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**ARGYLL AND BUTE COUNCIL**

**ENVIRONMENT, DEVELOPMENT &  
INFRASTRUCTURE COMMITTEE**

**ROAD AND INFRASTRUCTURE SERVICES**

**3 MARCH 2022**

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**WASTE PPP AND LANDFILL BAN COMPLIANCE - PROGRESS UPDATE ON  
OPTIONS**

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**1.0 EXECUTIVE SUMMARY**

- 1.1 This report is an update on the options being appraised to identify the most appropriate choice for the future of the Waste PPP that supports compliance with the Landfill ban and provides overall best value to Argyll &

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**WASTE PPP AND LANDFILL BAN COMPLIANCE -**

### **3.0 RECOMMENDATIONS**

#### **3.1 Members are recommended to:-**

Endorse the report and the approach being taken to determine the most appropriate option for the Council regarding waste disposal;

To note that a further report detailing an options appraisal will come forward to the September EDI Committee, providing information on the preferred option and outlining any capital and revenue cost implications.

### **4.0 DETAIL**

#### **PROGRESS UPDATES**

4.1 To comply with the landfill ban officers identified changes required on Island sites for future proofing and compliance with the landfill ban. Various infrastructure improvements have taken place.

4.2 The Council site located at Glengorm on Mull has seen the build of a landfill cell and the conversion of the existing shed to a Waste Transfer Station.

4.3 The Islay site located at Gartbreck has a new Waste Transfer Station under development. This is converted from the original shed at that location. In early 2022 the tender will be released for the build of a new landfill cell at Gartbreck.

4.4 Joint procurement has taken place between Argyll & Bute Council and West Dunbartonshire Council for residual waste for the Helensburgh and Lomond area. This residual waste material is transported to Auchencarroch, Barr Environmental Limited site in Alexandria.

4.5 Barr Environmental have been the subject to a Tax Tribunal which has resulted in Barr Environmental being liable to a large tax repayment. It is understood that Barr Environmental (BE) have appealed the Tax Tribunal outcome and that the appeal will be taken in March this year. With the size of the tax liability there is a risk to the viability of BE, and officers have taken the following action to mitigate BE not being able to continue to deliver the existing contract:-

Engaged with the other 5 Councils who currently procure services from BE, Scottish Government and Zero Waste Scotland to ensure that mutual support is available and information sharing takes place

Made contact with other suppliers to ensure that arrangements can be quickly procured should the BE contract not be available

Held meetings with SEPA regarding both a temporary and permanent waste transfer station which would be required, should an alternative (and more distant) off taker be utilised

Carried out design work for a waste transfer station to ensure that a solution could be quickly progressed

4.6 Officers are engaging with Renewi in relation to the handback of the Waste PPP contract. Progress to date includes:-

The introduction of a working group of Council colleagues to enable the smooth transition of the handback;  
A draft Project Initiation Document has been developed;  
A combined share point is in place for the sharing of contract documentation/file sharing;  
A document review agreement has been initiated;  
A risk issues log is in use by both Council and Renewi officers to identified risks and to rate them accordingly;  
Officers will be attending each Renewi site in 2022 to identify what changes will be required to adapt current Renewi operational landfill sites to Waste Transfer Stations prior to the handback of the contract in September 2026;  
A brief is being developed for an external consultant, which will review the options for the return of the contract at the end of its term in 2026.

- 4.7 Officers are procuring support from Caledonian Economics to carry out a study on the options available to the Council for future waste provision. This study will follow the Treasury Green Book on Investment Appraisal. Work already completed by the Council forms the first part of the Options process set out in the Green Book ( Generating Options and Long-list Appraisal ), and the four work streams detailed below form the Shortlist Options Appraisal and Appendix 1. The options at this stage are in draft with the final requirements are to be completed prior to works commencing. The Workstreams are summarised below.

Workstreams:-

Workstream A Analysis of options for Waste PPP

## Workstream D Valuation of Costs and Benefits

Workstream D will provide an analysis of and quantify the costs and benefits of each option identified by developing and running a flexible spreadsheet model (as recommended in the Green Book).

- 4.8 The report will include a timeline on the workstream requirements working backwards from the date of the PPP end and Landfill Ban implementation date, included will be key actions and options open to the Council. It is noteworthy to advise that there is a sufficient amount of time for any of the required works from the recommendations of the consultancy to be implemented.
- 4.9 Officers will arrange for further Member seminars to highlight the consultancy outputs and to offer direction in relation to the waste PPP and the requirements to comply with the Landfill ban.

### **LANDFILL BAN CHALLENGE**

- 4.10 Officers have developed options for the transition to a Landfill ban compliant system of Waste Recovery. Argyll & Bute faces a unique set of circumstances that disproportionally increase the cost challenge of the change to accommodate landfill ban compliance.
- 4.11 The C the construction and operation of a standalone Argyll & Bute based EfW plant unviable. There is no pre-existing facility within the Council area, the only compliant recovery option available to the Council is to transport the waste material for recovery elsewhere, preferably within Scotland. The Councils distance from the majority of Scottish EfW plants in the central belt presents a significant and an ongoing increase in revenue costs as a result of haulage/ferry requirements.
- 4.12 There is continuous uncertainty which surrounds SG policy changes which is having an adverse effect on the delivery of works e.g. the Energy from Waste review which is currently being carried out by the SG. The Scottish Deposit Return Scheme and the potential effects that this may have on the Council. In addition, the Food Waste Review has also been mentioned by the SG. However, this review has no confirmed date to be undertaken.

### **WASTE PPP RESIDUAL WASTE**

- 4.13 The transition to the Landfill of residual waste to its recovery as EfW will result in increased revenue costs for EfW gate fee and haulage costs. This is the case for a number of rural authorities in Scotland. However, this is notwithstanding that Argyll is disadvantaged by the Waste PPP agreement unlike other authorities.
- 4.14 All Waste and Recycled material collected by the Council within the PPP area must be disposed of through the PPP contract. Any change in policy or

regulation that occurs during the term of the agreement that requires disposal

- 4.15 The likely technical solution that is available to the Council is to source a long-term (seven to fifteen year) contract with an EfW off-taker. The solution would require the conversion of existing Renewi operational landfill sites to Waste Transfer Stations to allow for the storage and haulage of residual waste material to EfW plants.

#### **NEXT STEPS**

- 4.16 Officers continue to progress all Waste related matters and have noted below the next steps that are being taken. A timeline is drafted which includes the next steps and recommendations which should be noted.

Officers will continue to engage with Renewi in relation to the handback process of the Waste PPP contract.

Officers will be attending each Renewi site in 2022 to identify what changes will be required to adapt current Renewi sites to Waste Transfer Stations prior to the handback of the contract in September 2026.

Officers will further engage with Scottish Government regarding options and implications for Argyll and Bute Council.

The options appraisal as noted above will be progressed with results reported back to Members in the early course of the new Council.



Members are requested to support the Chief Executive to approach all aspects of support through COSLA.

A&BC Chief Executive to engage with COSLA.

Chief Executive  
Dates to be confirmed



## **5.0 CONCLUSION**

- 5.1 Officers have been progressing a number of issues in preparation for the landfill ban in December 2025. Support is being procured from Caledonian Economics to carry out a study on the options available to the Council for future waste provision and a further report will be brought back to the EDI Committee in September.

## **6.0 IMPLICATIONS**

- 6.1 Policy This work stream is noted in the C waste policy. Delays in the

11<sup>th</sup> January 2022

**For further information contact:** John Blake - Fleet, Waste & Transport Manager  
Jim Smith - Head of Roads and Infrastructure

## **APPENDIX 1**

### **CONSULTANT SCOPE OF SERVICES**

#### **BACKGROUND**

The Council are required to comply with the national ban on disposal of Biodegradable Municipal Waste to landfill which will come into force in December 2025.

The Environment Development and Infrastructure Committee (EDI) report of 3 June 2021 provided a

The Consultant will provide:

#### Workstream A Analysis of options for Waste PPP

The purpose of this workstream is to narrow down (ideally to one) the permutations of what could happen to the PPP contract between the date of the landfill ban and the expiry of the PPP.

The Consultant will:

1. review the PPP contract to identify termination/variation options;
2. review the financial model;
3. provide an estimate of fixed costs of variation/termination.

The purpose of this workstream is to identify a preferred path out of the PPP contract, whether early termination under the terms of the contract, variation to make it technically compliant (perhaps an EfW solution specified by Renewi), or a separate mutual agreement (for example by altering the Expiry Date).

This is primarily a desktop exercise although some discussions with the relevant officers in Scottish Government will be needed (we note that engagement is ongoing).

#### Workstream B Long Term Technical Options Mapping

The Consultant will:

1. identify a shortlist of ideal long term solutions beyond 2025/2026. There are several variables in this including the possibility of partnering solutions with neighbouring authorities (notably Highland Council, West Dunbartonshire, Eilean Siar).

The findings of Workstream A regarding the future of the PPP is key to keeping the shortlist manageable. The technical sectoral expertise to map out the options already exists in the Council. The Consultant will facilitate the process and to ensure that there is sufficient clarity on the options for them to be expanded in a Green Book appraisal. A workshop would be the most effective and efficient way of agreeing which options to be taken forward into more detailed analysis.

#### Workstream C Short-to-Medium Term Technical Options Mapping

The Consultant will:

1. identify a shortlist of technical solutions to get to 2025/26

The purpose of the third workstream is to identify a shortlist of solutions to get to 2025/26. These solutions could be constituent parts of the long term solutions identified in Workstream 2 or separate shorter term arrangements.

As with Workstream 2, making assumptions to fix as many of the variables as possible provides the key to developing a manageable shortlist. This means agreeing which variables will have a major influence on the outputs, and which are less significant. For example it could be assumed that the Deposit Return Scheme will initially have an insignificant impact on the waste stream in its early days, but will gradually divert more as time goes on. If necessary, the results of Green Book analysis can be examined to test for sensitivity to these input assumptions.

As discussed above, the technical sectoral expertise exists in the Council and our role would be to facilitate the process and to ensure that there is sufficient clarity on the options for them to be expanded in a Green Book appraisal. This can be done during the same workshop as Workstream B.

#### Workstream D Valuation of Costs and Benefits

Workstreams A, B and C will provide a set of pathways that lead from the present day to long term arrangements that meet the needs of the area, are compliant, and have the flexibility to cope with foreseeable changes in demand and regulations.

The Consultant will provide an analysis of and quantify the costs and benefits of each option identified by developing and running a flexible spreadsheet model (as recommended in the Green Book), following these steps:

1. identify and value costs and benefits of all the pathways identified and for each:
  - a. estimate the financial cost to the public sector (in real base year prices);