members of the Call In arrangements in accordance with the Council's Constitution and the options of action available to the Board. It was reported that the following options were available to the Board:

- Release the decision for implementation
- Recommend that the decision be reconsidered
- Recommend that the decision be reconsidered and refer the matter to full Council if recommendation not accepted

**RESOLVED** – That the report be noted.

## **56 CALL-IN - WASTE SOLUTION FOR LEEDS - RESIDUAL WASTE TREATMENT PFI PROJECT**

The report of the Head of Scrutiny and Member Development presented the background papers to a decision that had been Called In in accordance with the Council's Constitution. The decision of the Executive Board regarding the Waste Solution for Leeds – Residual Waste Treatment PFI Project had been called in by Councillors R Pryke and D Blackburn.

The following were in attendance for this item:

Councillor R Pryke, Signatory to the Call-In  
Councillor D Blackburn, Signatory to the Call-In  
Councillor M Dobson, Executive Member for Environmental Services  
Neil Evans, Director of Environment and Neighbourhoods  
David Outram, Chief Officer, Public Private Partnership Unit  
Andrew Lingham, Waste Strategy and Policy Manager  
Andrew Tate, Executive Manager (Projects). Public Private Partnership Unit  
Sarah Covell, Member of Community Organisation for Viable Environments and Neighbourhoods (COVEN) and local resident  
Maria Herlingshaw, Member of Community Organisation for Viable Environments and Neighbourhoods (COVEN) and local resident

Councillors Pryke and Blackburn were invited to address the Board with their reasons for the Call-In.

The following issues were highlighted:

- It was not felt that the Council allowed enough time for consultation.
- Implementing this decision would prevent future options to deal with waste.
- Weighting given to different categories within the decision did not appear to have considered comments by local residents and others affected. This included issues such as having the treatment site as far away from housing as possible.
- Use of third party waste – throughout the consultation process it had been said that waste would not be brought in from other local authority areas, but extra waste from commercial waste would be used to fill the

capacity of the project. It had, however, been reported that waste would be imported from Sheffield. In response to this it was reported that there would be a reciprocal agreement between Leeds and Sheffield to treat each others waste during periods of maintenance at their respective sites.

- There was no evidence to suggest that the minimum tonnage of waste would be available for the site in spite of household growth.
- Likelihood of delays with the planning process for the development of the site. The Secretary of State had cancelled a number of similar projects due to planning matters.
- Concerns that forty percent of the capital costs were subject to exchange rates and that this was a major financial risk for the Council.
- Use of bottom ash from the proposed site. Visits to other areas had shown that there was no market for the bottom ash produced and that this would end up going to landfill.
- The disposal of air pollution control residues – the plant would produce over 6,000 tonnes of this hazardous waste per year.
- Answers had not been given to what would happen to domestic waste that could not be treated at the site such as furniture items.
- Screening of the site – plans for low planting would not reflect artist impressions of the site until plants had grown.
- There had been no marketing of the site for other users.
- Further concern that the costs involved the European market and had the Council done any hedging or planned for the event of the collapse of the Euro.
- Concern regarding the Private Finance Initiative Funding – it was felt the project could have been delivered more cheaply through prudential borrowing or use of reserves.
- Weightings for the qualitative score did not take account of the concerns of Leeds residents. It was reported that this issue was part of an Executive Board decision taken in 2008, and not eligible for further consideration now.
- Concern was also raised regarding Veolia's work in Israel and occupied territories.

Maria Herlingshaw and Sarah Covell were given opportunity to address the Board. The following issues were highlighted:

- It was not known why alternative bids had been rejected and what criteria was used in selecting the preferred bidder.
- How would bottom ash and other residue be transported and what were the safety implications?
- Lack of feedback from previous consultations. It was felt that the consultation had not been concise and questions had been left unanswered.
- Reference was made to problems at the site that hadn't been previously addressed such as smells and flies. No reassurances had been given that this would be improved and there was a concern as the proposals would mean a much larger and demanding project.

- Reference to the Jacobs Report
- Due to increased recycling there would not be enough waste produced within Leeds for the site to operate.
- The potential use of Neville Hill Yard and the possibility of waste being transported by rail.
- High recycling rates.
- Impact of waste being imported from Sheffield – local residents had not been made aware of traffic plans for this.
- Concerns of increased traffic at the site and the impact on air quality.
- The Richmond Hill Forum had not been consulted regarding the proposals.
- Air pollution – particle pollution in East Leeds was amongst the highest in the City.

Officers responded to the reasons behind the Call-In and concerns raised. It was reported that many of the issues raised such as the bid criteria and selection of sites were all subject to decisions made in previous years and no longer subject to Call-In. Further issues highlighted included the following:

- The bid would ultimately be subject to the Council's planning processes.
- Other bids elsewhere that had had funding withdrawn had been deemed by Central Government to be less beneficial or deliverable.
- The site and facility would be subject to strict environmental monitoring.
- There was confidence within the Council and on the part of the bidder that the proposal on the site was deliverable in terms of planning permission.
- Whilst recycling targets had been set at 50%, this did not mean that would be an upper limit.
- Commercial waste from within the City would be used to ensure the plant operated at full capacity.

In response to further comments and questions from Members, the following issues were discussed:

- Fluctuation in interest rates would not affect the Council as the bidder would be funding this project directly themselves. The Board was also informed in further detail of how the PFI scheme worked.
- Forty percent of capital costs would be based on Euro rates due to where parts and materials for the site were manufactured. The Council had asked the bidder to apply a specific rate with the knowledge that rates could change. It was reported that the bidder would take out hedging measures. On the advice of Officers, it was felt to be a manageable risk.
- With regards to the proposed reciprocal agreement with Sheffield regarding the importation and exportation of waste during periods of planned shutdown for maintenance, it was reported that a limit on the tonnage would be built into the contract to ensure that importation did

not exceed exportation, and that this arrangement was restricted to these limited periods of planned maintenance.

- At no stage of the process had it been reported that the site would operate exclusively with municipal waste.
- Issues relating to the planning process and the submission of a planning application.
- It was reported that the wholesale market previously situated at the site had gone out of business. The site had been placed on the open market for re-use and this project had been the only expression of interest for use of the site.
- It was reported that there was a market for the use of bottom ash and the bidder had given performance guarantees regarding this.
- It was reported that environmental monitoring would be done by the Environment Agency throughout the operational life of the plant.
- There were restrictions on some bulky items being treated at the plant. This was expected to be a very small proportion of the waste.
- Low level planting – this would be discussed at the planning stage.
- There were no proposals for the Nevilles area linked to the RWT project.
- At the initial stages of the bid process, technology proposals other than incineration had been submitted. These proposals had performed less favourably when assessed against the Council's evaluation criteria.
- Whilst it was acknowledged that fundamental future changes to the proposed solution could involve additional cost, flexibility had been written into the contract to allow for increases or reduction, or changes in composition, in waste treated at the plant. In this sense there are no 'hidden costs' to the Council.
- There was scope to deal with a broader range of waste should definitions of waste and legislative change re-classify certain kinds of commercial waste as municipal waste.

Members went into private session to discuss the information detailed in the exempt appendices.

#### **57 Outcome of Call-In**

Following a vote by Members present, it was

**RESOLVED** – to release the decision for implementation

#### **58 Date and Time of Next Meeting**

Monday, 12 December 2011 at 10.00 a.m. (Pre-meeting for all Board Members at 9.30 a.m.)