



Communities and Neighbourhoods Scrutiny Board (4)

Time and Date

10.00 am on Thursday, 19 December, 2019

Place

Committee Room 3 - Council House

Public Business

1. **Apologies and Substitutions**

2. **Declarations of Interest**

3. **Minutes** (Pages 3 - 6)

a) To agree the Minutes of the previous meeting held on 14 November, 2019

b) Matters arising

4. **Development of a Regional Materials Recycling Facility with Partnering Authorities** (Pages 7 - 34)

Briefing Note of the Scrutiny Co-ordinator

5. **Recycling Performance in Coventry** (Pages 35 - 44)

Briefing Note of the Scrutiny Co-ordinator

6. **Update on Recycled Road Surface Materials in Coventry** (Pages 45 - 64)

Briefing Note of the Deputy Chief Executive (Place)

7. **Communities and Neighbourhoods Scrutiny Board (4) Work Programme and Outstanding Issues 2019/20** (Pages 65 - 70)

Briefing Note of the Deputy Chief Executive (Place)

8. **Any Other Items of Urgent Public Business**

Any other items of public business which the Chair decides to take as a matter of urgency because of the special circumstances involved.

Martin Yardley, Deputy Chief Executive (Place), Council House Coventry

Wednesday, 11 December 2019

Note: The person to contact about the agenda and documents for this meeting is Suzanne Bennett Tel: 024 7697 2299 Email: suzanne.bennett@coventry.gov.uk

Membership: Councillors F Abbott, N Akhtar (Chair), M Ali, R Ali, R Bailey, Mayer, C Miks, R Thay, S Walsh

By invitation Councillors P Hetherton, G Lloyd and J Mutton

Please note: a hearing loop is available in the committee rooms

If you require a British Sign Language interpreter for this meeting OR if you would like this information in another format or language please contact us.

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Coventry City Council
Minutes of the Meeting of Communities and Neighbourhoods Scrutiny Board (4)
held at 10.00 am on Thursday, 14 November 2019

Present:

Members: Councillor N Akhtar (Chair)

Councillor F Abbott
Councillor M Ali
Councillor R Ali
Councillor R Bailey
Councillor J Clifford (substitute for Councillor C Miks)
Councillor S Walsh

Other Members: Councillor D Welsh (Deputy Cabinet Member for Housing and Communities)

Employees (by Directorate):

People: D Ashmore, J Crawshaw, S Hall, G Tate

Place: S Bennett, V Castree

Apologies: Councillors C Miks, T Mayer and T Khan (Cabinet Member for Housing and Communities)

Public Business

15. Declarations of Interest

Councillor F Abbott declared a disclosable pecuniary interest in matters discussed as part of Minute 17 below relating to “Adoption of Rough Sleeping Strategy 2019-2024”. Councillor Abbott left the meeting for that part of the discussions.

16. Minutes

The Minutes of the meeting held on 19 September were agreed and signed as a true record.

There were no matters arising.

17. Adoption of Rough Sleeping Strategy 2019-2024

The Scrutiny Board considered a Briefing Note which provided information on the draft Rough Sleeping Strategy 2019-24, which is required by the Ministry of Housing, Communities and Local Government to be published by December, 2019. Following engagement with key stakeholders, a draft Strategy and Action Plan 2019-24 was widely consulted on from 16 September to 30 October, 2019.

The draft Strategy will be considered by Cabinet on 10 December, 2019. Work was still being undertaken to analyse the consultation responses and the draft Cabinet report, together with the draft Strategy, were appended to the Briefing Note.

The Rough Sleeping Strategy focused on the following three main principles:-

1. To prevent new people from starting to sleep rough
2. To intervene rapidly when people start to sleep rough to help them off the street
3. To promote a person's recovery once they are off the street to build positive lives and so they do not return to rough sleeping.

In addition to the Briefing Note, the Scrutiny Board received a presentation at the meeting which provided up to date information in relation to the consultation responses.

The Scrutiny Board questioned officers on aspects of the Briefing Note including:-

- Grant funding available to tackle rough sleeping and the likelihood of continuing funding for this issue
- Powers available to the Local Authority to move rough sleepers on and how possessions are dealt with in such circumstances
- Work undertaken at locations outside of the City Centre
- The Framework and different pathways available to deal with rough sleepers to ensure each case is dealt with appropriately
- Information relating to known rough sleepers in the City and how information is shared with partners via case management systems and other Local Authorities
- The membership of and work undertaken by the Homeless Forum
- *Work being undertaken to develop a scheme to enable people to donate to, for the purpose of assisting rough sleepers
- Work being undertaken with local businesses outside of the City Centre to ensure they are provided with appropriate information in relation to rough sleepers outside their premises

The Scrutiny Board commended the officers for all of the work carried out in this regard.

RESOLVED that the Scrutiny Board note, support and welcome the Draft Rough Sleeping Strategy 2019-2024.

(*Note: Councillor F Abbott declared a disclosable pecuniary interest in matters relating to this part of the discussions and left the room for this part of the meeting.)

18. **Coventry Homefinder Review**

The Scrutiny Board considered a Briefing Note detailing the Coventry Homefinder Review, which began in June 2019 and which had involved significant consultation activity with Registered Providers and which had concluded that a review needed to be undertaken.

A Steering Group had been set up involving Council Officers, nominated Registered Providers and a representative of the Welfare Forum Working Together. As part of the continued consultation process, a public consultation survey had been published on 11 November, 2019 until 3 January, 2020 to seek wider feedback on proposals for change. Participants will be able to respond online using the Coventry Let's Talk website and using the paper survey in libraries and by request.

Four workshops have been held with six Registered Providers involved to review the current policy and develop a set of proposals for change. Other feedback on the current policy has been received from the Homelessness Forum, the Frontline network and from the general public via the Let's Talk Engagement site. The revised Coventry Homefinder Policy will be presented to the Cabinet in early 2020 for approval.

The Scrutiny Board also considered a comprehensive presentation at the meeting which provided information on:-

- The Coventry Context
- The Legal and Local Context – Coventry Homefinder Policy
- Consultation activities so far and outcomes
- The current Housing Register position
- The following proposed new objectives for revised Coventry Homefinder Policy:-
 - Operate within the legal framework
 - Be realistic, simple and transparent
 - Make best use of housing stock
 - Letting properties quickly
 - Create balanced and sustainable communities
- Details of the proposals for change
- Pre consultation Equalities Analysis
- A proposed timeline with a revised Policy being implemented in Autumn (with a possible staggered implementation depending on the outcome of consultation and IT requirements)

The Scrutiny Board questioned officers on aspects of the Briefing Note and presentation, particularly in relation to:-

- The proposed changes and the reasons for those changes
- The bidding system
- The reason for the higher proportion of females on the Homefinder list
- Mutual exchanges
- Work being undertaken with key providers

RESOLVED that the Scrutiny Board note, welcome and support the proposed changes to Coventry Homefinder and the consultation being undertaken in this regard.

19. Report Back from Conference - The Role of Cities in the Integration of Refugees and Migrants

The Scrutiny Board considered a report which outlined attendance by the Programme Manager for Migration and the Programme Officer from the MiFriendly Cities Project at the “Role of Cities in the Integration of Refugees and Migrants” conference held in Antwerp on 12 and 13 June, 2019.

In particular, the Scrutiny Board noted that learning from the conference would be used to influence the future direction of the MiFriendly Cities Project.

RESOLVED that the report be noted.

20. Communities and Neighbourhoods Scrutiny Board (4) Work Programme and Outstanding Issues 2019/20

The Scrutiny Board noted their Work Programme for 2019/20.

21. Any Other Items of Urgent Public Business

There were no other items of urgent public business.

(Meeting closed at 11.30 am)



Coventry City Council

Briefing note

To: The Communities and Neighbourhoods Scrutiny Board (4)

Date: 19 December 2019

Subject: Development of a Regional Materials Recycling Facility with Partnering Authorities

1 Purpose of the Note

- 1.1 To update Members of the Board on progress on the development of a regional materials recycling facility with partnering authorities.

2 Recommendations

- 2.1 The Communities and Neighbourhoods Scrutiny Boards (4) are recommended to:
 - 1) Consider the information in the Cabinet and Council Report at Appendix A
 - 2) Note the progress made to date and the schedule at Appendix B
 - 3) Identify any additional recommendations for the Cabinet Member.

3 Background and Information

- 3.1 At their meeting on the 3rd September, Council approved the recommendations to support the development of a Materials Recycling Facility.
- 3.2 Coventry City Council currently pays c.£1.6million per year to the private sector for the treatment of recyclable material collected in Coventry (including haulage to the treatment facility in London and any recyclate value benefit). This cost has increased substantially over the last five years.
- 3.3 Evidence from recent procurement exercises in both Coventry and neighbouring authorities shows that this upward trend of cost is likely to continue with substantial rises as the private sector continues to move the risk of end market prices and legislation more and more to local authorities.
- 3.4 Therefore in 2017/18 a feasibility study was undertaken to consider the technical and economic viability of developing a Material Recycling Facility to serve Coventry City Council (CCC), neighbouring authorities, and commercial businesses across the region. This study indicated a positive business case, subject to more detailed information.
- 3.5 A detailed Business Case has been developed to determine the viability of a Materials Recycling Facility. This Business case has concluded that a facility with a capacity of 120,000 – 175,000 tonnes would be commercially viable. CCC currently collects c.24,000 tonnes of recyclable waste per annum.

3.6 More information can be found in Appendix A attached.

Appendix A – Cabinet and Council Report - Proposed Development of a Regional
Materials Recycling Facility with Partnering Authorities

Appendix B - Programme

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Cabinet:
Council:

27 August 2019
3 September 2019

Name of Cabinet Member:

Cabinet Member for City Services – Councillor P Hetherington

Director Approving Submission of the report:

Deputy Chief Executive (Place)

Ward(s) affected:

All

Title:

Proposed Development of a Regional Materials Recycling Facility with Partnering Authorities

Is this a key decision?

Yes - The proposal in the report is a key decision because the value of the transaction is greater than £1 million

Executive Summary:

Background

Coventry City Council currently pays c.£1.6million per year to the private sector for the treatment of recyclable material collected in Coventry (including haulage to the treatment facility in London and any recycle value benefit). This cost has increased substantially over the last five years.

Evidence from recent procurement exercises in both Coventry and neighbouring authorities shows that this upward trend of cost is likely to continue with substantial rises as the private sector continues to move the risk of end market prices and legislation more and more to local authorities.

Therefore in 2017/18 a feasibility study was undertaken to consider the technical and economic viability of developing a Material Recycling Facility to serve Coventry City Council (CCC), neighbouring authorities, and commercial businesses across the region. This study indicated a positive business case, subject to more detailed information.

During the last 12 months a detailed Business Case has been developed to determine the viability of a Materials Recycling Facility. This Business case has concluded that a facility

with a capacity of 120,000 – 175,000 tonnes would be commercially viable. CCC currently collects c.24,000 tonnes of recyclable waste per annum.

Partnership Working

To make the construction of a Materials Recycling Facility financially viable and in order to share the risks and benefits of this project a formal agreement has been formed with five other local authorities, namely:

- Nuneaton and Bedworth Borough Council
- North Warwickshire Borough Council
- Rugby Borough Council
- Solihull Metropolitan Borough Council
- Walsall Council

The Business Case considered in this report has therefore been developed assuming the recyclable materials from each of these authorities will be committed to the Project, thereby making the facility cost effective, whilst leaving some tonnage head room for commercial growth and the future needs of the Partner Councils, or the addition of more Partner Councils.

To date the costs of producing the business case have been shared by the partners based on the ratio of their likely tonnage inputs. Along with an investment proposal, this report seeks authority to further strengthen these arrangements through a second Joint Working Agreement which will cover the work up to financial close, including but not limited to the costs of procurement, advisors, and the submission of a planning application for the construction of a new Material Recycling Facility.

At financial close, the Partner Councils would be required to establish jointly an arms-length company (AssetCo) to enter into contracts and to deliver the recycling solution, funded through loans from the partners councils.

Location of the Proposed Materials Recycling Facility

The existing Local Plan has made provision for future waste management facilities in Coventry by allocating the site adjacent to the current Energy from Waste plant on Bar Road. The project described within this report proposes to use c.50% of this site to develop the Material Recycling Facility.

Commercial Considerations

The Business Case considers a number of development and recycle throughput scenarios. The Basecase assumes;

- A 120,000 tonne per annum plant
- Only Partner Council recycle input of c.90,000 tonnes per annum, rising to c.120,000 tonnes per annum in year 20 through household growth

- £34.45million total capital cost, including £2.85million development costs
- Capital loan of c.£31.6million (i.e. £34.45million less £2.85million)
- Non-capital loan of c.£3.369million representing rolled up interest and cash flow funding required by AssetCo
- £1million total share acquisition in AssetCo
- Of this total £35million, a capital contribution 'share' from CCC of c.£9.7million resulting in a 27.72% ownership of the facility (based on tonnage proportions)

The Basecase provides a treatment cost of c.£44.31 per tonne which equates to c.£1.06million per year (including haulage to the treatment facility in Coventry and any recyclate value benefit), so a direct saving of c.£584,000 per year against Do-Nothing.

Further, the commercial loan provides a net income to treasury management of c.£156,000 per year. In addition, the lease of the land will deliver a further income of c.£100,000 per year to CCC. In total, the Basecase delivers a financial saving of c.£840,000 per year to CCC.

It is prudent to allow some headroom to account for project changes, so the recommendations in the report allow for a capital contingency of £1m. Against the financial contribution of £10.7million (i.e. £9.7m plus £1m contingency), this still equates to an annual return on investment of 7.8% pa.

Sensitivities have been run through the financial modelling to measure the economic and commercial considerations of additional Partner Councils and 3rd party commercial dry mixed recyclate, and the benefit to each Partner Council.

Recommendations:

Subject to the consideration of the private report on this matter, the Cabinet is requested to:

1. Authorise the entering into the Joint Working Agreement (2) between the Council and the Partner Councils in order to facilitate the delivery of the Materials Recycling Facility.
2. Delegate authority to the Deputy Chief Executive (Place) following consultation with the Cabinet Member for City Services to finalise the terms and make such variations as is deemed necessary to the terms of the Joint Working Agreement (2) with the Partner Councils.
3. Approve the Council entering into a lease to AssetCo and to grant delegated authority to the Deputy Chief Executive (Place) in consultation with the City Solicitor to negotiate and finalise the terms of the lease in order to facilitate the building and the operation of the Materials Recycling Facility Building.
4. (Following the completion of the Business Case and Joint Working Agreement (2) by all the Partner Councils) approve the commencement of a competitive procurement process on behalf of the Partner Councils as Lead Authority).

5. Delegate authority to the Deputy Chief Executive (Place) following consultation with the Cabinet Member for City services and the Director of Finance and Corporate Services to award the contract once the tender process is complete.
6. Approve the use of its powers under Section 12 of Local Government Act 2003 and Section 1 of the Localism Act 2011 to establish AssetCo between the Council and the Partner Councils and to acquire shares in the AssetCo, funded from corporate capital resources
7. Delegate authority to Approve the Council representation on the AssetCo board be agreed by the Deputy Chief Executive (Place) and Director of Finance and Corporate Services, following consultation with the Cabinet Member for City services, once the format of the board is established as part of the final terms of the agreement.
8. Delegate to the Deputy Chief Executive (Place) the submission a planning application for the development of the Materials Recycling Facility to the Local Planning Authority, subject to the conclusion of the necessary surveys.
9. Delegate authority to the Deputy Chief Executive (Place) to begin public engagement associated with the proposed submission of the planning application and to undertake all necessary work to prepare the site ready for the clearance and full site investigation.

Cabinet is asked to recommend to Council:

1. Approve a loan facility to AssetCo on commercial market terms to facilitate the construction and operation of the Materials Recycling Facility.
2. Approve expenditure under Joint Working Arrangement (2) in respect of the Council's share of development costs up to the point of financial close, to be funded from earmarked reserves.
3. Delegate authority to the Deputy Chief Executive Place and the Director of Finance and Corporate Services in consultation with the City Solicitor, and the Cabinet Member for City Services to finalise and agree the detailed terms of the transaction with AssetCo. The authority under this delegation shall also include:
 - the power to enter into the relevant legal agreements and associated documents necessary to complete the transaction with AssetCo;
 - (in relation to the management of the loan facility) the power to negotiate and agree variations to the terms of the loan facility;
 - the power for the Council to provide such services as is deemed necessary (e.g. HR and/or Payroll) to AssetCo;
 - The power to enter into the Service Level Agreement with AssetCo committing the Councils waste tonnage for 20 years.
4. Approve the addition to the Councils approved capital programme for the purposes of delivering the Materials Recycling Facility.

Council is recommended to:

1. Approve the use of its powers under Section 12 of Local Government Act 2003 and Section 1 of the Localism Act 2011 to establish AssetCo between the Council and the Partner Councils and to acquire shares in the AssetCo.
2. Approve a loan facility to AssetCo on commercial market terms to facilitate the construction and operation of the Materials Recycling Facility.
3. Approve expenditure in respect of the City Council's share of development costs up to the point of financial close, to be funded from earmarked reserves
4. Delegate authority to the Deputy Chief Executive Place and the Director of Finance and Corporate Services in consultation with the City Solicitor, and the Cabinet Member for City services to finalise and agree the detailed terms of the transaction with AssetCo. The authority under this delegation shall also include:
 - the power to enter into the relevant legal agreements and associated documents necessary to complete the transaction with AssetCo;
 - (in relation to the management of the loan facility) the power to negotiate and agree variations to the terms of the loan facility; and
 - The power to enter into the Service Level Agreement with AssetCo committing the Councils waste tonnage for 20 years.
5. Approves the addition to the Councils approved capital programme for the purposes of delivering the Materials Recycling Facility.

List of Appendices included:

- (1) MRF Site Location Plan

Background papers:

None

Other useful documents

- (1) DEFRA: Our Waste, Our Resource: A Strategy for England (published December 2018)
- (2) WRAP: Gate Fees 2017/18 Final Report (published July 2018)

Has it been, or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

Yes - 16 July 2019

Appendix A

Report title: Proposed development of a Regional Materials Recycling Facility with Partnering Authorities

1. Context (or background)

1.1 Legislative drivers:

1.2 Local authorities have a duty under the Waste Regulations 2011 to separately collect four types of recyclable material (glass, metal, paper and plastic) and to ensure that collection methods pass the national legislative requirements that they are Technically, Environmental and Economically Practical (TEEP).

The Waste Regulations transpose the European Union Waste Framework Directive into UK law and are enforced in England by the Environment Agency. The core direction and emphasis of the Directive is the movement of waste management practices up the waste hierarchy (Figure 1 below), and its implementation in line with life cycle thinking.

Figure 1 – The Waste Management Hierarchy:



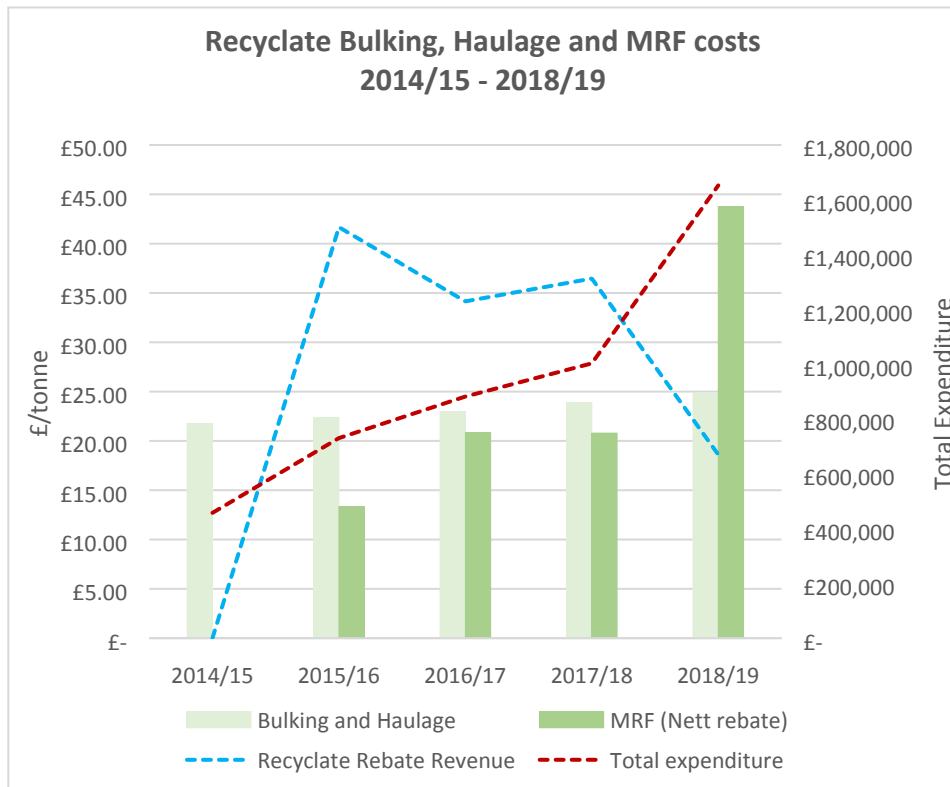
1.3 Current disposal arrangements:

1.4 CCC currently contracts the treatment of recyclate collected at the kerbside to Tom Whites Waste (bulking and haulage) and Biffa (Materials Recycling Facility). The volatility of global markets for processed recyclate has led the private sector to pass the risk of price fluctuations onto the local authorities. As a result, CCC has seen a significant rise in the cost of treatment during the life of the current contract (see Table 1).

Table 1 Bulking, haulage and MRF costs 2014 – 2019

		Year				
		2014/15	2015/16	2016/17	2017/18	2018/19
Tonnage		20,162	19,989	19,793	20,955	21,910
Total Spend	Bulking and Haulage	£ 457,400	£ 463,735	£ 469,260	£ 520,022	£ 597,641
	MRF (Nett rebate)	£ -	£ 266,502	£ 412,701	£ 483,033	£ 1,054,973
	Total	£ 457,400	£ 730,237	£ 881,961	£ 1,003,055	£ 1,652,614

Figure 2 Bulking, haulage and MRF costs 2014 – 2019



1.5 According to the Waste and Resources Action Programme (WRAP) the median processing gate fee paid by local authorities sent to Material Recycling Facilities increased by 47% in 2017/2018, with processing gate fees in the West Midlands ranging between £57 and £86 per tonne. In 2018/19 the average processing cost per tonne paid by CCC was £62.37.

1.6 The current contractual arrangements expire in September 2019. Members have previously approved that officers enter into a tender process which is currently underway, to secure a new supplier(s) on a 2-year fixed term, with a further 4 x 12-month extension periods. Pre-tender research indicated that an anticipated increased processing gate fee return in the region of £65-£70 per tonne should be expected. Further engagement with the market has indicated that the processing gate fee for any short-term arrangement would be potentially even higher in the region of £90 per tonne.

1.7 In addition, waste is currently bulked at a facility operated by Tom White Waste, before onward transportation to the Materials Recycling Facility at a cost of £24.79 per tonne. This will continue to rise by inflation and other market factors.

1.8 The total cost to Coventry in 2018/19 for the bulking, haulage and treatment of kerbside collected dry mixed recyclate (dry mixed recyclate) was in excess of £1.6million.

1.9 Project Aspirations:

1.10 Current Materials Recycling Facility arrangements (including processing gate fees and rebate share mechanisms) are reflective of the private sector's reluctance to absorb the risk of current market price fluctuations.

1.11 Escalating costs associated with the processing of dry mixed recyclate are a direct reflection of the volatility of global market prices, and the unavailability of traditional material outlets in China and South East Asia. In addition, the costs associated with the development of new technologies in the UK and an emerging market in Europe are currently being passed directly to local authorities through pricing of existing contracts.

1.12 The development of an 'in-house' Materials Recycling Facility will allow the Partner Councils to take control of processing dry mixed recyclate collected through kerbside collections and via Household Waste and Recycling Centres (HWRC). This will allow each Partner Council to benefit more fully from any 'upside' of the price of processed recyclate in the commodity market in consideration for the risks they are required to assume in any event.

1.13 The Business Case sets out the Projects aspirations, namely, to allow Partner Councils to;

- Take control of regional recyclate management;
- Benefit from any upside of the price of processed recyclate and off-set costs and risks against income generated from the Materials Recycling Facility;
- Avoid paying risk premiums to the private sector to offset market fluctuations;
- Future proof the Materials Recycling Facility so that it is flexible and adaptable;
- Enhance recyclate quality;
- Benefit from economies of scale;
- Benefit from any future expansion and commercialisation of the plant to satisfy any private sector demand; and
- To have greater control on the end uses of the recyclate produced

1.14 Waste Tonnage, Composition and Characteristics:

1.15 The Business Case assumes Partner Councils to be the primary feedstock supplier and considers anticipated waste growth associated with increases in housing.

1.16 In addition, Government are currently considering the national strategy for waste management. Members will be aware from media coverage that this includes the potential for greater producer responsibility and the introduction of deposit schemes for certain materials, e.g. plastic bottles. The business case Business Case deals sufficiently with these levels of future uncertainty around the exact composition of the recyclate collected by the Partner Councils.

1.17 The Basecase for the Project is set at 87,000 tonnes per annum in year 1, rising to 116,000 tonnes per annum over the long-term operation of the Materials Recycling Facility as outlined in Table 2. The Business Case is based on 2018/19 waste arisings and composition data provided by the Partner Councils, including waste characterisation sampling undertaken during Spring 2019.

Table 2 Partner Council feedstock tonnages

Table 2: Partner Council feedstock tonnage			
Partner Council	Baseline arisings (2018/19) tonnes	Projected Y1 tonnage (2022/23)	Projected Y20 tonnage (2042/43)
Coventry City Council (household)	22,304	23,600	29,800
Coventry City Council (commercial)	1,804	3,000	3,000
North Warwickshire District Council	5,235	5,650	7,800
Nuneaton & Bedworth Borough Council	8,581	9,450	11,150
Rugby Borough Council	10,742	11,300	14,200
Solihull Metropolitan Borough Council	16,411	17,150	19,750
Walsall Council	22,049	24,200	30,500
Total	87,126	94,350	116,200

1.18 Existing arrangements by Partner Councils who currently undertake the separate collection of paper and/or glass have been considered and cost implications included with the Business Case.

1.19 Facility Technology Design:

1.20 The composition and characteristics of Partner Council feedstock has been used to inform the technology solution required for the Materials Recycling Facility to deliver high quality material outputs. The composition of the recyclate, and degree to which is it contaminated by non-recyclable material, has a direct effect on the economic performance of the Project and any associated revenues and subsequent disposal or treatment costs.

1.21 The Business Case sets out the outline design and technology configuration which would enable the facility to extract high quality materials for future use. The proposed solution broadly includes;

- Bag splitter / opener – to break plastic sacks where necessary
- Removal of cardboard
- Removal of glass and glass classification by colour and size

- Separation of different paper fraction (e.g. newspaper, card etc).
- Separation and sorting by polymer of plastic materials.
- Over band magnet for ferrous metal separation and eddy current separation for non-ferrous (aluminium) metals
- Quality control – negative picking stations to remove non-target materials

1.22 The outline design takes into consideration layout and ease for maintenance and future enhancements. It offers a robust solution to produce high quality marketable commodities with the flexibility to adapt to changes in feedstock and legislation.

1.23 The Materials Recycling Facility will be designed to manage a throughput of 120,000 tonnes per annum based on two operating shifts per day, with the flexibility to increase processing up to 175,000 tonnes per annum through additional shift patterns. Any additional costs for an increase in throughput would largely be associated with labour and utilities.

1.24 Proposed site:

1.25 It is intended that the Materials Recycling Facility will be situated on the former allotment land to the rear of the Energy from Waste facility operated by the Coventry and Solihull Waste Disposal Company in the centre of Coventry. The site is roughly 8 acres in size, of which roughly half is required for the facility and is accessible via Whitley Depot. The site has been designated as suitable for use associated with the treatment of waste in the Local Plan and is currently owned by CCC.

1.26 An independent evaluation of the rental value of the land of the purpose of the use for a waste processing facility was undertaken in the Summer of 2018. The lease agreement will be subject to a formal evaluation and be agreed in accordance with Section 123 (1) of the Local Government Act.

1.27 Project Commercials and Development Costs:

1.28 The Business Case has been developed with the Materials Recycling Facility operating as a 'standalone' Project to support the Partner Councils in the treatment of dry mixed recyclate. The Basecase costs assume full operational cost recovery of the Materials Recycling Facility (including financing costs) through a processing gate fee charged to each Partner Council that would be lower than is currently paid in the market. The benefits of the sale of recyclate will be passed to the Partner Councils through this lower gate fee, and third-party feedstock suppliers (commercial waste or other local authorities) may be sourced to fill any headroom and form an additional income stream to Partner Councils. The modelling and financial benefits in this report assume no third-party benefits at this stage.

1.29 The share of the capital contribution has been structured to align with the 2018/19 recyclate tonnages for each Partner Council. This means that the level of interest in the Project, the capital input, and therefore the loan benefit, is commensurate to the relative input to the facility. The section 'Project Structure' Section 1.35 below provides further information on this structure.

1.30 The addition of any further Partnership Councils would be subject to an analysis and would only be able to join the Joint Working Agreement 2 if each Partner Council position is not negatively impacted. Additional Partner Councils would further de-risk the Project, reduce the processing cost and therefore further improve savings to disposal costs.

1.31 Coventry Financial Position – Waste Management Budget:

1.32 The cost to Coventry in 2018/19 for the disposal of dry mixed recyclate collected was £1.6million, inclusive of the costs of bulking, haulage and processing, and any rebate revenue share achieved.

1.33 It should be noted that the current Coventry Materials Recycling Facility contract expires in September 2019. It is anticipated that the future processing gate fee at a Materials Recycling Facility and any bulking and haulage costs are anticipated to increase. Based on market research this would see an additional pressure on existing disposal budgets in the region of c.£200,000 per year.

1.34 The volatility of market values and risk being passed by the private sector has seen the cost of processing dry mixed recyclate move by c.£1.2million per year during the last 5 years (see Table 1). The Project would offer greater security to the Council with a secure Materials Recycling Facility outlet and budgetary management over the 20-year period.

1.35 Coventry Financial Position – Sensitivities:

1.36 Sensitivities have been run in relation to the following:

- variants in Commercial and Industrial (C&I) (third party) feedstock supply achieved
- the volatility of market values of recyclate
- increases in capital and operational costs
- the addition of other Partnership Councils

1.37 These sensitivities modelled are described and presented further in the financial implications section of this report.

1.38 Project Structure:

1.39 The proposed Project structure has been guided by external legal advisors, Pinsent Mason, and would seek to establish a parent Asset Company (AssetCo), to which each Partner Council will be a shareholder. The shareholding arrangement will be aligned to tonnage throughput, based on 2018/19 dry mixed recyclate collected by each Partner Council.

1.40 Prior to the establishment of the AssetCo, each Partner Council will be bound by a Joint Working Agreement (2) which sets out the principals for joint working and funding contributions towards the development of the Project.

- 1.41 The Joint Working Agreement (2) commits the Partner Councils to work together to undertake the procurement of any contract(s) in relation to the development of the facility. Through the Joint Working Agreement (2) Partner Councils agree not to undertake or commission any procurement and/or be involved in any other project that would prevent delivery of all or any part of the Project, and they are committed to funding the Project and entering into the Shareholders Agreement for AssetCo provided that the Business Case remains viable.
- 1.42 The Project will be delivered by the Project Team (predominantly CCC, recharged to the Project) as appointed by the Project Board, supported by the professional advisors on the technical, financial and legal aspects of the Project. Namely;
- Wardell Armstrong LLP to act as its technical consultant and assistant Project Manager
 - KPMG to act as its financial consultant; and
 - Pinsent Mason LLP to act as its legal consultant
- 1.43 Partner Councils will make available representation to the Project Board and contribute to key decisions to regulate their respective rights and obligations in relation to the procurement phase of the Project. CCC will act as the Lead Authority during the procurement stage of the Project.
- 1.44 Following the satisfactory conclusion (i.e. the Business Case remains viable after tendered costs have been received) of the procurement phase, each Partner Council will agree to enter into the Shareholder's Agreement to establish AssetCo to act as the principal contracting entity/delivery vehicle for the Project and enter into Principal Contracts(s).
- 1.45 The Joint Working Agreement (2) acknowledges and agrees the overall Project budget, and commitment to the procurement phase budget. Each Partner Council contribution value is equal to its respective tonnage input.
- 1.46 Withdrawal from the Joint Working Agreement (2) for any Partner Council is subject to them meeting their financial commitments up to financial close, and it is evidenced that the overall project is no longer viable for that Partner Council. The initial drafting of Joint Working Agreement (2) allows for additional local authorities to join the Project as Partner Councils prior to the completion of Joint Working Agreement (2). This would only be allowed if the savings to each of the Partner Councils was greater than those achieved in the Basecase.
- 1.47 Procurement Approach:
- 1.48 The procurement is proposed to be undertaken in accordance with the Competitive Dialogue Procedure pursuant to the Public Contracts Regulations 2015 (as updated and modified from time to time), and in accordance with the Councils Contract for Procedural Rules, using the Competitive Dialogue Procedure.
- 1.49 Engagement through soft market testing with the market and technology suppliers has shown there is considerable interest in the Project and has informed the procurement approach..

1.50 Project Failure:

1.51 Should the Project fail during the procurement phase each Partner Council will agree to reimburse the procuring authority the balance of its proportion of the procurement phase budget. For the avoidance of doubt, this means that Coventry would only be liable for its own abortive costs.

1.52 The current tender arrangements for the processing and treatment of dry mixed recyclate collected from households within Coventry has been designed to give the flexibility to conclude in line with the projected commissioning of the Materials Recycling Facility or extend beyond should the Project close during the procurement phase.

1.53 If through the Procurement Phase the Project no longer benefits any one Partner Council then the Project would need to be reviewed for viability for all remaining Partner Councils and any implications to a robust Business Case mitigated where possible. If the Project remains unviable then it will be aborted. This would be a decision of Project Board and Members at each Partner Council.

2 Options considered and recommended proposal

2.1 Option 1. Do Nothing

2.2 The Council will continue to source treatment of dry mixed recyclate through traditional contractual arrangements with the private sector.

2.3 Evidence in the region, including direct experience by CCC, has shown that the private sector is demanding higher prices (gate fees) and operating financial margins to protect themselves against market risks, however when change does occur, the public sector takes the financial pressure through further price implications. Based on market research it is anticipated that the costs will increase c.£200,000 a year for the treatment of dry mixed recyclate as result on a new contract being awarded in September 2019.

2.4 Option 2 Development of a Materials Recycling Facility with Partner Councils.

2.5 Approval of the Business Case for the development of a Materials Recycling Facility with Partner Councils which will require significant capital investment by Coventry City Council. In return greater levels of control for the sorting, marketing and sale of dry mixed recyclate and the management of risks associated with market fluctuations could be achieved.

2.6 Should the Business Case be approved, the next steps for the Project would be;

- For each Partner Council to confirm the Project viability, and obtain Council approval to engage in the Joint Working Agreement (2), commence procurement, and establish the Shareholder Agreement and AssetCo;
- Further develop the detailed procurement documentation and obtain delegation of authority to the Deputy Chief Executive (Place) to engage into the procurement phase and OJEU notification in September following approval of the Business Case by all Partner Councils;

- Conclude time sensitive and seasonal of ecology, ground conditions, traffic studies etc allowing for work to begin on site in Spring/Summer 2020;

2.7 **Option 2** is therefore the recommended option.

3 Results of consultation undertaken

3.1 No consultation undertaken.

4 Timetable for implementing this decision

4.1 The procurement will be undertaken in accordance with the Competitive Dialogue Procedure pursuant to the Public Contracts Regulations 2015 (as updated and modified from time to time), and in accordance with the Council's Contract for Rules, using the Competitive Dialogue Procedure.

4.2 Below is an indicative timetable for procurement subject to Business Case approval by all Partner Council by September 2019.

Indicative Key Dates – Regional MRF Project		
Key Activity	Task	Date
Procurement	Contract OJEU Notice Published	Sept 2019
	SSQ Stage	Sept - Dec 2019
	Bidder SSQ Development	Sept – Nov 2019
	SSQ Submission	Nov 2019
	SSQ Evaluation	Nov – Dec 2019
	Project Board Approval	Dec 2019
	ISDS Stage	Dec 2019 – Feb 2020
	Bidder ISDS Development	Dec 2019 – Feb 2020
	ISDS Submission	Feb 2020
	ISDS Evaluation	Feb – April 2020
	Project Board Approval	April 2020
	CFT Stage	April – June 2020
	Bidder CFT Development	April – May 2020
	CFT Submission	May 2020
	CFT Evaluation	May – June 2020
	Project Board Approval	June 2020
	Preferred Bidder Appointment	June 2020
	Financial Close	Sept 2020

Planning	Pre-Application Engagement	July – Sept 2019
	Submission of Planning Application	Oct 2019
	Determination of Planning Application	Jan 2020
Construction and Installation		Oct 2020 – Dec 2022
Commissioning and Testing		Jan – May 2023
Service Commencement		May 2023

5 Comments from Director of Finance and Corporate Services

5.1 Financial Implications

5.1.1 Project Commercials and Development Costs:

5.1.2 The Business Case has been developed with the Materials Recycling Facility operating as a ‘standalone’ Project to support the Partner Councils in the treatment of dry mixed recyclate. The Basecase costs assume full operational cost recovery of the Materials Recycling Facility (including financing costs) through a processing gate fee charged to each Partner Council that would be lower than is currently paid in the market. The benefits of the sale of recyclate will be passed to the Partner Councils through this lower gate fee, and third-party feedstock suppliers (commercial waste or other local authorities) may be sourced to fill any headroom and form an additional income stream to Partner Councils. The modelling and financial benefits in this report assume no third-party benefits at this stage.

5.1.3 The share of the capital contribution has been structured to align with the 2018/19 recyclate tonnages for each Partner Council. This means that the level of interest in the Project, the capital input, and therefore the loan benefit, is commensurate to the relative input to the facility. The section ‘Project Structure’ Section 1.38 above provides further information on this structure.

5.1.4 Coventry Financial Position – Waste Management Budget:

5.1.5 The cost to Coventry in 2018/19 for the disposal of dry mixed recyclate collected was £1.6million, inclusive of the costs of bulking, haulage and processing, and any rebate revenue share achieved.

5.1.6 It should be noted that the current Coventry Materials Recycling Facility contract expires in September 2019. It is anticipated that the future processing gate fee at a Materials Recycling Facility and any bulking and haulage costs are anticipated to increase. Based on market research this is expected to be an additional pressure on disposal budgets of c.£200,000.

5.1.7 The volatility of market values and risk being passed by the private sector has seen the cost of processing dry mixed recyclate move by c.£1.2million per year during the last 5 years (see Table 1). The Project would offer greater security to the Council with a secure Materials Recycling Facility outlet and budgetary management over the 20-year period.

5.1.8 Coventry Financial Position – Sensitivities:

5.1.9 Assumptions within the models have been robustly tested throughout the development of the business case and market tested, where appropriate. Sensitivities have been run against the base case financial implications in relation to the following project changes:

- variants in Commercial and Industrial (C&I) (third party) feedstock supply achieved
- the volatility of market values of recyclate
- increases in capital and operational costs
- the addition of other Partnership Councils

5.2 **Legal implications**

5.2.1 Procurement

5.2.2 A Full OJEU procurement process will be undertaken in accordance with the Public Contract Regulations 2015 due to the value using the Competitive Dialogue process.

5.2.3 The Appendix 4 provided has been produced by Pinsent Masons who has advised the Partner Councils on the structure proposed for AssetCo. The advice sets out how Partner Councils can send its waste using a Service Level Agreement to AssetCo in a procurement compliant manner.

5.2.4 The Partner Councils have a duty as part of the Waste Regulations 2011 to separately collect four types of recyclable material (glass, metal, paper and plastic) and to ensure that collection methods pass Necessity and Practicability (TEEP) tests as well as following requirements regarding the waste hierarchy. The Waste Regulations transpose the Waste Framework Directive into UK law and are enforced in England by the Environment Agency.

5.2.5 Under Section 12 of the Local Government Act 2003 the Council has a specific power to invest. The power states "a local authority may invest for any purpose relevant to its functions under any enactment or for the purposes of the prudent management of its financial affairs". This provides the Council with a power to invest in AssetCo, for any purpose relevant to its functions (this function would have to be identified) or if the Council can show it is for the prudent management of its financial affairs. Under section 1 of the Localism Act 2011, the Council also has a power "to do anything that individuals generally may do" (the "General Power of Competence"). "Individual" means an individual with full capacity. The General Power of Competence gives the Council:

- i. power to do a thing anywhere in the United Kingdom or elsewhere,
- ii. power to do it for a commercial purpose or otherwise for a charge, or without charge, and
- iii. power to do it for, or otherwise than for, the benefit of the authority, its area or persons resident or present in its area.

5.2.6 Where the Council uses the General Power of Competence to do something for a commercial purpose, section 4 of the Localism Act 2011 requires that the Council must do so through a company (which has a wider definition than for the purposes of section 95 Local Government Act 2003).

5.2.7 The requirement under section 4 of the Localism Act 2011 is very similar to the requirements of section 95 of the Local Government Act 2003 (the "trading power"). The Council will be compliant with the requirements of both the General Power of Competence and the trading power as any commercial purpose activity or trading will be done through AssetCo. This report serves as a business case for the proposed investment in the company and the proposed trading through that company following the share purchase.

5.2.8 The General Power of Competence is limited by any restrictions on any pre-existing powers of the Council. The General Power of Competence can be used in conjunction with existing powers, for example the section 95 trading power.

5.2.9 If the Council is considering providing any services directly to AssetCo, for example a contract to provide back office support such as payroll, it can use the "incidental power" under section 111 of the Local Government Act 1972, which enables it to "to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions" (its function in this case being the General Power of Competence).

5.3 State Aid

5.3.1 Article 107 (1) of the Treaty on the Functioning of the European Union ("Treaty") states "...any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market."

5.3.2 The Treaty does not define in any more detail what constitutes state aid. However, the term has been interpreted to include the provision of grants, loans on favourable terms, the transfer of assets at less than the market rate, and tax advantages. Not all state aid is unlawful, and it is possible to justify some types of financial assistance under pre - approved mechanisms.

5.3.3 It is possible that a third party (and/or European Commission) who has not received state aid could bring legal proceedings in the UK courts for damages. Such a claim could, for example, be brought by a competitor who feels it has suffered loss because it has not been given aid.

- 5.3.4 A recipient can be ordered to repay all aid received over a ten-year period if the European Commission finds it has been provided unlawfully. It is no defence that repayment may force the recipient into insolvency.
- 5.3.5 Market Economy Investor Principle ("MEIP") can provide an appropriate mechanism to potentially justify aid to any third party following the Council's loan. A Loan does not automatically constitute state aid if the Council carries out prior due diligence that demonstrates that investments are likely to generate sufficiently high returns and that a private prudent investor would have made the same investment. i.e. the Council can invest in the proposal in return for an appropriate commercial return which would satisfy the expectations of a private prudent investor.
- 5.3.6 The risk of state aid is not dependent upon whether the financial return is actually ever achieved by the Council, as whether state aid exists or not is assessed at the time of the funding advanced, but there must be a realistic prospect of the financial return being achieved by the Council.
- 5.3.7 The Partner Councils is currently seeking advice from Financial Advisors (KPMG) to ascertain whether the MEIP analysis would satisfy the expectations of a private prudent investor. If the MEIP test is satisfied on the basis of the commercial return agreed, then the potential for any state aid argument will be mitigated. In practice the Council would need to rely on the MEIP analysis as a justification for any state aid in the event of a complaint, challenge or investigation. The initial advice has been to make the Loan at a minimum of 6.1%. However, this will be subject to an independent report which will verify that that the 6.1% is in compliance with the MEIP test. Any significant changes to the 6.1% will be reported to the Cabinet Member for Business, Enterprise and Employment, the Executive Director of Place and Executive Director of Resources.

5.4 Best Consideration

- 5.4.1 The Council has the general power under section 123(1) of the Local Government Act 1972 to dispose of land and property in any manner it wishes. The Secretary of State's consent is not required provided the disposal is for the best consideration that can reasonably be obtained. The lease entered into will discharge this obligation.

6 Other implications

6.1 How will this contribute to achievement of the Council's Plan (www.coventry.gov.uk/councilplan/)?

- 6.2 In accordance with the Environmental Protection Act 1990 the Council has a legal obligation to undertake collections of household waste, including the separate collection of waste paper, metal, plastic and glass (The Waste (England and Wales) (Amended) Regulations 2012).
- 6.3 The Councils Municipal Waste Strategy 2008-2020 outlines the Councils approach to meeting legal obligations and recycling targets set out in the Waste Strategy for England 2007. Namely, 45% of household waste arising to be recycled by 2020.

6.4 How is risk being managed?

6.5 The premise of the Project is to better manage the risks as of costs associated with the treatment of dry mixed recycle arising in the region and particularly in Coventry.

6.6 This notwithstanding, as with any construction project there are risks that are required to be managed effectively for the project to remain deliverable.

- A competent, professional and well-resourced project team has been established to deliver the project, which includes external advisors, and a Project Manager and Project Director committed to the Project
- A comprehensive risk register is maintained and reported on to Project Board to ensure risks are continually being monitored and managed
- The greatest risk to project viability, tonnage input risk, has been effectively mitigated through the engagement of Partner Councils committing their recycle for the duration of the Project
- A Competitive Dialogue procurement procedure is being adopted to ensure that robust, deliverable proposals are received from bidders, which offer value for money and provide the quality outcomes necessary
- Sensitivities on the potential costs and income have been considered, so that the affordability of the Project is fully understood, and with exit clauses from the Joint Working Agreement (2) agreement if the Project is subsequently deemed unaffordable
- Planning risk is being managed, with early planning being sought to prevent cost impacts post-Financial Close

6.7 The scheme involves giving a loan to the delivery company. As with all loans, there is a risk of default however, the shares of the company will be exclusively owned by Coventry City Council and its Local Authority partners, and its customers will be the same authorities (in the base case) plus potentially others committing its recycle feedstock to the plant on a long-term basis which reverses this risk. In the unlikely event that there was a reduction in demand with a resultant potential impairment of the loan, this would be a cost to the local authority partners. Feedstock/demand is however as described in the report, expected to increase over time rather than reduce which reduces this risk.

6.8 The loan/investment has been considered within the context of the Council's commercial investment strategy which takes account of both the risk of each investment made and the limits set for loans of this nature in totality. The loan proposed in this report is within the headroom currently afforded in the strategy.

6.9 What is the impact on the organisation?

6.10 None, there will be no direct impact as the facility will be operated by AssetCo.

6.11 Equalities / EIA

6.11.1 No formal equalities impact assessment has been carried out. However, it is not expected that there will not be any disadvantage to any group if the recommendation is approved.

6.12 Implications for (or impact on) climate change and the environment

6.13 The Waste Strategy for England 2007 outlines the Governments ambition to work towards a zero-waste economy, in which material resources are reused, recycled or recovered wherever possible and only disposed of as the option of last resort. This means reducing the amount of waste produced and ensuring all material are pushed up the waste hierarchy. The benefits will be realised in a healthier natural environment and reduce the impacts on climate change.

6.14 The proposed location will eliminate the current need to bulk and haul dry mixed recyclate collected in Coventry. A reduction in CO2 emissions will be achieved through reducing vehicle movements by collection crews, and articulated lorry movements (c.25 per week, c.1,300 per year) associated with transporting materials to the current Material Recycling Facility, in London.

6.15 Implications for partner organisations?

6.16 Benefits to all Partner Council will achieved through greater levels of control over the sorting, marketing and sale of dry mixed recyclate collected at the kerbside, increase flexibility and management of risks associated with market fluctuations directly.

Report author(s):**Name and job title:**

Layla Shannon
Project Manager

Directorate:

Place

Tel and email contact:

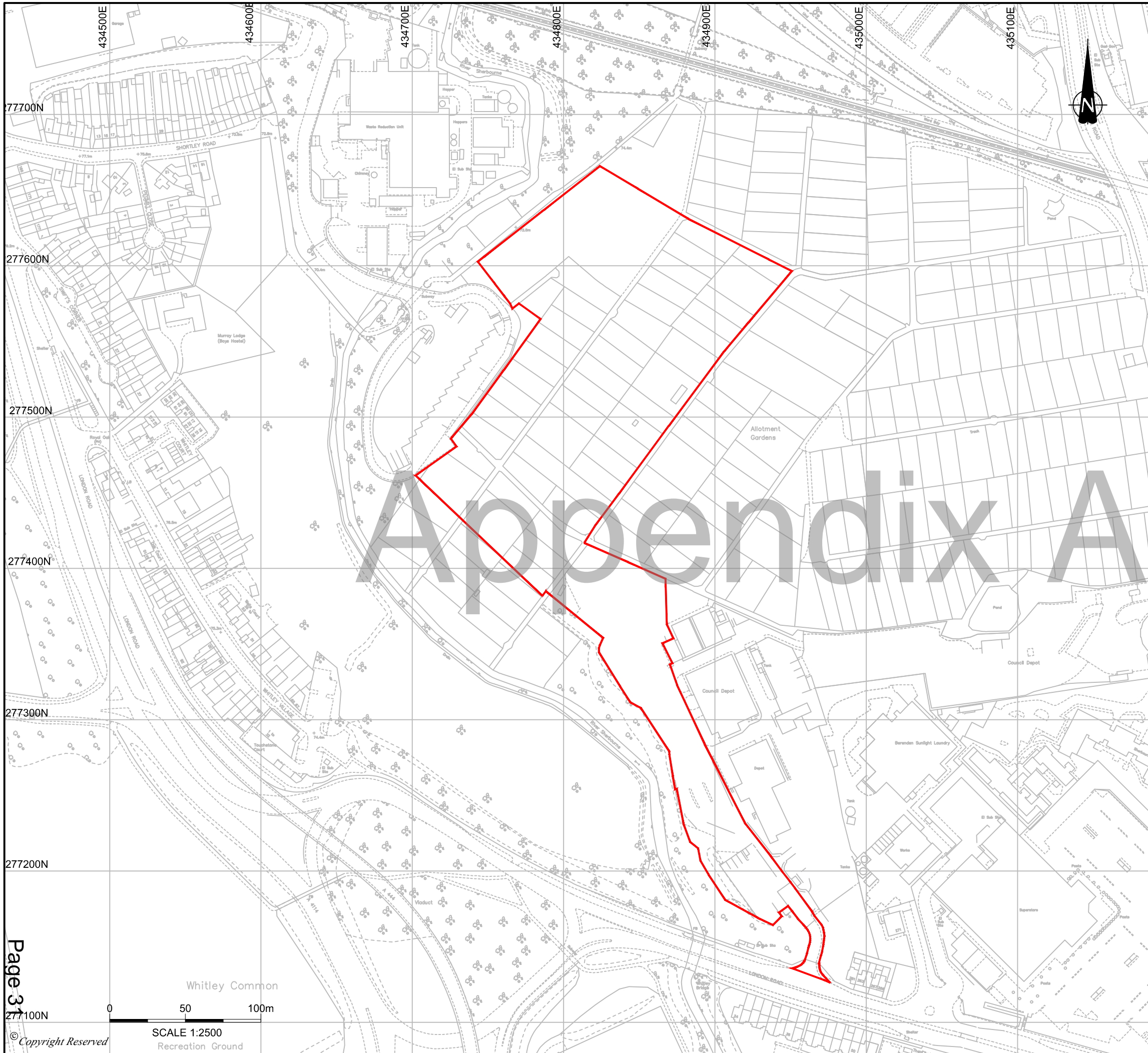
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DO NOT SCALE FROM THIS DRAWING

KEY
 SITE BOUNDARY

NOTE:
 BACKGROUND OS DATA PROVIDED BY
 COVENTRY COUNTY COUNCIL.

Appendix A


REVISION	DETAILS	DATE	DRN	CHKD	APPD
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CLIENT
 Coventry City Council

PROJECT
 Coventry MRF

DRAWING TITLE
 Site Location Plan

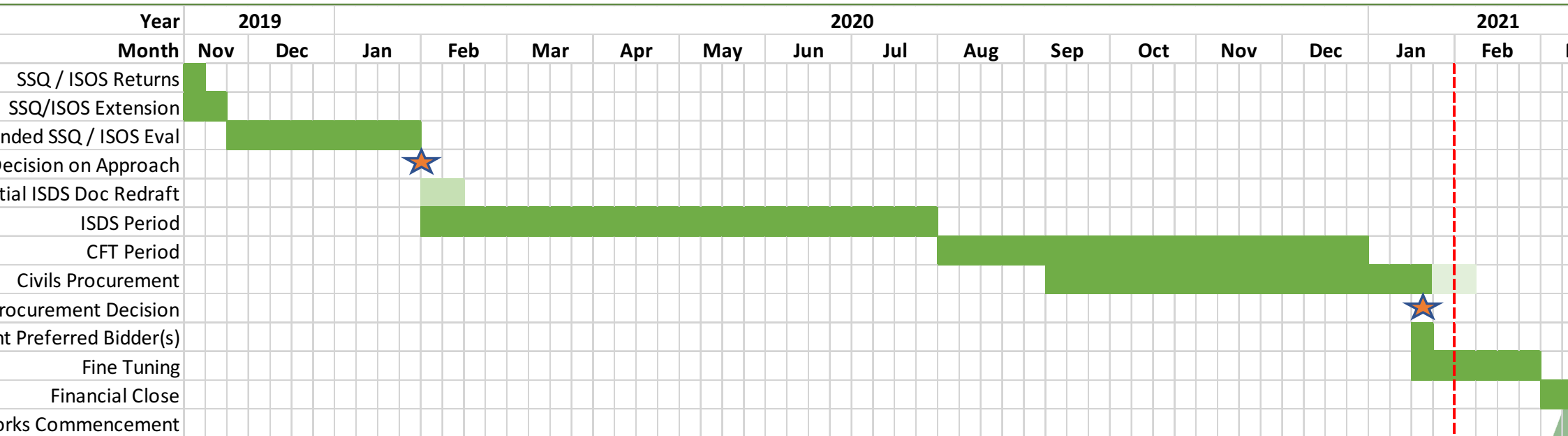
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DRG SIZE	A3	SCALE	1:2500
		DATE	26/03/19
DRAWN BY	SJB	CHECKED BY	APPROVED BY

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- NEWCASTLE UPON TYNE
- SHEFFIELD

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Programme



Six week extension for SSQ/ISOS evaluation

Decision end January 2020 regarding procurement approach, linked to potential additional PC tonnage

If ISDS redrafting required, additional few weeks to programme

Postponing procurement of Lot A civils contractor until later in 2020

Aim to absorb much of delay by streamlining overall procurement programme

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Coventry City Council

Briefing note

To: The Communities and Neighbourhoods Scrutiny Board (4)

Date: 19th December 2019

Subject: Recycling Performance in Coventry

1 Purpose of the Note

- 1.1 To inform members of the Communities and Neighbourhoods Scrutiny Board (4) of the steps being taken to increase the rate of recycling in Coventry

2 Recommendations

- 2.1 The Communities and Neighbourhoods Scrutiny Board (4) are recommended to:
- 1) Consider the information provided in the presentation attached at Appendix 1
 - 2) Identify any further recommendations for the appropriate Cabinet Member

3 Background and Information

- 3.1 Following the target in the One Coventry Plan Performance Report that a target to increase the recycling rate in Coventry, Members of the Board requested further information on plans to support this to happen.
- 3.2 Please find attached a presentation at Appendix 1, containing information on how this is planned to happen.

Appendix 1: Presentation on Recycling Performance in Coventry

Gennie Holmes
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Sarah Elliott

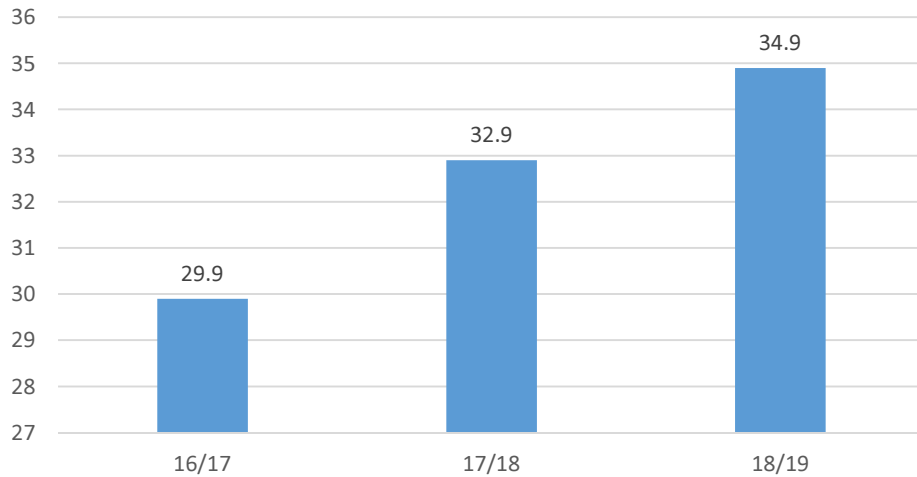
Head of Fleet and Waste Management

Recycling Performance

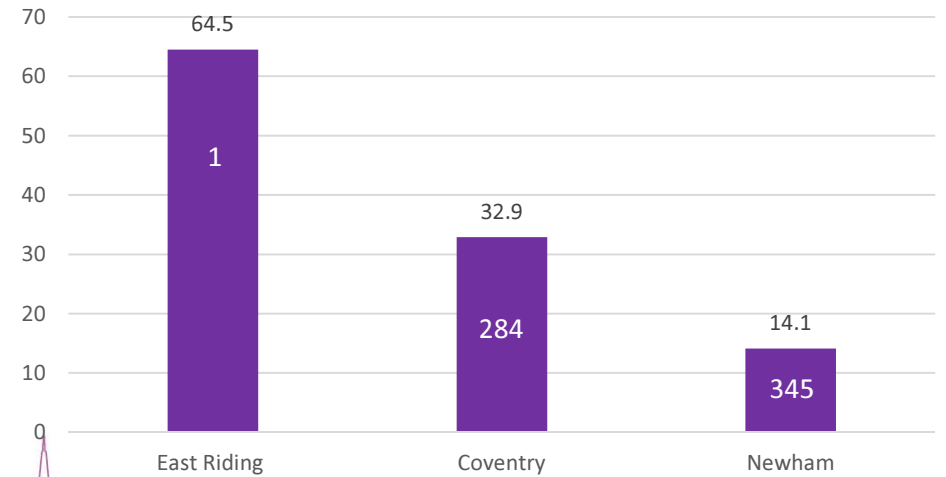


Recycling Performance

Recycling and Garden Waste

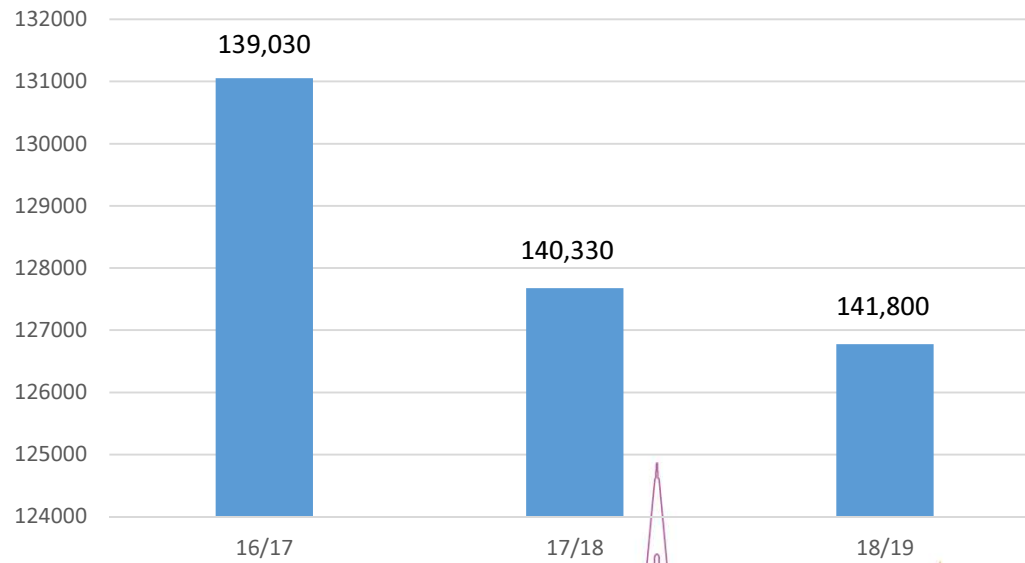


League Table 17/18



Recycling Performance

Total Waste Collected



Recycling Performance

Challenges

Engagement and Communication

- Student / Transient Population
- Confusion / disillusion
- Culture
- Contamination



Recycling Performance

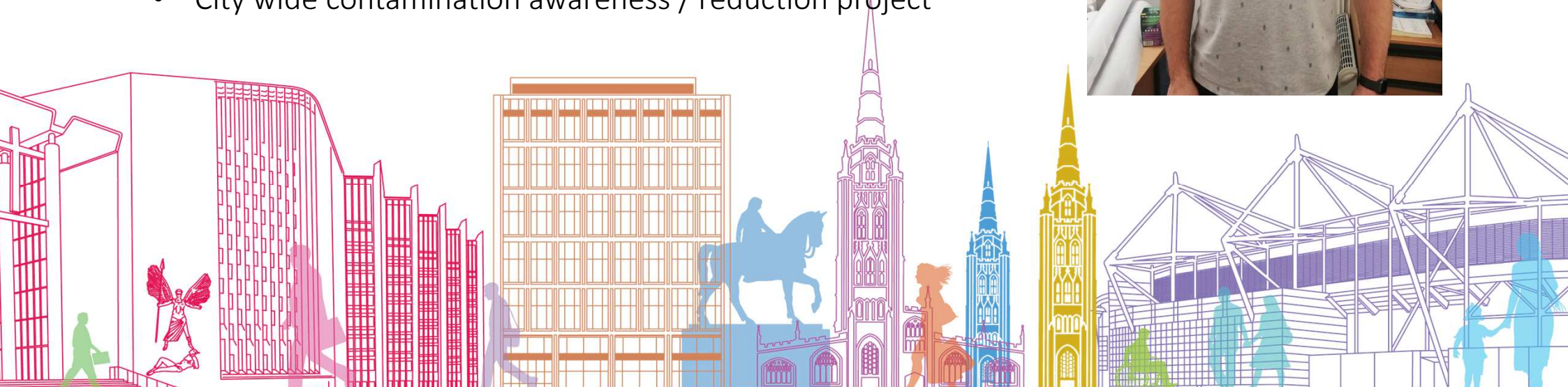


Recycling Performance

Engagement and Communication

New Team – Education Officers headed by Paul Spain

- In cab computers – data analysis
- Targeted projects
- City wide contamination awareness / reduction project



Recycling Performance

Government Waste Strategy

sets out the Governments proposals to “preserve our stock of material resources by minimising waste, promoting resource efficiency and moving towards a circular economy”

Specify a core set of dry recyclable materials to be collected from all households and businesses

Weekly separate food waste collections

Toughening penalties for waste criminals

Deposit Return Scheme

Producer pays!



Thank You

Questions?





Coventry City Council

Briefing note

To: Communities and Neighbourhoods Scrutiny Board (4)
Date: 19th December 2019
Subject: Update on Recycled Road Surface Materials in Coventry

1 Purpose of the Note.

- 1.1 To update the Board of the performance of recently laid road surfacing containing different types of waste recycled materials.
- 1.2 To inform the board of the planned future strategy for use of such materials.

2 Recommendations.

- 2.1 The Communities and Neighbourhoods Scrutiny Board (4) are recommended to:
 - 1) Support the conclusion of the Head of Highways with respect to the future strategy for use of recycled materials in asphalt mixes where these will be used in Coventry's roads.
 - 2) Recommend this approach to the Cabinet Member for City Services

3 List of Appendices included:

- 3.1 Appendix 1 – Recycled Materials in Asphalt Technical Report
- 3.2 Appendix 2 – December 2018 Presentation to SB4

4 Overview

- 4.1 In 2018, following National news items and with the Cabinet Member for City Services support, Highways Officers looked into using recycled plastic pellets made from waste plastic products in road materials (asphalt mixes.) Also see **Appendix 2** – presentation to Scrutiny Board 4, December 2018.
- 4.2 Significant preparatory work was undertaken including working with Cumbria County Council who had already laid trials of this material. Officers have requested an update from Cumbria CC on their findings and conclusions, and this will be provided to the Board once available.
- 4.3 Working with supply chain partners Tarmac we laid trials of different recycled materials in roads at:
 - Montalt Road – Rubber & Plastic
 - Birmingham Road - Rubber & Plastic
 - Sandy Lane, Cheveral Ave, Lydgate Road - Rubber & Plastic
 - Guilsborough Road –Rubber

- 4.4 Inspections of these sites over the last year or so has revealed no noticeable deterioration and the roads are performing in line with expectation of a standard asphalt road over this time period.
- 4.5 Tarmac also recommended a trial of asphalt containing rubber from waste tyres as an alternative way of providing road surfaces with environmental benefits.
- 4.6 Asphalt containing rubber has been widely used for decades in the USA but take up in this Country has not been extensive. This is most likely due to a low risk appetite within local authority.
- 4.7 A more in-depth analysis is attached at **Appendix 1** – Technical report on Recycled Materials in Asphalt.
- 4.8 Discussions around the use of both plastic waste and rubber waste in asphalts is ongoing across the industry. Highways England have recently started to use the rubber mix on trunk roads and motorways.
- 4.9 Current views within the bitumen industry is that waste plastic materials do not bond properly when mixed into bitumen, meaning that the surface might break up sooner than if it did not contain plastic.
- 4.10 There are also debates continuing into how much extra heat is required to melt and mix the plastic and hence that the plastic additive is not environmentally friendly.
- 4.11 Another concern is the how the plastic waste will behave when the surface is finally removed in relation to pollution.
- 4.12 At this time there are no British or European Standards for asphalts containing waste material, so all roads laid using this material are at the Councils risk.
- 4.13 Highways England, Tarmac and Coventry City Council were recently shortlisted for the Highways Awards Ceremony (Highways Magazine) in London, for the innovative product of the year for asphalt containing rubber.

5 Conclusion

- 5.1 The trials completed so far in Coventry have been successful and no undue deterioration of surfaces has been noted
- 5.2 There is enough concern within the industry about the use of waste plastic material in asphalt to suspend the use of it until more industry research is carried out
- 5.3 There is sufficient evidence that use of shredded rubber in asphalt is effective in terms of improvement to the product and environmental benefits.
- 5.4 Coventry Highways team should continue to lay a proportion of rubber mix asphalt as part of the overall surfacing programme.
- 5.5 The Council should further modify its approach to recycled materials in roads as research is carried out and such materials become more widely available.

**Neil Cowper – Head of Highways
Transportation and Highways
Place Directorate
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CCC Highways Technical report on the use of Plastic & Rubber in Asphalt

Background

1. Waste reduction and recycling are forming significant strands of the government policy and the war on plastic, images of our polluted oceans and the effect on wildlife are some of the ways this is being highlighted.
2. Internationally, there has been a lot of recent publicity about how plastic waste can be recycled into an asphalt mixture to produce roads that are kinder to the environment and (a manufacturer claims), longer lasting to make a “revolutionary new road surface”.
3. In recent years there have been initiatives aimed at including waste streams into asphalt, including plastic and car tyres. However, the claimed benefits and any impacts on the durability of the asphalt have not been proven by any robust national and international laboratory testing, normally required for all construction materials to meet legislative requirements. Such certification is also vital to give public bodies some protection from risks associated with performance of the material.
4. A recent example is the marketing of waste plastic pellets for inclusion in asphalt as a route to ‘recycle’ plastics. One company, MacRebur use local waste plastic for local roads and seek to divert waste from land fill sites into roads. They state that “In the UK alone 20 million tons of asphalt are produced annually – if MacRebur’s products were used in every ton, 60,000 tons of plastic would be saved from landfill each year”. The claimed benefits are:
 - a. Increase lifespan of roads;
 - b. Reduced maintenance costs;
 - c. Cheaper alternative to modified bitumens;
 - d. Reduction in landfill tax costs;
 - e. Reduced carbon emissions and adds to the circular economy;
 - f. Green alternative to bitumen in asphalt.

While this sounds like the perfect solution, there is little evidence that it has been proven technically through in-situ performance, nor for its impact on the future recyclability of the asphalt, nor the cost reduction claims, nor the environmental impact of manufacturing the pellets.

5. Some commonly recycled plastics do not generally form a homogeneous mixture when added to bitumen – creating a weak bond between the recycled plastic surface and the bitumen. So, it is understood that this new product only uses very selected types of plastic.

CCC Highways Technical report on the use of Plastic & Rubber in Asphalt

6. The process for making plastic pellets from selected recyclable waste plastics involves sorting and transporting the plastic to a plant that then extrudes the pellets. The pellets are then melted into the asphalt mix as part of the binding agent. The plastic used makes up approximately 0.5% of the total surfacing mixture. There are three types of MacRebur pellets which can replace between 3kg and 10kg per 1000kg of surfacing material.
7. The “green” benefits clearly link to lowering the environmental impact of road maintenance. The company promoting this product highlight how the use of this type of local waste can be diverted from land fill sites into the asphalt that is produced and used on roads. However, it is uncertain if the wider environmental impact of making the pellets, their transportation for the manufacturing process and then transport to the asphalt plant etc have been factored-into this assertion.
8. Rubberised Asphalt consists of regular asphalt concrete mixed with crumb rubber made from recycled tyres. Asphalt rubber is the largest single market for ground rubber in the United States, consuming an estimated 100,000,000 kg, or approximately 12 million tires annually.

Use of rubberised asphalt as a pavement material was pioneered by the city of Phoenix, Arizona in the 1960s.

9. There are 40 million waste tyres produced every year in the UK. Tarmac estimates that it will be possible to recycle and reuse up to 750 waste tyres for every kilometre of highway surfaced with the new material, depending on the thickness of the road, which would help to reduce the 120,000 tonnes of rubber waste exported from the UK annually.
10. There is no extra cost for the addition of Tyre crumb addition, however, there is an uplift for the use of the MacRebur products, this varies from £4.35 to £9.40 depending on the type of pellet. An average resurfacing scheme uses around 300 tonnes of material; this could incur an uplift of around £2-3k.
11. There is an industry drive to use warm mix asphalt which gives around a 50°c reduction in mixing temperature, which equates to around a 30% saving in fuel. Rubber crumb asphalt can be added to a warm mix asphalt. However, the plastic pellets can't be used with a warm mix asphalt and require the asphalt to be heated to around 190°c, this in turn uses more energy and releases more carbon into the atmosphere.

CCC Highways Technical report on the use of Plastic & Rubber in Asphalt

12. Highways England have laid rubber crumb asphalt on the M1 in June this year as a trial.

Trials in Coventry to date.

Following National news items and with senior member support Highways Officers looked into using recycled plastic pellets made from waste plastic products in road materials (asphalt mixes). MacRebur had developed this idea and began working with asphalt suppliers in Cumbria to use such waste materials in roads. We made enquires with Cumbria County Council, who were the first council in the country to use the product; they offered advice and support to the Council following their experience of delivering road resurfacing using plastic pellets.

Council engineers then engaged with local asphalt producers to see if they would partner with the Council to deliver a new sustainable solution for road resurfacing. Coventry's contractor, Tarmac had already carried out a small trial in Gloucestershire, which provided Council Engineers with confidence that Tarmac knew how to distribute the plastic within the asphalt mix. Tarmac were also keen to trial the use of shredded tyre rubber in a test section within a road trial site, which after further investigation officers agreed to trial.

Considerations.

1. A scientific paper from India in 2015 highlighted that plastics are virtually indestructible, and any attempts to destroy them give rise to new problems and new pollutants. Far from being a solution to plastic pollution, plastic road-making itself is a source of pollution. Plastics release toxic gases when heated. Putting plastics in roads does not make plastics disappear. They are merely hidden. Over time, as the road weathers, the plastic breaks down into micro particles of plastic and enters the environment. To convert them into daily-use products, chemical additives are added to give them various required properties. The toxicity of most of these chemicals is not known. Research in China in 2009, exploring plastic recycling techniques, indicated that heating most plastics releases moderate to highly toxic emissions. Workers engaged in road-laying could then be at risk from these emissions.
2. The use of plastic additives is still a new concept, so it is early days for understanding the long-term effects or consequences of using plastic in our roads. There are some concerns about a lack of evidence that the plastics are chemically inert; for example, could the degradation process of the plastics leach toxic substances or noxious gases further down the line and once the plastic / rubber road surfaces have reached the end of their life span, how will they be safely disposed of.
3. There is no specification or standard available. Suppliers are currently agreeing specifications with clients on the basis that it is at the client's risk.

CCC Highways Technical report on the use of Plastic & Rubber in Asphalt

4. Currently, there would appear to be no evidence to support claims that this asphalt is more durable or even as durable as conventional asphalts.

5. It is possible that when the road surface wears, the plastic will be released back into the environment (with surface water runoff) in the form of microbeads.

6. It is uncertain if this asphalt can be recycled in the future, it could potentially become very costly to dispose of at its end of life.

Author: R. Little – Senior Engineer

Highways Technical

Transportation and Highways

Place Directorate

November 2019

Coventry City Council



Recycled materials used in asphalt mixes



Background

Following National news items and with senior member support Highways Officers looked into using recycled plastic pellets made from waste plastic products in road materials (asphalt mixes). A company MacRebur had developed this idea and began working with asphalt suppliers in Cumbria to use such waste materials in roads. We made enquires with Cumbria County Council, who were the first council in the country to use the product; they offered advice and support to the Council following their experience of delivering road resurfacing using plastic pellets. The pellets are produced from hard to recycle plastics that would otherwise be destined for landfill, such as computer monitors and keyboards.

We engaged with local asphalt producers' to see if they would partner with us to deliver this new sustainable solution for road resurfacing. Our contractor, Tarmac had already carried out a small trial in Gloucestershire, which provided Council Engineers with confidence that they knew how to distribute the plastic within the asphalt mix. Tarmac were also keen to trial the use of shredded tyre rubber in a test section within a road trial site, which after further investigation officers agreed to trial.

Working with Tarmac we decided to move forward with this initiative and select a suitable site for the trial.

Coventry's expectations from the use of the product

- To demonstrate the use of innovation in the Highway Service: Identifying and supporting new solutions for the delivery of the highways service both at local and national level.
 - Opportunity to improve outcomes for waste management.
- Potential to increase the time between maintenance life cycle intervention, due to increased flexibility in the material.

Montalt Road

Daily Mail 6 March 2017

Is this Britain's worst road?

Residents of Montalt Road in Coventry certainly think so and have expressed their frustration about the state of it, calling it a 'complete mess'.



Montalt Road was selected as the initial trial site for the following reasons:

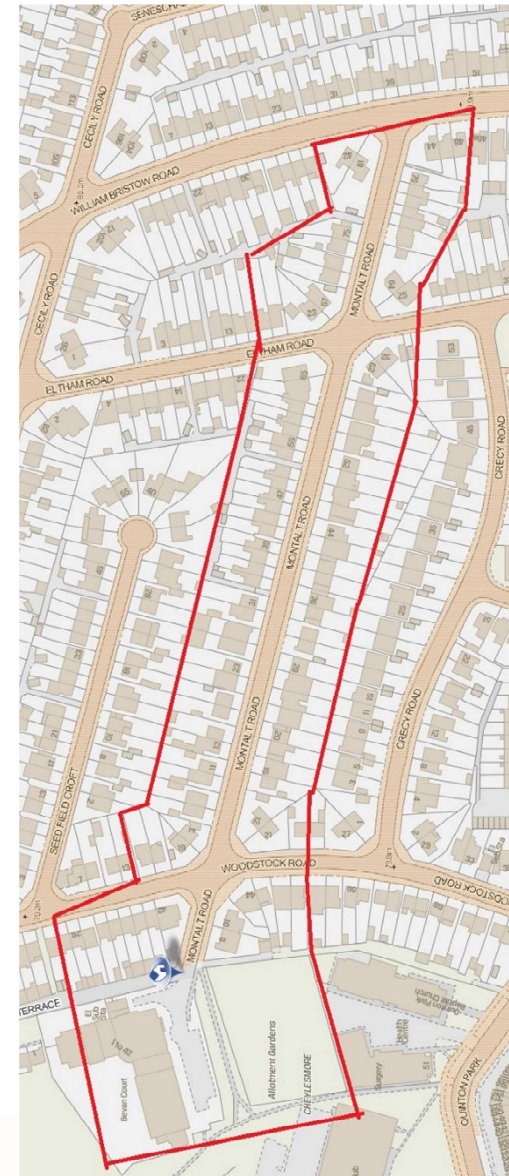
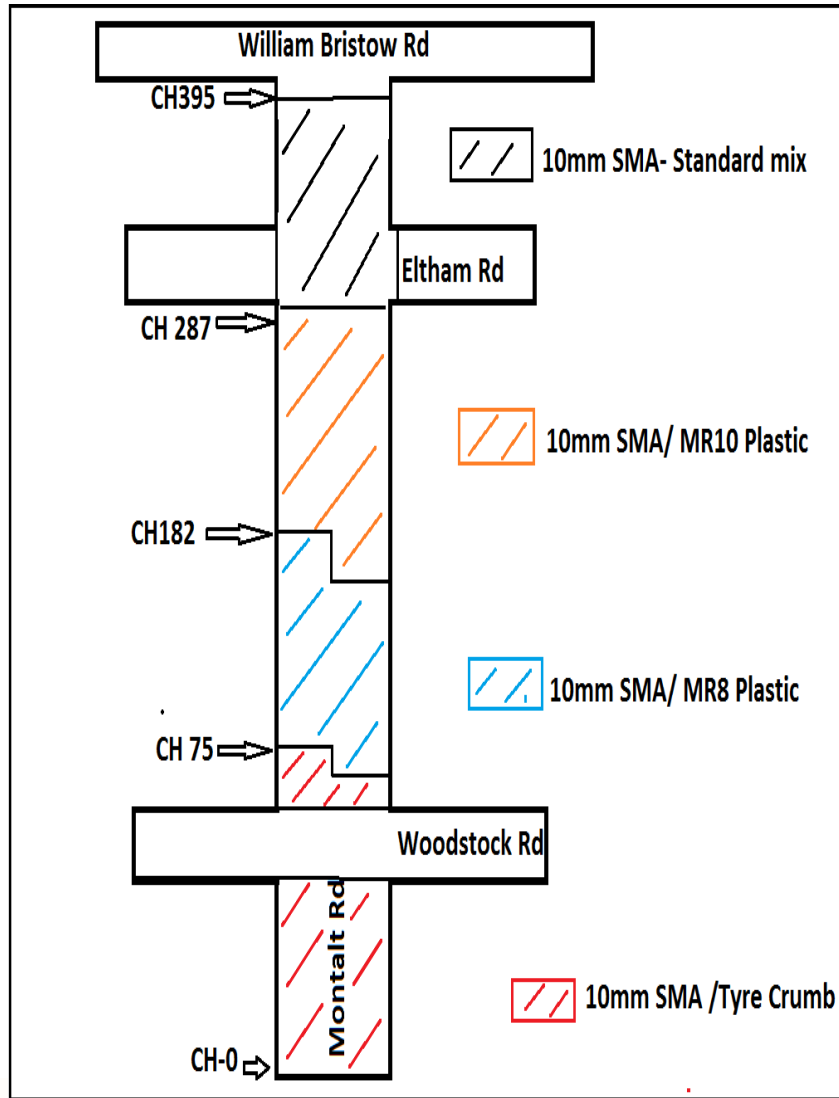
Montalt Road is a residential road taking local traffic which had areas where the road was failing. This was leading to continuous expensive reactive repairs, and A high number of customer complaints Testing and monitoring could be carried out with little disruption to traffic



- The trial involved this residential road being resurfaced using material containing two different types of plastic pellets, recycled rubber, and a standard asphalt mix called SMA.
- The pellets were used as a binding agent, MacRebur promote their product on replacing some of the bitumen which is a fossil fuel, to help reduce the carbon footprint of the process. Half of the road was resurfaced with asphalt containing plastic pellets.
- One quarter of the road was resurfaced using rubber 'crumbs' that have come from old vehicle tyres, while the remaining quarter was resurfaced using traditional asphalt.
- The Road will be monitored to see if these alternatives are as hard-wearing and effective as the traditional materials.

<https://www.youtube.com/watch?v=s3zcS2t4IHM>

Trial Site – Montalt Road



MR10: replaces 6% bitumen and is recycled from such plastics as computer monitors and keyboards

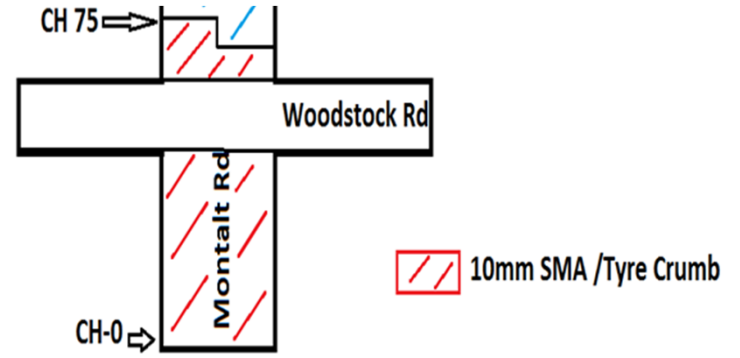


MR8: replaces up to 10% bitumen and is recycled from industrial and agricultural plastic wrapping.

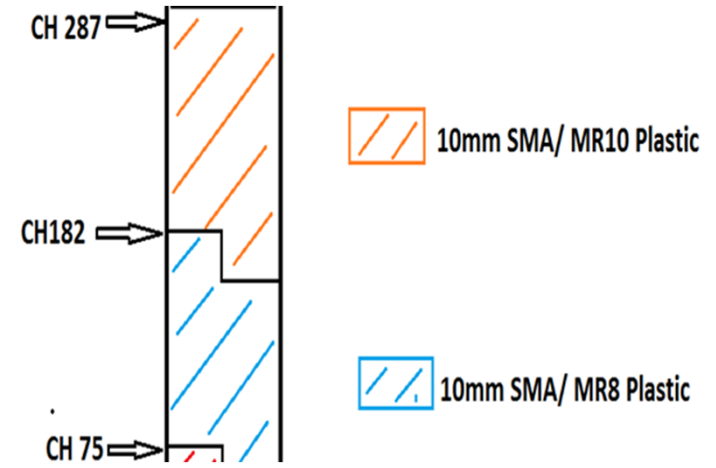




10mm SMA/rubber crumb

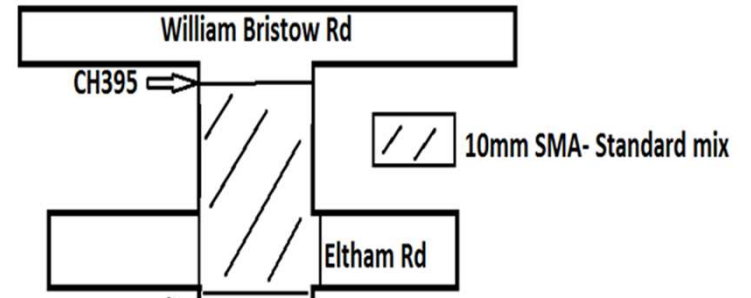


10mm SMA/rubber crumb





10mm SMA MR10 plastic



SMA – End of scheme

Before and After







What we have learnt so far

- Further research and development is required to see if the plastic can be fully distributed into the binder which holds the asphalt together.
- We are currently working with Tarmac to review and test the performance of all the products used in the trial.
- During the trials the tyre crumb appeared to perform better during the laying process.
- If the plastic pellet additive becomes standard in asphalt mixes and there is more usage across the industry then there could be potential cost savings over standard mixes in the future.
- There would also be green benefits to the environment, less plastic waste destined for landfill, reduction in fossil fuel usage and a reduction in carbon footprint.

Monitoring:

- Following completion of the works the various treated sections site will be routinely assessed over the coming years.
- Tarmac have carried out testing of skid resistance on the roads to see if there are any differences between the different materials.
- Tarmac are carrying out a series of lab testing to see how the plastic and tyre crumb perform.

Latest position :

- In addition to the Montalt Road scheme, Sandy Lane/ Cheveral Avenue has been successfully completed with MR8, recycled tyre rubber and a proprietary asphalt called Utilayer.
- Birmingham Road is the potential site for more plastic and recycled tyre rubber which is programmed for early 2019.
- Finally, we are looking at whether we can find some suitable machine lay footway sites using tyre crumb.

Agenda Item 7

Communities and Neighbourhoods Work Programme 2019-20

Last updated 5/11/19

Please see page 2 onwards for background to items

11th July 2019
<ul style="list-style-type: none">- Highways Infrastructure Asset Management Plan- Housing and Homelessness Update
19th September 2019
<ul style="list-style-type: none">- Flood risk management and drainage update report- Preparations for Christmas Waste collections 2019- Fly-tipping
14th November 2019 (moved from 21st)
<ul style="list-style-type: none">- Social Housing Allocations (Coventry Homefinder Review)- Rough Sleeping Strategy- Discharge into the Private Rented Sector (PRS)
19th December 2019
<ul style="list-style-type: none">- Recycling Update- Improving Recycling rates in Coventry- Recycled Road Surface Materials
23rd January 2020
<ul style="list-style-type: none">- Temporary Accommodation Charging Policy- Outcome of the Christmas Waste Collection
20th February 2020
<ul style="list-style-type: none">- Rough Sleeping update (including Housing First)- Implementation of the Homelessness Reduction Act (HRA)- Outcome of the recommissioning of Homelessness Services- Update on building new Social Housing
26th March 2020
<ul style="list-style-type: none">- Ignite Programme- Average Speed Enforcement Cameras in the City Progress Update.- Safer Speed City- Traffic Lights in the City
Date to be decided
Housing Development Infrastructure City Centre Parking Street Cleansing Social Housing Supply Public Realm work Residents Parking Zones Electric Vehicle Charging Homelessness Strategy progress Planning in Coventry Temporary Accommodation Charging Policy Flytipping Surveillance Project – Autumn 2020

Date	Title	Detail	Cabinet Member/ Lead Officer
11th July 2019	- Highways Infrastructure Asset Management Plan	That the Highway Infrastructure Asset Management Plan be considered by Scrutiny prior to its formal consideration and adoption by Cabinet. To include the risk management policy and an update on maintenance of the Ring Road.	Neil Cowper Danny Rawle Cllr Hetherton
	- Housing and Homelessness Update	To include update on the Housing and Homelessness Strategy and the Homelessness Reduction Act and Housing First.	David Ashmore Jim Crawshaw Cllr T Khan
19th September 2019	- Flood risk management and drainage update report	An annual update on the flood risk management programme	Tracey Cowley Cllr Hetherton
	- Preparations for Christmas Waste collections 2019	To scrutinise plans for the Christmas Waste Collection.	Andrew Walster Sarah Elliot Cllr Hetherton
	- Fly-tipping	To receive an update on fly-tipping rates in the city and measures being taken to dissuade fly-tipping.	Craig Hickin Cllr AS Khan
14th November 2019 (moved from 21st)	- Social Housing Allocations (Coventry Homefinder Review)	To consider the supply and allocation of social housing, including supporting potential foster carers to provide extra bedrooms for LAC, an issue referred from SB2.	Jim Crawshaw Adrienne Bellingeri Cllr T Khan
	- Rough Sleeping Strategy	Scrutiny to comment as part of the consultation process with a Cabinet report due on 10 th December	Jim Crawshaw Cllr T Khan
	- Discharge into the Private Rented Sector (PRS)	An opportunity for the Board to comment on the consultation.	Jim Crawshaw Cllr T Khan
19th December 2019	- Recycling Update	To look at proposals for a new recycling plant	Andrew Walster Cllr Hetherton
	- Improving Recycling rates in Coventry	To look at what is being done to improve recycling rates in Coventry	Andrew Walster Cllr Hetherton
	- Recycled Road Surface Materials	To find out progress on the current trial following from the item on the 19 th December 2018	Neil Cowper Cllr Hetherton

Communities and Neighbourhoods Work Programme 2019-20

Date	Title	Detail	Cabinet Member/ Lead Officer
23rd January 2020	- Temporary Accommodation Charging Policy	To enable SB4 to input into the consultation on TAC Policy and feedback on the themes of the consultation documents received to date.	David Ashmore Jim Crawshaw Cllr T Khan
	- Outcome of the Christmas Waste Collection	To update on the outcomes of the Christmas Waste Collection.	Andrew Walster Sarah Elliot Cllr Hetherton
20th February 2020	- Rough Sleeping update (including Housing First)	Following the HRA report in July 2019, Member requested an update on rough sleeping, including the impact which additional staffing has made to reducing Rough Sleeping and the outcome of the 2019 Rough Sleeper Count.	Jim Crawshaw Cllr T Khan
	- Implementation of the Homelessness Reduction Act (HRA)	Following an item in July 2019, Members requested a further 6 months progress update – to include information on how much money has been paid for deposits for Landlords. Could include a general update on the Homelessness Strategy	Jim Crawshaw Cllr T Khan
	- Outcome of the recommissioning of Homelessness Services	To inform Members of the outcome of the recommissioning of homelessness services including mobilisation timescales.	Jim Crawshaw Cllr T Khan
	- Update on building new Social Housing	To invite Citizen and to include who is building what, where and when properties are will be be available.	Jim Crawshaw Cllr T Khan
26th March 2020	- Ignite Programme	This is a 5-year programme which is coming to a close – Members have requested an update on the work and the outcomes from the programme. The project has appointed an evaluator so they will report	Helen Shankster, Jane Moffett, Sue Frossell Emma Bates/ Sue Bent, Coventry Law Centre
	- Average Speed Enforcement Cameras in the City Progress Update.	To look at the effectiveness of ASE Cameras following a 12-months after implementation on Ansty Road and London Road. To include a representative from WMP	Joel Logue

Date	Title	Detail	Cabinet Member/ Lead Officer
	- Safer Speed City	Following consideration of the draft criteria for a policy the Board requested to receive the Cabinet Member report with the final policy	Joel Logue
	- Traffic Lights in the City	To receive an update on the traffic light replacement programme, with a particular focus on the use of sensors to improve traffic flow.	Ben Gray
Date to be decided	Housing Development Infrastructure	To look at proposals for planned housing developments and infrastructure. Specifically, to look at the timetabling of these developments and associated roads and infrastructure which will be required to support population growth and movement. To seek assurances that infrastructure will be in place before homes are occupied.	Colin Knight/ Mark Andrews
	City Centre Parking	To look at city centre parking at an appropriate time including the Restricted Parking Zones.	Colin Knight
	Street Cleansing	To look at street cleansing in the City in preparation for City of Culture 2021.	
	Social Housing Supply	To look at how the Council can support social landlords to build social housing. Also to cover progress on a social landlords forum	
	Public Realm work	To consider plans for work to improve the public realm, including budgets	Andrew Walster Cllr Hetherton
	Residents Parking Zones		
	Electric Vehicle Charging	A review of the installation and usage of electric vehicle charging points across the city	Colin Knight Cllr O'Boyle/ Hetherton
	Homelessness Strategy progress	Temporary Accommodation Charging Policy, Discharge into the Private Rented Sector, Rough Sleeping Strategy	
	Planning in Coventry	To look at the planning process in Coventry including	

Communities and Neighbourhoods Work Programme 2019-20

Date	Title	Detail	Cabinet Member/ Lead Officer
	Temporary Accommodation Charging Policy		Jim Crawshaw Cllr T Khan
	Flytipping Surveillance Project – Autumn 2020	At their meeting on 19 th September, the Board received a report on a pilot project for surveillance of flytipping hot spots. Members requested evaluation information when available	Craig Hickin Martin McHugh

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