

NORTH LONDON WASTE AUTHORITY

REPORT TITLE:

JOINT WASTE STRATEGY UPDATE

REPORT OF:

HEAD OF WASTE STRATEGY AND CONTRACTS

FOR SUBMISSION TO:

AUTHORITY MEETING

DATE:

6th February 2008

SUMMARY OF REPORT:

This report updates members on progress made with implementing the North London Joint Waste Strategy (NLJWS) since the last Authority meeting on 7th December 2007. The report includes progress made with carrying out a strategic environmental assessment of the North London Joint Waste Strategy and proposed changes to the strategy resulting, and additionally seeks approval to establish a capital programme.

RECOMMENDATIONS

The Authority is recommended to:

- i) note the progress on the strategic environmental assessment of the North London Joint Waste Strategy;
- ii) provide revenue support for a capital programme of £12m from 2008/09 for the acquisition of sites for new waste facilities; and
- iii) comment on the potential need for a delegated authority to the Financial Adviser, in consultation with the Chairman or a Vice Chairman, to acquire suitable land for the purpose of then procuring waste services in relation to dry recyclable wastes and biodegradable wastes in accordance with the conditions at paragraph 7.12 of this report.

**Signed by Head of Waste Strategy
and Contracts**

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Date:

1.0 BACKGROUND

- 1.1 The 'Mayor's Draft' North London Joint Waste Strategy (NLJWS), September 2004, provides the framework for progress towards reducing, reusing and recovering a greater proportion of the municipal waste which is generated in the North London Waste Authority, 'the Authority', area and reducing the amount which is sent for disposal to landfill. This report provides an update on progress made with implementing the NLJWS since the last Authority meeting in December 2007.

2.0 STRATEGY ADOPTION AND STRATEGIC ENVIRONMENTAL ASSESSMENT

- 2.1 Due to the NLJWS not having been formally adopted by 22nd July 2006, it became necessary to prepare a Strategic Environmental Assessment (SEA) of the NLJWS. A range of baseline data was assembled for this, along with potential environmental impact assessment criteria.

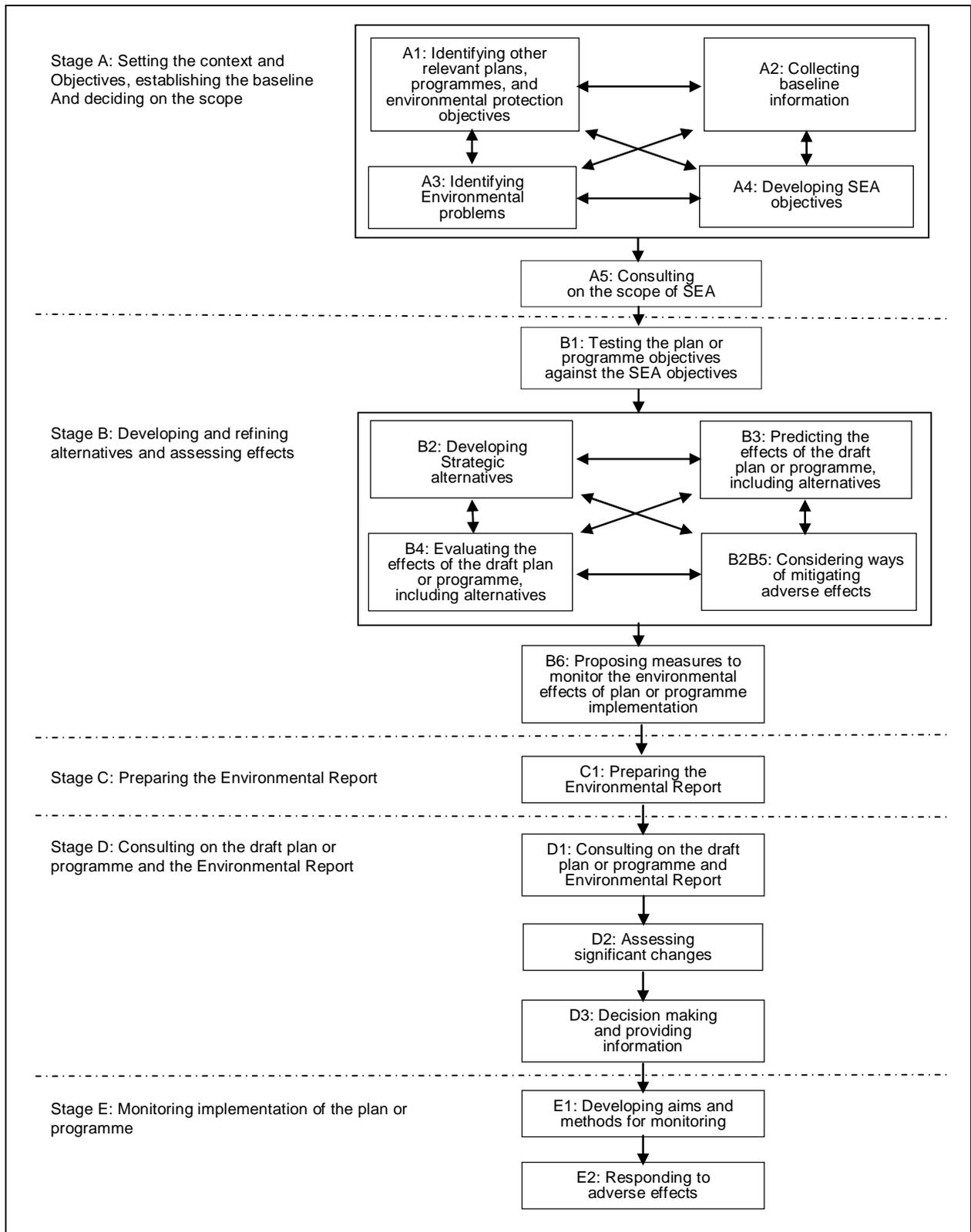
SEA Scoping Report

- 2.2 Following the production of a draft SEA scoping report and consultation responses received from the statutory consultees (English Nature, the Environment Agency and Natural England) and the GLA, the SEA scoping report has now been revised in the light of the comments received. A summary of the comments was provided at the Authority meeting in December 2007 within the North London Joint Waste Strategy Update report. A copy of the resultant revised SEA scoping report will be included as an appendix to the retrospective SEA environmental report once this is released for public consultation.

SEA Environmental Report

- 2.3 The draft environmental report which is produced as the next stage of the SEA process, (see Figure 1 below - Stage C), has recently been completed. This report needs to be approved by each of the partner authorities to the NLJWS (i.e. the Authority and the seven constituent borough councils) prior to release for six weeks of public consultation (Stage D1 in Figure 1 below).
- 2.4 At the Authority meeting in December 2007 Members approved the delegation of authority to the Head of Waste Strategy & Contracts, in consultation with the Chairman and group leaders, to revise the SEA scoping report following the recent consultation and to approve the SEA environmental report for public consultation. A verbal update on further progress will be provided at the meeting.

Figure 1: - Relationship between the SEA Tasks



2.5 The draft environmental report consists of a number of different assessments of the options available for managing municipal waste within North London into the future. The different options are shown in table 1 below. The first four options are the options included and assessed in the Mayor's Draft North London Joint Waste Strategy 2004 and the fifth, the 'reference project' being used for the procurement strategy. All scenarios have been modelled to reach the Waste Strategy for England 2007 target of 50% household waste recycling and composting by 2020 and all scenarios assume the current systems of dry recyclables collections within the constituent borough councils remain as at present.

Table 1: Features of the Five Scenarios Assessed by the SEA process

Element	Option 1 Minimum Compliance Scenario	Option 2 Borough-led Scenario	Option 3 Partnership Scenario	Option 4 Mayor's Aspirational Scenario	Option 5 Procurement Scenario
Recycling and Composting Standards	Waste Strategy 2000 (30% by 2010, 33% by 2015), 50% by 2020 from kerbside collection	Strategy Unit proposals (35% by 2010, 45% by 2015), 50% by 2020 from kerbside collection	Strategy Unit proposals (35% by 2010, 45% by 2015), 50% by 2020 from kerbside collection	50% by 2010, 55% by 2020 from kerbside collection Recycling/composting through the MBT performance increases the level to 60%.	45% by 2015 50% by 2020 from kerbside collection
Recycling and Composting Collection Method	Mix of kerbside sorting and commingled collections	Mix of kerbside sorting and commingled collections	Mix of kerbside sorting and commingled collections	Mix of kerbside sorting and commingled collections	Mix of kerbside sorting and commingled collections
Recycling and Composting Processing Method	Sorting and bulking materials before delivery to reprocessors In-vessel and open windrow composting facilities	Sorting and bulking materials before delivery to reprocessors In-vessel and open windrow composting facilities	Sorting and bulking materials before delivery to reprocessors In-vessel and open windrow composting facilities	Sorting and bulking materials before delivery to reprocessors In-vessel and open windrow composting facilities	Sorting and bulking materials before delivery to reprocessors In-vessel and open windrow composting facilities
Energy Recovery Treatment Technology	New Energy from Waste (EfW) plant (450,000 tonnes per year) replaces existing Edmonton EfW plant in 2015)	Edmonton EfW plant closes in 2015 and is replaced by 2 gasification plants taking a total of 250,000 tonnes per year; 2 Mechanical and Biological Treatment (MBT) Plants with Refuse Derived Fuel (RDF) facilities capacity to take 385,000 tonnes per year; 2 MBTs with Anaerobic Digesters (AD) to take 270,000 tonnes per year.	New EfW plant (450,000 tonnes per year) replaces existing Edmonton EfW plant in 2015, plus a 250,000 tonnes per year MBT with AD Plant	New EfW plant (270,000 tonnes), representing North London's per capita share of London's current energy from waste capacity, replaces Edmonton EfW plant in 2015 plus 200,000 tonnes per year MBT with AD plant.	New EfW plant (540,000 tonnes per year) replaces Edmonton EfW in 2015 plus a 250,000 tonnes per year MBT with RDF plant.

2.6 The draft environmental report follows the relevant government guidance in respect of SEA, but it has been broadened out to also address social and economic issues and effects in line with the process of Sustainability Appraisal undertaken by the Mayor of London on his strategies.

2.7 In terms of establishing the sustainability baseline and context the report draws heavily on the work already undertaken for the sustainability appraisal of the North London Waste Plan much of which is directly relevant to the SEA of the NLJWS, together with other sources of information. Where this process has differed most significantly is in developing the SEA objectives. It is necessary to ensure that there is some consistency between the way in which the constituent borough councils as planning authorities are assessing the potential environmental impact of waste planning and the way in which the Authority and the constituent borough councils as partners are assessing the environmental impact of implementing the municipal waste management strategy for the area through the NLJWS. However, the NLJWS SEA objectives have been primarily drawn from the sustainability appraisal of the Mayor of London's Business Waste Strategy and then amended as appropriate for the NLJWS, which means they are not identical to the North London Waste Plan sustainability appraisal objectives. The reasons for the differences are that:

- i) The North London Waste Plan is a land-use planning document covering a wider range of wastes than the NLJWS so it would not be expected that the two sets of objectives would be identical.
- ii) Additionally the North London Waste Plan sustainability appraisal includes 31 sustainability objectives whilst the NLJWS SEA only has 20 objectives (SEA is narrower in scope than sustainability appraisal) so it is not possible to achieve an exact match.

However, as far as possible taking the above into account, the NLJWS SEA objectives have been aligned to the North London Waste Plan sustainability objectives outlined in the Sustainability Appraisal of the North London Waste Plan, Issues and Options Sustainability Commentary, Mouchel, December 2007, (table 3.1.2).

2.8 The North London Joint Waste Strategy, SEA draft environmental report also includes:

- An assessment of the likely environmental impact of five different alternative options for managing waste in North London, as set out in Table 1. This assessment has been carried out by AEA Technology Ltd out using the Environment Agency's lifecycle assessment tool, WRATE (Waste and Resources Assessment Tool for the Environment) which is a 'Life Cycle Assessment' (LCA) software tool for comparing different management systems treating Municipal Solid Waste (MSW).
- A qualitative assessment of the options using the professional judgement of consultants working for the environmental consultancy Entec waste management and planning and environmental appraisal group. All those consulted have considerable experience of waste strategy development and implementation and strategic environmental assessment of waste strategies and waste local development frameworks.

- Use of AEA Technology Ltd's WASTEFLOW performance model which models the flows of waste between processes and facilities and estimates the costs of providing the service. This assessment was carried out by AEA Technology Ltd. and peer reviewed by Ramboll (technical consultants) and was used for predicting the costs of the different alternative options.
- 2.9 The SEA environmental report will be sent to the constituent borough councils for approval through their own processes, prior to its release for public consultation. The Head of Waste Strategy in consultation with the Chairman and group leaders will be responsible for this approval on the Authority's behalf as agreed under previously delegated authority.
- 2.10 When all seven constituent borough councils and the Authority have approved the report's release for public consultation, a press release will be issued and copies of the report will be sent to all borough libraries and to a list of organisations outlined in the draft environmental report. If appropriate, residents attending the North London Waste Plan community workshops reported upon elsewhere on this agenda will also be asked if they would like to be sent a copy of the report when it is available; a downloadable copy will be also be made available on the Authority website.
- 2.11 A non-technical summary of the environmental report has also been drafted and will be similarly made available once it has been approved.

Revisions to the North London Joint Waste Strategy

- 2.12 A copy of the 'Mayor's Draft' North London Joint Waste Strategy (2004) will be issued alongside the SEA environmental report. Having reviewed the draft environmental report, the main outcome is a need to rewrite Chapter 6 of the North London Joint Waste Strategy 'Identifying the Best Practicable Environmental Option for North London' and an update of Chapter 7 'Implementation of the North London Best Practicable Environmental Option'.
- 2.13 It is also proposed that other minor updates are made in preceding chapters of the strategy to ensure that tables and graphs are based upon the most recent information e.g. in relation to waste arisings and sources. A list of tables and figures that will be updated will also be issued at the same time.
- 2.14 All proposed amendments will be sent in draft to the constituent borough councils and to the Authority Chairman and group leaders for prior comment before release for public consultation.

Ongoing Monitoring and Next Steps

- 2.15 The draft environmental report also proposes a framework and set of proposed indicators for monitoring the impact of implementing the North London Joint Waste Strategy which will require an ongoing commitment to both monitoring and reporting.

- 2.16 The next stage in the process, following the public consultation on the environmental report will be to consider the comments and make any further changes to the North London Joint Waste Strategy resulting from the same. It will be necessary to show that consultee comments have been considered and incorporated.
- 2.17 A copy of the environmental report, non-technical summary and suggested changes to the North London Joint Waste Strategy resulting, will be sent to Authority members once released for public consultation.

3 STATUTORY REQUIREMENTS

North London Waste Plan

- 3.1 Progress on the North London Waste Plan (NLWP) is reported six monthly to members. A separate report on this is included elsewhere on this agenda.

4.0 WASTE HIERARCHY OPTIONS

Waste Minimisation – Waste Prevention Implementation Plan

- 4.1 A separate report is included elsewhere on this agenda providing details of a proposed and updated North London Waste Prevention Plan 2008–2010, as the existing plan comes to an end at the end of March 2008. This plan includes proposals for the future regarding waste avoidance, reduction and reuse. Similarly, discussion of recycling and re-use credits is included elsewhere on this agenda.

Waste Management - Recycling and Centralised Composting

- 4.2 Plans to respond to the increased demand being placed on the Authority for recycling sorting and biodegradable waste treatment services are reported later in this report.
- 4.3 However, in relation to the existing centralised composting service which is provided by LondonWaste Ltd. and Agrivert, a Duty of Care compliance visit has been undertaken since the last Authority meeting. The visit was made to to Agrivert's Ardley site on 23rd November 2007. This is where the composted material from the LondonWaste Ltd. Edmonton site is taken for further maturation, so that it is suitable for use.
- 4.4 The visit was undertaken by the Authority's Principal Policy and Projects Officer and showed the site to be fully compliant with all the necessary regulations. A report of the visit has been produced.

Waste Management - Recovery and Landfill

- 4.5 Research proposals with the University College of London's (UCL's) Environment Unit for the Authority to be the focus of a potential 2 year research study investigating greenhouse gas emissions and the environmental impact of waste management using a life cycle analysis approach have been finalised and a funding bid submitted. As noted at the December Authority meeting, the proposal includes an investigation of different waste management scenarios for managing North London's municipal waste with a focus on the comparison between the impact of using pyrolysis and gasification as residual waste treatment methods. The outcome of the funding bid will be known in July.

5.0 MANAGEMENT OF OTHER WASTE STREAMS

Waste Electrical and Electronic Equipment

- 5.1 Plans are underway to issue a tender for a zero value contract for a producer compliance scheme for the collection of waste electrical and electronic equipment (WEEE) for recycling from all the re-use and recycling centres (and from a number of additional 'designated collection facilities') within the North London area. The new contract will start from 1st June when the Authority's current contract with DHL comes to an end.

6.0 IDENTIFYING THE BEST PRACTICABLE ENVIRONMENTAL OPTION FOR NORTH LONDON

- 6.1 Information on the impact of the retrospective SEA of the North London Joint Waste Strategy is already reported upon elsewhere in this report.

TfL Waste Transport Model – Feasibility Study

- 6.2 In addition to the above, an officer from the Authority has been providing representation on a steering group for a project run by Transport for London (TfL). The project has been investigating the feasibility of developing a pan-London construction and waste model. The context for the feasibility study is that the recently published London Freight Plan has identified and highlighted the challenges which will be faced in transporting waste in London in the future, particularly in the light of the London Plan requirements to site additional new waste management facilities within London. The London Freight Plan notes that the challenge is to ensure that strategic planning and development proposals keep waste transport impacts to a minimum.
- 6.3 The feasibility study has investigated the potential for developing a transport model which could be used to determine the 'best' locations for waste facilities across London, from a transport viewpoint, looking at this from a range of perspectives such as cost, fleet size or environmental impact. The review has investigated the potential to develop a model for construction waste, municipal waste and commercial and industrial waste. The key features of the proposed model would be:

- That it will be a transport model, i.e. it would consider the transport impacts of waste movement.
- It would be a strategic model intended to support decision making.
- It would cover all the main flows of waste arisings in London.

6.4 The feasibility study has concluded that such a model is both feasible and that it could provide significant benefits for London. The model could be potentially used by the Authority to assess the transport impacts of siting new facilities in particular locations and the comparative impact if alternative locations were developed and as such would be an extremely useful decision-making tool.

6.5 The next step in the process is for TfL to present a business case for funding to develop the model.

7.0 IMPLEMENTING THE BEST PRACTICABLE ENVIRONMENTAL OPTION FOR NORTH LONDON

Waste Disposal Implications - Dry Recyclable and Biodegradable Wastes

7.1 As reported at the December 2007 Authority meeting, from April 2008, the Authority will have some 59,000 tonnes p.a. of commingled dry recyclables under its control and 63,000 tonnes p.a. of biodegradable wastes, with no local treatment capacity for the first and only 30,000 tonnes p.a. for the second. This opens up the real possibility of the Authority procuring new local treatment services which would have the principal advantage of avoiding the financial costs and environmental impacts of transporting our wastes across London (commingled dry recyclables) or out to Cambridgeshire (additional biodegradable wastes) for treatment, and which would also contribute to the local regeneration objectives within the North London Joint Waste Strategy.

7.2 If such facilities were built in a suitable location(s) within North London to which most constituent borough council collection vehicles could deliver directly, there would be a significant financial saving. For the dry recyclables alone, the Authority is budgeting for over £1m in 2008/09 for local reception, bulking and transportation of these wastes, most of which would be saved (depending on the location of the site and what degree of local bulking was still necessary), along with the environmental benefits of eliminating some 3,000 bulk lorry movements p.a. For the additional biodegradable wastes the savings and benefits are similar, pro rata.

- 7.3 It is believed that the best way to optimise competition between MRF service providers is for the Authority to secure and offer up a suitable site, on which all contractors can tender to provide the best service they can. If finding sites is left to the private sector it is quite likely that: the Authority will have to make compromises between tenderers who have the best locations and tenderers who have the best processes; and that a privately provided site will have to contain in the gate fee not only the same initial site acquisition costs, but also relatively high commercial rates of interest and profit margins added on top. And in addition to this, capital loan repayments would be set against a fixed sum in the case of prudential borrowing, but a private sector cost included in a gate fee would have some form of inflation indexation on top too. Looking to the further future, once the contract comes to an end, if the MRF is redundant or life-expired, the Authority would then have a site with established waste use in North London upon which to request tenders for whatever new waste treatments or services may be required in the future, or an asset with which to fund alternatives.
- 7.4 Careful design may permit the separate bulking of kerbside-sorted materials at the same facility so that the higher value of the papers in particular can be preserved.
- 7.5 The same competition issues will arise in relation to the treatment of the biodegradable wastes (i.e. by offering a site we are removing a significant obstacle for prospective tenderers and thereby optimising our prospects of competition and securing the best technological solution on the best terms), although the Authority will be able to consider the relative merits of either more aerobic composting capacity or new anaerobic digestion capacity. The first is a process aimed at producing a good quality compost that can be used in open spaces and on farms (where it will add organic matter to the soil); the second is a process aimed at producing a gas that can either be refined and used to power commercial vehicles or fed into a gas turbine to generate electricity and possibly heat, but leaves a digestate (the remaining processed organic matter) for which outlets are less certain.
- 7.6 Since the last meeting of the Authority, further work has been undertaken in quantifying the benefits of this approach that was presented to and accepted by the all-party Members budget scrutiny group that met in January 2008. Using more recently commissioned consultants' advice, it was shown that a commercially attractive MRF of 100,000 tonnes p.a. capacity (a realistic level for NLWA by the time it is built) would need a site of some 5 acres, which at local industrial land values of around £1.5m acre would suggest an indicative capital cost of £7.5m. Turning to the biodegradable wastes, the current composting facility at Edmonton occupies some 3 acres, which might cost £4.5m. If it is possible to find a single site on which the two facilities can both be built, there would be the savings (land-take and financial) of building just one weighbridge station, and the operational benefits to those boroughs collecting these two streams on the same vehicle of tipping both at a single location.

- 7.7 A model was then constructed to assess the annual cost of prudentially borrowing £12m (including interest and the required minimum repayments), converting this annual borrowing cost into a cost per tonne of each facility and comparing effectively the cost of borrowing against the cost of bulking and transportation. In the case of the dry recyclables this showed a saving of £12.480m over a ten year period and for the biodegradable wastes the saving was £2.388m (lower because the tonnes handled per acre are relatively low compared to the dry recyclables MRF). In both cases, this is the scale of benefit to the Authority without adding in commercial borrowing costs or indexation impacts, which would improve the benefit.
- 7.8 It should be noted however that at the beginning, whilst the procurement, planning and construction of the facilities is underway, the Authority will have to service its new debt and pay the transport costs, as the savings will only arise in practice once the new facilities are physically receiving wastes. In the case of the MRF there may therefore be three years of paying some £0.45m more than current levels in order to obtain annual savings of at least £1.2m - £1.4m for the life of the facility (and arguably beyond given the capital asset); and for the biodegradable wastes the sums may be £0.25m and £0.3m respectively. Savings of this order would result in a levy saving of some 3.3%.
- 7.9 It is therefore recommended that revenue support for a capital programme of £12m be provided from 2008/09 for the acquisition of sites for new waste facilities. This represents some £0.552m in the 2008/09 financial year (when no minimum repayment is required) and £0.8m - and reducing - in years thereafter (when minimum payments are required, but as the principal sum is reduced, interest - and therefore total annual repayments - reduces too). This would provide for site needs for dry recyclable and biodegradable wastes currently committed to the Authority from 2008/09 onwards. This budget provision is already within the draft 2008/09 budget elsewhere on this agenda.
- 7.10 Assuming Members are content to establish this capital programme, it will then be necessary to consider the administrative procedures needed in order to procure suitable land. Experience shows that when suitable sites become available, it may be necessary to act quickly, as competing private property investors and developers will otherwise always be able to offer the vendor of any site greater certainty and immediacy of income. During 2007 a site of some 23 acres of industrial land became available in the Lee Valley corridor, but the estate agent took it off the market in less than two weeks as a sale had already been agreed.
- 7.11 The Authority has two principal options open to it, if it is to genuinely equip itself to move quickly in this market. The first is to bring the matter to an Urgency Committee. Whilst this still has to be called, and papers despatched five clear working days ahead of the meeting, the fact that the quorum is only two Members means it is more likely to be able to transact the business than an Extraordinary Meeting of the Authority, even though the quorum for this is only four Members. The second option is to delegate authority to the Financial Adviser to purchase a suitable site, so long as a pre-agreed set of strict criteria have been adhered to, and where the decision will be reported back in full at the next available ordinary meeting of the Authority.

7.12 Whilst at present there is no immediate urgency, it is recommended that the Authority comments on the potential need for a delegated authority to the Financial Adviser to procure suitable land for the purpose of then procuring waste services in relation to dry recyclable wastes and biodegradable wastes as set out in this report, on the condition that the following conditions are met:

- i) There is a clear case for urgent action;
- ii) There is a clear business case for acquisition;
- iii) Assurance has been secured on the risk of abortive expenditure through planning failure, topography and ground conditions;
- iv) Written agreement with the Authority's Technical and Valuation Advisers has been obtained on the proposal to act;
- v) Consultation with the Authority Chairman or a Vice Chairman has taken place;
- vi) The Authority has adequate funds to meet all associated expenditure, including interest and debt payments, during the prevailing financial year; and
- vii) A full report will be presented to the next Authority meeting.

8.0 RECOMMENDATIONS

8.1 The Authority is recommended to:

- i) note the progress on the strategic environmental assessment of the North London Joint Waste Strategy;
- ii) provide revenue support for a capital programme of £12m from 2008/09 for the acquisition of sites for new waste facilities; and
- iii) comment on the potential need for a delegated authority to the Financial Adviser, in consultation with the Chairman or a Vice Chairman, to acquire suitable land for the purpose of then procuring waste services in relation to dry recyclable wastes and biodegradable wastes in accordance with the conditions at paragraph 7.12 of this report.

9.0 COMMENTS OF THE FINANCIAL ADVISER

9.1 The Financial Adviser has been consulted in the preparation of this report and additionally advises that a revenue provision of £0.552m has been allowed for in the draft 2008/09 budget, and that the capital Prudential Indicators have been prepared accordingly for Members to agree as part of the report on the Revenue Budget and Levy for 2008/09.

10.0 COMMENTS OF THE LEGAL ADVISER

- 10.1 By virtue of the Waste Regulation and Disposal (Authorities) Order, the provisions of section 120 Local Government Act 1972 other than 120 (1)(b) apply to the Authority, and permit the Authority to acquire by agreement any land (whether situated inside or outside its area) for the purposes of any of its functions.

Local Government Act 1972 – Access to information

Documents used: North London Joint Waste Strategy, Mayor's Draft, September 2004

Directive 2001/42/EC – the Strategic Environmental Assessment (or 'SEA') Directive

A Practical Guide to the Strategic Environmental Assessment Directive, September 2005, available at <http://www.communities.gov.uk>

Sustainability Appraisal of the North London Waste Plan, Issues and Options Sustainability Commentary, Mouchel, December 2007, see www.nlwp.net

Waste Strategy for England 2007, DEFRA

London Freight Plan: sustainable freight distribution, a plan for London, TfL, October 2007

Draft Further Alterations to the London Plan, (Spatial Development Strategy for Greater London), GLA, September 2006

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Report Ends