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Ian Bairstow
Acting Director for Waste and Street Scene
Bradford Metropolitan District Council
Jacob's Well
Nelson Street
Bradford
BD1 5RW

Your ref:
Our ref:
Date: 07 Apr 2008

Dear Ian

Bradford Metropolitan District Council (BMDC) Waste PFI project

I am writing to inform you that consideration of the Outline Business Case (OBC) you submitted in October 2007 for the BDR Waste PFI project has been completed. I am pleased to be able to tell you that your project was endorsed by the Project Review Group (PRG) on 25 March 2008 as ready to enter into procurement. We expect that central Government revenue support will be given based on PFI credits of £62.1million. Your scheme should be developed so that it is affordable within this offer.

Conditions

Support for this project depends on the project continuing to meet all the published criteria in the Department for Communities and Local Government *Local Government PFI Project Support Guide*, available at www.local.communities.gov.uk/pfi/pfigrant.htm. In particular, you are reminded of the requirements on the use of standardised contract documentation; and on sharing documentation, including publication of your OBC (barring any sensitive information) on your website as soon as possible.

In approving your project the PRG have applied the following condition which the authority will need to satisfy prior to publication of the OJEU notice.

- The project must demonstrate that the members of Bradford Council fully understand the risks and costs of Calderdale Council withdrawing from the scheme.

This letter is without prejudice to any other consent that may be required, for example, in connection with planning legislation.



Procedures

Please keep in touch with us about your project so that we can assess progress. We will monitor your progress during procurement and particularly at ISOS and preferred bidder stages. We have agreed that you are aiming to reach these stages by October 2008 and March 2010.

In particular, you are reminded of the requirements to: negotiate a contract based on standardised contract documentation; comply with the Government's commitment to achieving "Better Public Buildings"; and share documentation with this Department or other local authorities procuring a similar project at no cost. Standardised contract documentation should be taken to mean 'Standardisation of PFI Contracts' (Version 4), available at

http://www.hm-treasury.gov.uk/documents/public_private_partnerships/ppp_index.cfm . Any derogations are expected to be exceptional and must first be agreed with HM Treasury in line with its 21 March 2007 implementation letter. It is strongly advised that compliance with the standardised contract should be settled prior to the appointment of a preferred bidder.

Your project should reach financial close by no later than 31st July 2010. Failure to achieve financial close by this date could mean withdrawal of support for the project and you must therefore notify this Department, with an explanation of the reasons, if you should need an extension to the deadline.

The Department must be informed immediately if the scope, contract, need for credits, timetable, or any other aspect of the project is changed in any material way from the case agreed. If that happens you will need to obtain the Department's written agreement to all proposed changes in good time before the contract is signed. You will not be able to rely on existing letters as entitling your authority to a PFI credit, and failure to secure prior agreement to deviations will invalidate any undertaking by the Department or PRG to support your scheme.

Once you are clear about the value of the eligible expenditure under the contract, you may request a promissory note confirming the level of support you can expect to receive from the Department.

You should send a Final Business Case (FBC) to this Department before you select a preferred bidder. The FBC should provide re-assurance that the project continues to support the aims and outputs approved at OBC, and that the procurement process has been such as to ensure VfM. It should set out any proposed derogations to the standard contract conditions for each 'final tender' being assessed by the authority and these need to be agreed with the sponsoring department. Any post-preferred bidder risks should be highlighted. A number of projects will also be selected for a second stage review by PRG and you will be notified in due course if your project is selected. Note that it is a Departmental requirement that you (the authority) meet with Defra (WIDP) to discuss the process six months prior to the submission of the FBC.

We will formally issue PFI credits on the basis of an approved final business case (FBC) and a letter confirming the date the contract was signed. In doing so we will provide you with details of how and when revenue support can be claimed as set out in the Local Government PFI Annuity Grant Determination for the financial year in which grant is first

claimed. The interest rate which will be applied in calculating grant for your project will be **5.9%**, and the scaling factor of **1**. Your authority will need to ensure that funds are available to cover that part of the payments to the contractor which will not be met by central Government. You will be eligible for grant when responsibility for the maintenance of assets is transferred.

Revenue support is not intended to match or correlate directly to the payments that arise under a PFI contract. However, the Government is committed to supporting good PFI projects and to assisting the development of PFI in the local authority sector. Its policy is therefore to maintain revenue for PFI projects in the long term, consistent with the long-term nature of PFI contracts, even though formally such support cannot be guaranteed.

Yours sincerely,

A handwritten signature in black ink, appearing to read "John Burns", written over a horizontal line.

John Burns
Programme Director
WIDP

CONTACT
DETAILS
REDACTED.

