

WASTE PPP UPDATE

1.0 EXECUTIVE SUMMARY

- 1.1 The Council has in place a 25 year Waste PPP contract with Renewi which ends in September 2026. The waste PPP contract covers Oban and Lorn, Mid Argyll and Kintyre, Bute and Cowal together with the inner islands. The contract provides a disposal solution for general waste through a Mechanical Biological Treatment (MBT) process, with residual waste being landfilled. The contract also provides a transfer facility and haulage for co-mingled recycling.
- 1.2 Scottish Government are due to introduce a Biodegradable Municipal Waste (BMW) landfill ban from the end of December 2025. The last 9 months of the PPP 25 year contract will not be compliant with the new regulation.
- 1.3 This report provides the Environment, Development and Infrastructure Committee (ED&I) with an update on the Waste PPP, and information relating to the continuation of engagement with Scottish Government regarding the derogation. Further discussion is taking place with Renewi as part of the considerations of the options appraisal (options noted below) reported to ED&I in December 2022.

RECOMMENDATIONS

It is recommended that the Environment, Development and Infrastructure Committee:-

Consider and endorse the content of this report and that further updates will be provided for September ED&I Committee.

WASTE PPP UPDATE

2.0 INTRODUCTION

- 2.1 This report provides an update on Waste projects and engagement taking place with Scottish Government and Renewi following report presented to ED&I committee on 1st December 2022.

3.0 RECOMMENDATIONS

- 3.1 Consider and endorse the content of this report and that further updates will be provided for September ED&I Committee.

4.0 DETAIL

- 4.1 The December ED&I report recommended two options for pursuance which are noted below and being progressed by Officers.
- Option 3 – request a time limited derogation from the Scottish Government for the Waste PPP area from 1st January 2026 - September 2026 for the municipal solid waste landfill ban which is due to be implemented from 1st January 2026. The Council has formally written to the Scottish Government regarding this request.
 - Option 4 – commence PPP contract discussions with Renewi (Waste PPP Contractor) regarding landfill ban compliance from 1st January 2026, should a time limited derogation not be granted by The Scottish Government. The Council has commenced such discussions with Renewi and this process is on-going.
- 4.2 Argyll and Bute Council Officers have engaged with Scottish Government officials regarding the request for a 9 month derogation to coincide with the Renewi contract end date of 2nd September 2026.
- 4.3 The Council Leader has been engaging with the relevant Scottish Government Minister to formally discuss the possibility of a time limited derogation. The Council Leader received communication stating that the Minister would meet with the Council Leader and Argyll and Bute Council officials. However, this original arrangement has now changed and

Scottish Government have approached the Scottish Environment Protection Agency (SEPA) asking for their view on the December ED&I report and options appraisal. The purpose of the derogation is to align the introduction of a BMW compliant solution with the natural end of the PPP contract in September 2026, a delay of 9 months.

- 4.4 Regardless of the derogation request being successful or not it is intended that the islands and the Helensburgh and Lomond areas, out with the PPP contract, would become BMW ban compliant from 1 January 2026.
- 4.5 Officers have engaged with Renewi through workshops regarding potential changes to the current contract to be compliant with the landfill ban, this is notwithstanding the infrastructure changes required to accommodate the ban implementation date, Renewi have been advised accordingly and funds set aside for the conversion of the MBT plants at Dalinlongart, Lingerton and Moleigh. The Council has set aside £3.5m for the development of a Waste Transfer Station in Helensburgh and the conversion of three MBT plants at the aforementioned sites to Waste Transfer Stations.
- 4.6 Members should note that we are not in a position to ask for a decision on the options proposed within the December ED&I report until such a time that a decision has been given by either Scottish Government or SEPA regarding the derogation. A further report will be taken to ED&I in September on the position at that time to allow Members to take an informed decision.
- 4.7 Officers continue to progress all Waste related matters and have noted below the next steps that are being taken with regard to the Waste PPP contract.
 - To seek to obtain a derogation from the Scottish Government, of limited term and scope, from the implementation date of 1st January 2026, with officers and the Council's political leadership working together to engage the Scottish Government at officer and Ministerial level in this regard;
 - Continue to engage with Renewi to ensure that there is a suitable alternative for landfill ban compliance should Scottish Government not agree to a derogation;
 - Bring forward a further report to the ED&I committee in September 2023 at which time Members would make a final determination on the aforementioned two points;
 - In the event of a derogation not being forthcoming, the Council engage with Scottish Government to seek funding for this additional burden and the additional high costs which would be incurred by the Council.

5.0 CONCLUSION

- 5.1 In concluding this report, officers will continue to engage with Scottish Government and Renewi to enable a report to be presented to ED&I committee in September 2023. At this time, it is hoped that the authority should have a definitive response on whether a derogation will be made available to us or whether the option is to continue pursuance of compliance with Renewi for the introduction of the BMW landfill ban and alterations made to infrastructure on the three main sites, Dalinlongart, Lingerton and Moleigh.

6.0 IMPLICATIONS

- 6.1 Policy – The council's waste strategy will evolve in line with the changes in legislation relating to the BMW ban of waste to landfill. A derogation will be sought, failing a successful response the current Renewi contract will be varied to comply with legislative changes.
- 6.2 Financial – Compliance with the 2025 Landfill ban will require financial resource and capital funds were set aside as part of the budget in February 2023. As the Scottish Government are initiating the change, we should continue to pursue financial support from the Scottish Government for this change to provide a long-term financially sustainable solution.
- 6.3 Legal – The existing PPP contract was not designed or written to accommodate the changes that the 2025 legislation will require. The contract allows variations to be made although the process is quite cumbersome. There will be legal implications, which will need to be resolved, relating to a contract variation relating to the derogation and/or changes in Renewi's contract.
- 6.4 HR – HR issues will be addressed prior to and during the process of contract handback. Having sufficient resource will factor into the project demands of waste management. TUPE will be relevant at the handback and during the process of progressing to handback should the Council operate the sites themselves.
- 6.5 Fairer Scotland Duty:
- 6.5.1 Equalities - protected characteristics – None
 - 6.5.2 Socio-economic Duty – None
 - 6.5.3 Islands – There may be potential ferry capacity issues for bulking and transporting waste material from islands, this has been highlighted to Transport Scotland.
- 6.6 Climate Change – Transitioning from Landfill to Energy from Waste would result in a reduction in the annual quantity of Greenhouse Gas Generated in Argyll and Bute. However, the additional road miles

incurred taking waste to EFW markets will offset the carbon reductions achieved through not landfilling.

6.7 Risk – There are financial risks associated with no Scottish Government with a derogation. This was noted within the December ED&I report.

6.8 Customer Service – None.

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