

# **Future of the Mechanical Biological Treatment Facility in Basildon**

30 June 2022

## Introductions:

Councillor Malcolm Buckley – Cabinet Member for Waste Reduction and Recycling

Councillor Bob Massey – Deputy Cabinet Member for Waste Reduction and Recycling

Nicole Wood – Project Owner and Executive Director Corporate Services

Jim Aldridge – Programme Director for Waste Transformation

Alex Creecy – Chief Technical Advisor

## Purpose of today's session

### Joint Place & Corporate Scrutiny Committee:

Today covers:

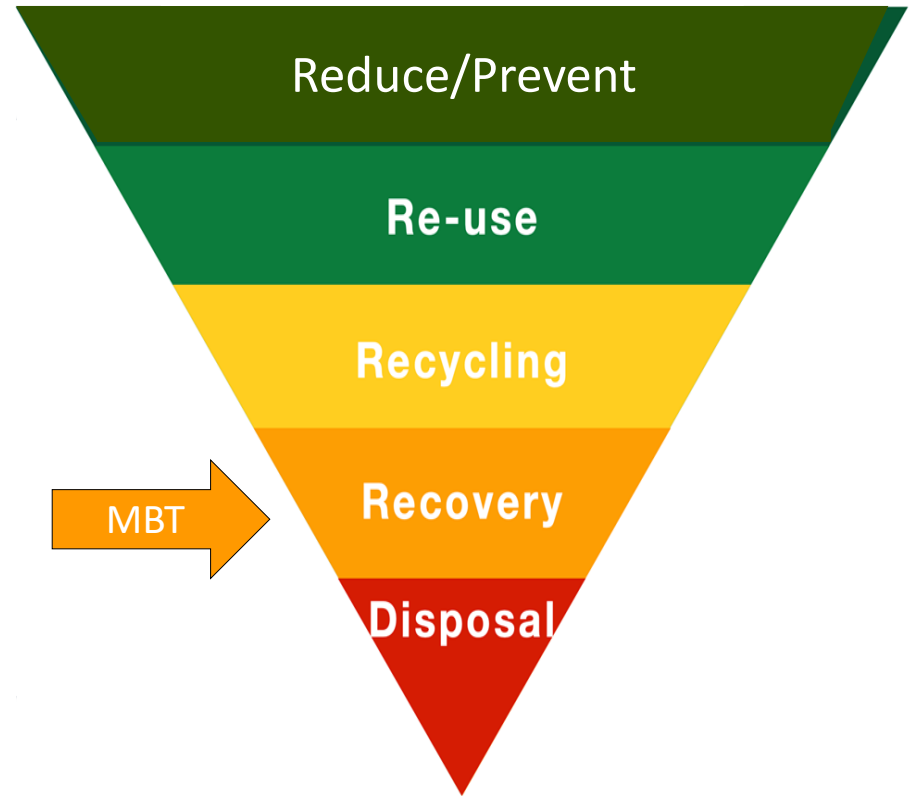
- Joint Municipal Waste Management Strategy
- Procurement and contract
- High court litigation and disputes
- Amendment and Settlement Agreement

### Future Place Scrutiny Committee:

Will cover:

- Future use of Courtauld Road site
- Essex Waste Strategy (EWS)

# Waste Hierarchy



# Joint Municipal Waste Management Strategy (JMWMS)

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- Produced in 2007
- 25-year duration
- Statutory requirement
- Signed by ECC and all District and Borough Councils, bar Colchester BC
- Core objective was to develop a sustainable waste-management solution that prioritised the reduction, re-use and recycling of waste and which minimised the amount of waste disposed through landfill
- 50% recycling target by 2020
- Proposed the introduction of Mechanical Biological Treatment (MBT) plants to treat residual waste
- Total waste management budget: £86m 22/23 rising to £95m by 25/26

# Technical - key facts

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Mechanical Biological Treatment Facility designed by UBB to treat all of Essex's residual waste - up to 417,000 tonnes per annum

Three main processing steps:

- Pre-processing – to extract recyclable materials such as paper, card, metals and plastics not separated by the public
- Composting – to reduce the biodegradability of the waste and to reduce its mass
- Refining – to extract glass and stones for recycling

Outputs:

- A single stream of stabilised material suitable to be used as a solid recovered fuel (SRF) to generate energy, or for landfilling
- ECC had responsibility for disposal of the outputs

# Contract & Project Structure – key facts

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- Contractor is Urbaser Balfour Beatty (UBB) – design, build, finance and operate (DBFO)
- 70% of the equity invested by Urbaser (£15.4m) and 30% invested by Balfour Beatty (£6.6m)
- 28 year PFI contract – SoPC4 contract, valued at circa. £800m
- Waste Infrastructure Credits - £100.9 million (£188.5m inc indexation)
- The total funding requirement was approximately £147m: equity (£22m), and senior debt (£125m)
- Lenders: Bayerische Landesbank, Norddeutsche Landesbank Girozentrale and SMBC Limited

# Key Milestones

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- 2007 – JMWMS launched
- 2009 – 2012 – Competitive Dialogue procurement
- 2012 – ECC signs contract with UBB for 25-years of operation
- 2014 – UBB complete construction of facility
- Jan. 2017 – UBB fail to commission facility by contractual deadline
- 2017 – ECC commence High Court proceedings against UBB
- May 2019 – 6-week High Court Case in Technology and Construction Court
- June 2020 – Judge issues Decision
- 2020 – ECC Legal costs recovered
- 2021 – Further High Court Claim
- 2022 – ECC and UBB enter into Amendment and Settlement Agreement
- 2024 – PFI contract scheduled to terminate, once building is demolished



# Future Activities

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## Demolition of facility

- Demolition due to commence in Autumn – circa. 18 months
- Estimated that about 95% of the waste arising from the demolition process will be reused or recycled

## Permit & Site clean-up

- Environment Permit surrendered
- Sponsors provide an unlimited guarantee and indemnity of performance that continues to apply for three years post-handback
- Decision to be taken on future site use, once site received back

## Medium term waste contract

- Current residual waste contracts expire in March 2024
- New medium term procurement being scoped

## New Essex Waste Strategy

- Current JMWMS out of date
- Needs to align with the new Environment Act