

Jill Campbell Waste Project Manager Bradford MDC XXXXXXXXXXXXXXXXXX	John Burns Programme Director Waste Implementation Programme 5/D13 Ashdown House 123 Victoria Street London SW1E 6DE
	Date: 24 May 2007

Dear Jill

Expression of Interest (Eol) for PFI funding – Round 2

Thank you for your submission of an Eol on behalf of Bradford Metropolitan District Council. I am writing to notify you of the results of the evaluation process.

The Eol was evaluated by colleagues in the Waste Infrastructure Delivery Programme (WIDP) scrutiny team with recommendations considered and approved by the WIDP Programme Board.

The primary aims of this stage of the application process are to provide an opportunity for:

- a) a review of the compatibility of the Authority's procurement strategy with DEFRA's PFI criteria; and
- b) an assessment of the Authority's state of readiness in relation to the preparation of the Outline Business Case (OBC) required to secure PFI funding.

Accordingly we provide feedback under two separate headings.

Compatibility with PFI Criteria

I am pleased to confirm that in the opinion of the WIDP Board the Authority's procurement strategy appears likely to lead to the development of a project that could be eligible for PFI credits. Please note that this is a provisional conclusion based on the information provided to WIDP to date. It will be subject to a further more detailed evaluation at the OBC stage and there is no commitment from DEFRA at this stage in relation to the allocation of PFI credits. The allocation of credits will be based on the approval of an OBC.

I would draw your attention to the following issues relating to compliance with the DEFRA PFI criteria.

a) Criterion 2 - the criterion refers to "longer term national targets for recycling and composting." The new National Waste Strategy incorporates new higher targets for recycling/composting. Plans to comply with these targets will need to be incorporated in OBCs for projects in Round 2 onwards. Your EoI indicates that you expect to exceed 40% beyond 2010, but we would welcome clarification of your projected performance in relation to 2012/13 and 2019/20 UK Landfill Directive targets.

b) Criterion 1 – the criterion states that "Local Authorities are strongly encouraged to have explored with neighbouring authorities the opportunities for joint working when considering a major procurement". The Board notes that Calderdale will be providing residual waste to your approved technology solution up 2010. We would welcome clarification in your OBC submission on what will be the long-term solution for Calderdale's residue waste treatment after this date

State of Readiness

In the light of the above the Board takes the view that inviting the Authority to finalise an OBC for a PFI project by 31 October 2007. The Board notes that you would like to be considered for Round 1, if any of the authorities involved do not proceed. If this eventually does occur we would consider an earlier submission of your OBC. As your thoughts on submission date develop we would be grateful if you could liaise with your Transactor at the earliest opportunity as it will be necessary to agree a PRG meeting date with Treasury several months in advance.

The Process Going Forward

Your WIDP Transactor, Niranjan Patel will be available to assist you over the course of the next few months. In particular, Paul will be able to assist you in the development of your procurement timetable. In addition to ensure the greatest possible transparency in the Scrutiny Process we would like to offer you an opportunity to meet the WIDP Scrutiny team prior to the finalisation of the OBC. For a submission date in April 2008 we would suggest that a meeting in early February 2008 would be the right time. However the timing can be flexed to suit your timetable and I would invite you to liaise with your Transactor to agree an appropriate date.

We would also like to highlight the potential benefit to the project of the Gateway Review process. The Gateway Review process examines a project at critical stages in its lifecycle to provide assurance that it can progress successfully to the next stage. The process is recognised as adding significant value and WIDP is now recommending that it be adopted for all major waste projects. This free service has historically been provided by the 4ps but which is now available through WIDP. More details regarding this process are available at www.4ps.gov.uk

As you are now in the position of having reasonably firm plans regarding the timing of and capacity of new residual waste treatment facilities we would like to reflect your plans in

WIDP's Interim Reporting Tool (IRT). The IRT model aggregates the existing and planned new facilities across all WDAs in England to allow a comparison of the forecast residual waste capacity with that needed to comply with EU landfill targets. The data for the IRT model is collected monthly from Authorities and we would like to include in the data gathering exercise from June onwards. Niranjana Patel will be able to provide more details of how the data collection process works.

Finally, please note that DEFRA's PFI credit allocation policy is being revised to bring it into line with other Government Departments. From Round 2 onwards the PFI credit awarded to an individual project will be a set percentage of the relevant capital expenditure in the OBC. The percentage will only be finalised when the outcome of the current Comprehensive Spending Review (CSR 07) is known. However for the time being we are asking Authorities to assume a PFI Credit equal to 50% of the relevant capital expenditure when preparing the affordability section of their OBCs. We will not reduce that percentage and will review the potential for an increase before OBCs have to be completed for Round 2. We will issue further guidance on what constitutes "relevant" capital expenditure in due course but broadly it will be capital expenditure relating to residual waste treatment facilities.

If you require any further information regarding the contents of this letter please do not hesitate to contact John Enright, Head of Project Development and Scrutiny for WIDP [REDACTED]

Yours sincerely



John Burns
Programme Director

CONTACT
DETAILS
REDACTED.

<http://www.defra.gov.uk/environment/waste/wip/index.htm>

