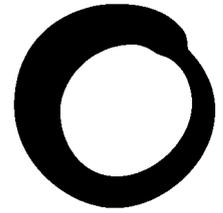


August 2008



**Friends of
the Earth**

Briefing

Private Finance Initiative (PFI) funding for waste infrastructure

Local authorities are pursuing large waste projects across Britain, which will shape waste policy for the next 40 years. In England, the majority of these projects are being funded by Private Finance Initiatives (PFIs). There is growing concern that the PFI process encourages local authorities to procure large, inflexible facilities such as incinerators, rather than implementing schemes to maximise recycling and provide small-scale, flexible technologies to deal with the waste left after recycling and composting (known as residual waste).

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Introduction

This briefing explains how the PFI process is applied to big waste projects, the problems and opportunities associated with waste PFIs, and some possible ways to get involved with the process to achieve better outcomes.

Other Friends of the Earth briefings will also be useful if you wish to campaign on a PFI, in particular:

Up in Smoke briefing – why Friends of the Earth opposes incineration

www.foe.co.uk/resource/media_briefing/up_in_smoke.pdf

Community Rights Resource Pack

http://community.foe.co.uk/campaigns/rights/resource_pack/index.html

This pack consists of campaigner guides that deal with the three main ways you can get involved in planning and environmental decision-making more generally:

- Your right to access information
- Your right to participate in the planning system
- Your right to use the law when things go wrong

If you are campaigning against a proposed incinerator, we would recommend that you also get in touch with the UK Without Incineration Network – visit www.ukwin.org.uk/ or e-mail coordinator@ukwin.org.uk

1) What is PFI and what does it mean for waste management?

PFI stands for Private Finance Initiative. It is a method of funding very large projects in a way that should transfer risk to the private sector in return for a guaranteed long-term contract. The theory is that the extra costs of setting up the contract and paying what may be a higher price is more than made up for by the contractor doing a better job as the contractor carries the risk. Critics of PFI claim the object of PFI is to keep the cost of major projects off the Government's books.

The reason that PFI is being promoted by the Government as a way of funding waste projects is because many waste technologies – particularly incineration – are very expensive to build (though potentially profitable to operate), and PFI is a method of getting the money to build them. The Government provides some of the funding to make PFIs viable. This is in the form of a PFI Credit, which acts as an incentive to use the PFI method of funding. The Treasury has allocated the Department for Environment Food and Rural Affairs (Defra) £2 billion for distribution to subsidise PFI waste projects.

PFI's are complex as every last detail has to be worked out at the start of the process so that the contract can be produced. As a result, using PFI to finance a waste infrastructure project adds about two years to the timescale.

This time allows for the following steps to be taken:

- 1) A local authority or waste partnership or joint waste authority (formed from a group of local authorities) submits an Expression of Interest (EoI) to Defra for approval

Once the EoI has been approved by Defra:

- 2) The authority must create and submit an Outline Business Case (OBC) to Defra for approval

Once the OBC has been approved by Defra:

- 3) The invitation to tender is published in the Official Journal of the European Union (OJEU).

Companies will then apply to tender for the contract, which includes the:

- Tendering process and dialogue
- Selection of preferred bidder
- Awarding of contract

- 4) The Final Business Case (FBC) is submitted to Defra.

A detailed diagram of this process can be viewed at

www.defra.gov.uk/environment/waste/localauth/funding/pfi/pdf/pfi-app-scruit-prcss.pdf

It is then up to the private contractors to build, commission and operate the facility (often via subcontracting). Contractors normally apply for planning permission after they are awarded a contract but councils can apply for outline planning permission earlier in the process. Until the contracts have been signed there is a risk that the contractor will increase the costs or walk away.

Waste PFI money doesn't have to be spent on incinerators - it can fund other waste infrastructure such as anaerobic digestion plants, recycling facilities and waste transfer stations. It cannot be spent on operational costs such as collecting waste or disposing of ash.

2) The process for councils to get waste PFI money and agree a contract with a waste company

2.1) Appointment of transactor and gateway 0 review

It takes around three years to get from the start of the PFI process to the stage where contracts are signed. The very first stage is a “gateway 0” review when the project is inspected by an external team from 4Ps, (a government agency to manage the PFI process). The review is to see if the bidders (i.e. the councils) are ready to start the process. It is very likely that the fact that this review is happening is kept secret from the public and all but a few councillors. Defra will provide a ‘transactor’ for the local authority, who acts as a ‘guardian angel’ for the project.

2.2) Expression of Interest

The Expression of Interest (Eol) is the first stage at which you may become aware that a large PFI waste contract is proposed. It is a document produced by the local authority for the Waste Infrastructure Delivery Programme (WIDP) at Defra so that the PFIs coming into Defra can be managed and given initial go-ahead. There is a system of bidding rounds, and the deadline for submitting the Eol is the first key date in each funding round. The dates so far have been 30th September 2006 (round 1), 31st March 2007 (round 2), 30th September 2007 (round 3) and 31st March 2008 (round 4). No more funding rounds have been announced to date.

Recent Eols should follow a template set out by Defra which splits the document into ten sections:

- 1) Executive Summary
- 2) Background
- 3) Waste Management Strategy
- 4) Procurement Strategy
- 5) Risk Management, Risk Allocation and Contractual Structures
- 6) Project Team and Governance
- 7) Sites, Planning and Design
- 8) Costs and Budgets
- 9) Stakeholder Consultation
- 10) Timetables

Older Eol will have similar content but not follow this template. This document is a goldmine for campaigners and comes with 100s of pages of appendices. See Section 4 for details on using this information in your campaign.

In the month or two before the Eol is submitted, the local authority will seek approval to

produce and send the document. The production is a very expensive process and involves several firms of consultants advising on waste technology, finance and legal aspects. Some local authorities give their elected members a good amount of detail about the size, type and possible cost of the waste facility when the approval to produce the EoI goes through the cabinet process. Other local authorities allow officers to submit an unseen EoI. For example, the recent PFI EoI for Kingston-upon-Hull City Council and the East Riding of Yorkshire Council was made without the knowledge of the ordinary councillors.

Approval of the EoI by Defra

The EoI will be used by Defra to look at the project's chance of success and should be examined to establish whether it would deliver on meeting government objectives. Unfortunately there is no consultation at EoI stage. Local authorities are now often putting the EoI on their websites and groups should use Environmental Information Regulations (EIR) requests to obtain any additional reports.

Right to know

Councils will often try to keep information secret (so will Defra sometimes). However, you have a legal right to see most information, which is defined in the Freedom of Information Act 2000 and the Environmental Information Regulations 2004. For more information, and an online Information Request Generator, see http://community.foe.co.uk/tools/right_to_know/index.html

It is worth writing to Defra about any problems you identify in the EoI and later stages of the local authority's submissions. Defra has to work through an assessment process on the EoI and any incorrect or unjustifiable information should be challenged.

After about 6-8 weeks the EoI will normally secure Defra approval. It is worth using EIR to obtain the assessment report and letter Defra sends to the local authority. These documents tell the authority what areas of their application need improving, and some weaknesses of the application will be highlighted in these documents. Key concerns are meeting government targets, joint working with neighbouring authorities and the efficient use of energy (see Section 4).

2.3) The Outline Business Case

The deadline for submitting the Outline Business Case (OBC) is 7 months after that for the EoI. Work on the OBC is often done in secret and a short report is presented to the cabinet at the local authority giving only a general overview of what is being proposed. The OBC is a refinement of the EoI to the point where the substantial bid for PFI funding is made to government.

While most of the work to produce the OBC is done by outside consultants, a hint of democratic process is given by the formation of an oversight committee. This will normally have one or two members from each political group and be carefully managed by waste officers. Site visits to new incinerators will be arranged and outside experts invited to speak.

PFI funding for waste infrastructure

It is worth asking to speak to the panel, and obtain all the minutes and reports using EIR. Lobbying the panel can reduce the size of the proposed plant, increase their recycling targets and ensure that they are open to ideas other than just building an incinerator. A key part of the OBC to influence is what is known as the reference project.

The Reference project

This is often one of the most important and least understood parts of the process. It is in effect a template against which real proposals are compared and it sets the level of PFI funding that would come from government. The reference project is central to the OBC and details of it are often in the EoI. The technology used as the reference project is usually incineration, even if the authority isn't keen to procure this technology. It is sometimes possible to lobby to improve the reference project between EoI and OBC stages.

Reference projects have several problems:

- 1) They are encouraged to be as large in capacity as possible to attract funding and bidders.
- 2) They use old technology so that they think they know the likely costs.
- 3) They present a barrier to bidders providing more flexible solutions.
- 4) They set the contract life over which the PFI will be arranged so favouring primitive incineration processes.

The OBC may indicate how closely they expect any bids to follow the technology in the reference project. Some OBCs will clearly state that they are “technologically neutral” or “output based”. Incinerators still have a clear unfair advantage as the length of the contract and profile are designed to suit the incinerator.

Approval of Outline Business Case by Defra

This is a longer version of the process to approve the EoI. The first stage is an assessment by the WIDP staff at Defra as before and then the OBC goes to the WIDP board. This board has 1 member from Defra, one from Partnerships UK (a joint venture between banks and the Treasury to promote PFI) and one from 4Ps (the Government agency to manage the PFI process). That should take less than 10 weeks, after which it goes to the Minister at Defra for approval.

If successful it is then examined by Partnerships UK and then by an inter-departmental Project Review Group. About 5 months after the OBC has been submitted it could be approved. At this stage there will be a ministerial press release and a letter to the local authority.

It is very important to influence the project as much as possible before the OBC is approved as it becomes hard to get access to the process once the OBC has been approved.

There does not exist a formal way to influence the approval process. It would be possible to

write to the minister and WIDP board with your concerns. Unfortunately the main concern of those vetting the OBC is the viability of the business aspects of the OBC.

Publication in the Official Journal of the European Union

At this point, a tender document has been prepared, which will then be published in the Official Journal of the European Union (OJEU) in order to attract bids from companies.

This is a commercial process that is mostly outside any democratic control or scrutiny. Possible bidders will apply for the tender and get whittled down by a pre-qualifying process. A few bidders will be asked to take part in a detailed dialogue, and then asked to submit “solutions”. The process can be iterative with bidders adding details and refinements. It is in this process that the bidders can submit a range of technologies that broadly match the requirement. Sometimes two solutions are submitted from suppliers.

Once the dialogue is closed the process should narrow the field down to two or three bidders. It takes around 15 months from the publication in the OJEU to reach this stage. The WIDP staff and board then have to approve the process before the bidders are asked for their final tenders. From this a preferred bidder is selected and an 8 week process then leads to the signing of contracts.

Final Business Case & Contract

At the end of the process two key documents are produced that define how the PFI will work. The Final Business Case (FBC) is an updated version of the OBC, amended to reflect the changes made during the bidding process. Where contractors or Defra have influenced the project this could be drastically different to the original. Construction costs could have doubled and the size of the plant could be far larger by this stage of the process.

The biggest document of all is the contract. This could be around 1000 pages and have a large number of extra documents attached. Some waste PFIs actually split the arrangements into two contracts, one for an incinerator and one for everything else. A public version of the contract should be made available, but this may be months or even years after it is signed, and may still censor some information. Such redaction can be challenged, as public interest may be considered powerful enough to trump commercial confidentiality.

3) After contracts are signed

The signing of contracts changes the relationship between the parties and should end the need for commercial confidentiality. The winning bidder now in effect operates on behalf of the local authority and that part of its operation becomes subject to Environmental Information Regulations (EIR) requests. Even when a large waste firm has won the bidding, the actual PFI can become one or more separate legal entities (which are owned in part or whole by the winning bidder). For simplicity this is called ‘the contractor’. Campaigners should try to obtain as much information about the contract as possible.

PFI funding for waste infrastructure

3.1) Going for planning permission

The planning permission stage is unfortunately the first point at which the public can be formally involved in the process. Before reaching this stage some local authorities may deny that there are any plans for incineration because of the technicality that no formal planning applications have been submitted (and so there is no 'proposed development').

The contractor is likely to need to submit a planning application for the waste facility. The local authority is likely to be both the planning authority and the customer. Although local authorities claim that they keep these two functions separate in reality they could be compromised, as not granting planning permission would cause financial and operational problems for the local authority.

It is also possible that the local authority has applied for outline planning permission at the start of the PFI process before the contractor has been selected.

The plans of the contractor also become far more public after contracts are signed. The contractor is likely to go on a publicity campaign in the run-up to applying for planning permission. This is likely to include things like large newspaper adverts and new mini-buses for local community groups. It is normally at this stage that local protest groups form and the contractor will try to get the community to own and like the project (e.g. through consulting on the architecture of the incinerator).

The process up to this point may have taken 3 to 5 years. During that time, recycling rates will probably have risen and the recent data on waste growth will probably show that waste growth projections made when first planning the facility were very pessimistic.

Help on planning issues

Many useful resources to help you get involved in the right way and at the right stage of planning applications (including the Community Rights Resource Pack) can be found at www.YourPlanningRights.co.uk

Friends of the Earth's Rights and Justice Centre runs a free advice line to help people with environmental law matters. The Advice Line is available on Freephone 0808 801 0405. Lines are open on Wednesdays 6.30 - 8.30 pm and Thursdays 11:00am - 2:00pm.

Power Up! is an annual residential weekend of workshops to demystify the powerful new planning system and freedom of information laws
http://community.foe.co.uk/events/power_up/

The upcoming new planning system will remove the right to be heard and the existing public inquiry process for incinerators that produce over 50 MW of electricity (classified as 'major infrastructure projects'). Under proposals set out in the Planning Bill these decisions would be taken by an unelected body called the Infrastructure Planning Committee.

3.2) Integrated Pollution Prevention and Control (IPPC)

Under the Integrated Pollution Prevention and Control (IPPC) systems, contractors are required to apply for a pollution control permit to operate a waste facility such as an incinerator. This process is managed by the Environment Agency (EA). The EA should look at the impact of the development independently and should not have conflicts of interest, unlike the planning process where the local authority is its own judge and jury.

The permitting process is very important and has stopped, or at least delayed, several incinerator applications. The EA was reluctant to consider the CO₂ emissions of incinerators when granting permits until recent legal action against them by local pressure groups in conjunction with Friends of the Earth. The inability to obtain a permit for projects that have a poor climate change footprint, like incineration with only electricity generation, should feed back into the risk profile of more recent PFI bids. The permitting process is too complex to cover in this briefing but local authorities should be made aware that PFI projects could be defeated at the permitting stage.

IPPC applications are often submitted at around the same time as the planning application. Contact the EA to be notified when the IPPC application has been submitted and is available for comment.

4) Campaigning on waste PFI and its problems

Your best chance of winning your objectives is to create a vibrant local campaign, involving local people, media, politicians, demonstrations etc. Friends of the Earth has produced a number of resources to help you to create and run a campaign, see:

http://community.foe.co.uk/resource/how_tos/index.html

This section describes some of the angles you might find productive for your campaign:

4.1) Campaign for true consultation

At no stage in the PFI process is there a requirement for a formal public debate on the proposal, even though many millions of pounds of public money is at stake. Before the process starts the local authority may stage some activity that does not allow the public to express its views on incineration. Very general questions are often put like “Should we extract energy from waste?” or “Should we have a one stage or two stage energy from waste system?”

Defra’s PFI guidanceⁱ states that there should be broad public support for the proposal:

“Proposals should demonstrate that other relevant authorities, the public and interested parties have been consulted and that there is a broad consensus supporting a recognised long term waste management strategy which is reflected in the proposed solution.”

See if you can create division within the council (and/or between councils), which will demonstrate that this is not the case, even if the largest party approves. Make sure that councillors – and Defra are made aware of public opposition.

PFI funding for waste infrastructure

Groups should campaign for the council to have a proper consultation in which it does not ask leading questions. They may be able to mobilize the public to respond in creative ways and could even add extra options to any consultation.

4.2) Campaign for a realistic level of waste growth

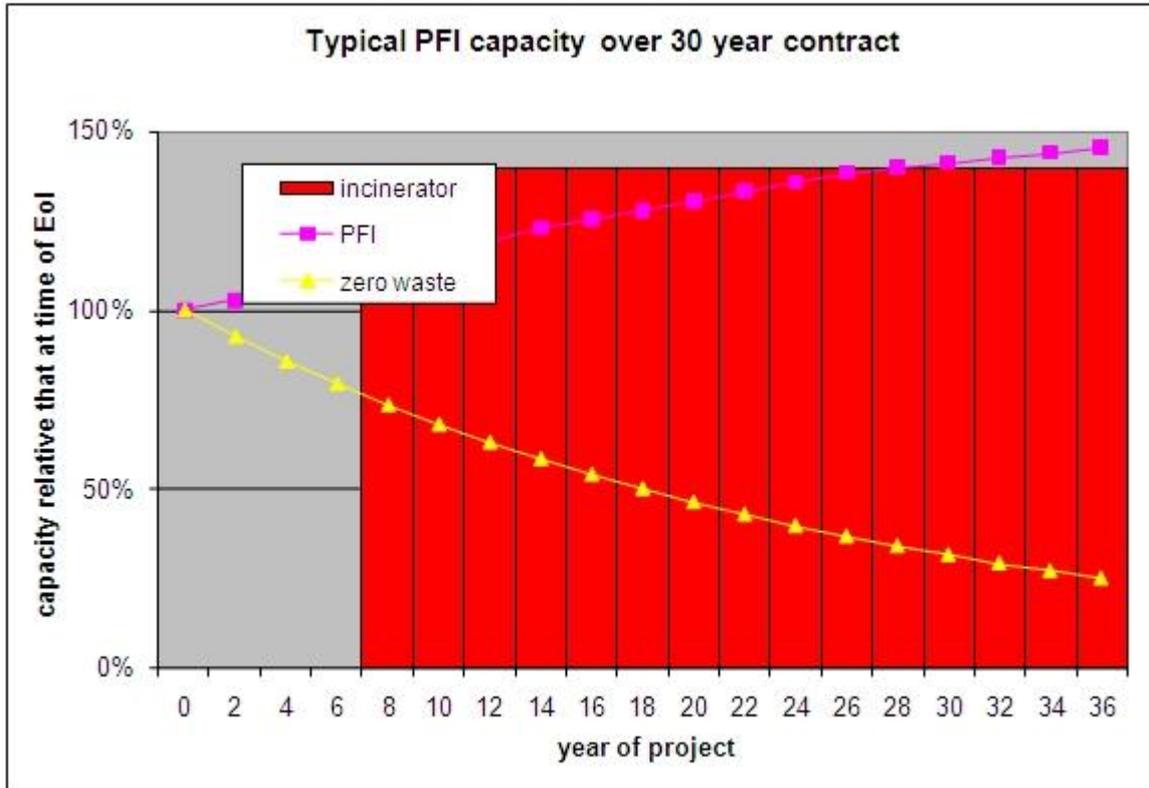
The best strategy for sustainable waste is based on the concept of zero waste - designing residual waste out of our society with almost everything either being reused or recycled. Waste PFIs on the other hand need the amount of residual waste to be as large as possible and in effect force local authorities to produce guaranteed amounts of waste per week. No firm wants to invest in a plant that is going to be under used. The size of the plant normally assumes waste tonnages will grow over the length of the contract. This growth rate will often be far larger than the underlying growth rate over the last few years.

Campaigners can lobby to reduce the capacity of the output specification and insist that it should allow waste to reduce as resources become depleted. The EoI often contains historic waste data and the latest waste tonnages can be obtained from www.wastedataflow.org/reports/default.aspx. Once registered with the site, you can obtain a summary report that gives quarterly waste statistics.

Commercial and Industrial waste

Check whether the facility is planned for municipal waste only or whether commercial and industrial (C&I) waste is going to be accepted. The fraction of the plant that is used for C&I should not receive PFI credits and C&I may need to be cross-subsidised by the local authority. For example the PFI waste contract may cost £100/tonne but may need to charge £75/tonne to attract enough C&I waste, which in effect increases the cost for the council's municipal solid waste (MSW).

C&I waste is mostly made up of waste streams that are easy to recycle, so it is an environmental mistake to plan to put this waste into an incinerator. Authorities often claim that they will be able to deal with future levels of recycling and waste prevention that are higher than anticipated by making up the tonnages required by their incinerator with C&I waste. This assumption may be misplaced if neighbouring incinerators were planned with the same fall-back plan, especially if an incineration tax or ban on incinerating recyclable materials is introduced.



4.3) Make the proposal unattractive to the waste industry

The waste industry may not be interested in bidding for every waste contract when there are around 14 incinerators possibly being procured each year. There is a perverse incentive to talk up how big an incinerator a local authority needs to attract bidders. Without two or three credible bidders the local authority will be unable to get effective competition. The bidding process will cost each bidder many millions of pounds, for example payment of lawyers and consultants fees, so they will only be interested in the most lucrative contracts.

The other effect is that bidders can threaten to pull out near the end of the process. This seemed to have happened with the Brighton and East Sussex waste PFI when building costs had reportedly doubled. The contract was extended from 25 to 30 years after pressure on the local authorities to pay more. The contractors can also push up the size of the proposed plant to make it more attractive to them. The Nottinghamshire waste PFI was originally looking at a 120,000 tonne per year incinerator but the PFI was signed for a 180,000 tonne per year plant. Nottinghamshire's Outline Business Case had ruled out incineration in favour of in-vessel composting.

Campaign to make the proposal unpopular with the local population.

4.4) Make sure councillors take responsibility, and have to constantly defend what they are doing

The process sucks the authority in. Each stage costs more money than the last and there is no easy opportunity to exit should they find that projected costs rise or public support vanishes. As waste PFIs can be a "Hot Topic" they are often offloaded to officers to manage.

PFI funding for waste infrastructure

A responsibility vacuum is produced with those who take the final decisions taking as little interest in the process as possible.

Campaign for councillors to take responsibility. You could attend council meetings and use any opportunities that arise during them to make comments or ask questions to councillors, for example to get them off the fence. The parties also like to be provided with single page briefing sheets on issues. You can also use elections as an opportunity to get the issue on the agenda. For example, opposition parties may be convinced to see the ruling/ majority party's support for an incinerator as a vulnerability to exploit, or you could get the smaller parties to make opposing incineration a campaign issue.

4.5) Maximise delays

It could be almost a decade between the start of the process and the plant becoming operational. This will probably mean that it will be the wrong size and cost many times the original estimate. Worse still is that the capacity of the plant is often set to match the projected waste arisings in the last year of the contract. For example the projected requirement may rise from 150,000 tonnes per annum (tpa) to 250,000 tpa over 25 years. The last 4,000 tpa capacity would only be required in the last year of the contract.

Make it clear that you're trying to delay it longer if it's not what you want.

4.6) Point out how massively expensive the project will be – not just in the next few years, but a costly legacy for the future

Councils will normally pay their fixed bills and then use the rest for discretionary spending. The waste PFI repayments will use up the majority of many local authorities' waste budget leaving little for other spending. In addition, the structure of the payments is such that the real cost to the authority increases rapidly each year, with the PFI credit from Defra remaining fixed (see graph on page 14).

NB: The PFI credit should only be payable on the percentage of the plant needed for use by the local authority, i.e. the council should not get any credit for excess capacity planned for non-municipal waste. This may explain why they often project to use the full capacity of the plant in the very last year for municipal waste.

Costs of PFIs also often escalate during the process. The costs estimated at the time of the Final Business Case are often much higher than when the Expression of Interest was produced. The waste contractor will ask for higher payments and a longer contract. Expose the waste of public money and make councillors take responsibility to ensure that the costs do not escalate.

Also be aware that the contactor may try to increase the size of the plant or propose an incinerator as a solution where the reference project was based on non-incineration.

Generating press coverage

The PFI documents are far too big and boring to get press interest. Often just one page is all that is needed to make a story, for example:

- The possible location for an incinerator. This is often hidden deep in the appendixes and the local authority will often counter that it was only a feasibility study.
- Cost. The documents are full of different costs. The capital cost includes all the costs needed to design and build the plant but not the running costs, so is a good one to quote. The physical building costs will be much lower and hard to untangle from other capital costs. The costs quoted to a local authority are often only a fraction of the capital cost as they will quote the construction cost i.e. materials plus labour but without design, planning, commissioning, procurement etc.
- The length of the commitment.

See these links for concise campaigning guides -

How to: **use the media** www.foe.co.uk/resource/how_tos/cyw_36_use_the_media.pdf

How to: **get your letter in the paper**
www.foe.co.uk/resource/how_tos/cyw_60_letter_in_paper.pdf

How to: **write a killer press release**
www.foe.co.uk/resource/how_tos/cyw_64_press_release.pdf

There are many other useful links here
http://community.foe.co.uk/resource/how_tos/index.html

Case studies

Examples of PFI waste contracts that are not now based on incinerators:

Norfolk PFI waste contract (A)

The first Norfolk PFI waste contract (A) was going to be based on an incinerator on an industrial estate. However, campaigners stopped the plans to lease the site and convinced the council to abandon plans for an incinerator near Norwich.

Waste Recycling Group (WRG) had proposed a 150,000tpa incinerator but it became clear that it would be a long and protracted battle, and county councillors were concerned that WRG would not be able to develop its proposed incinerator in time to meet biowaste landfill diversion targets from 2010.

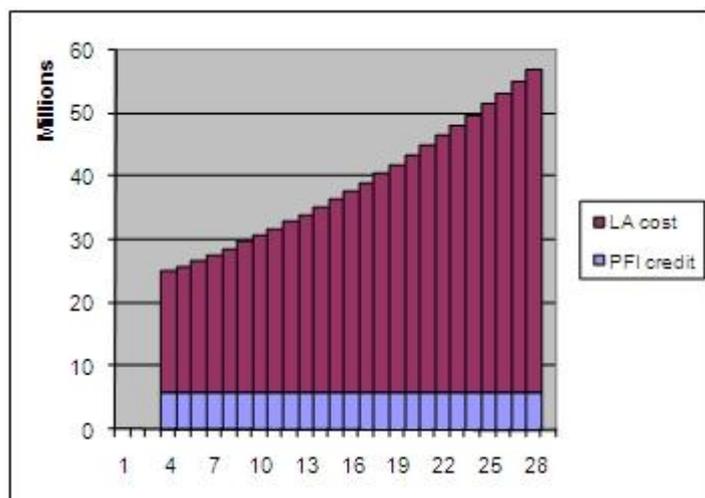
The council's waste project board removed WRG's preferred bidder status for the contract and re-started negotiations with reserve bidders Sustainable Resource Management (SRM) Ltd. SRM offered an MBT that could be built in 3 years and extract an extra 27% composting and recycling from the waste. The MBT facility had planning permission submitted and approved in 4 months.

PFI funding for waste infrastructure

Lancashire PFI

Lancashire has also based its PFI on zero incineration. This time extensive lobbying by a wide range of groups convinced the council to accept a non-incinerator based solution. It is building two MBT plants based on an Australian percolator design (UR-3R® Process). Each has a capacity of 170,000 tonnes per year. They are aiming for zero to landfill. They have a third 100,000 tpa MBT in mind if it is needed.

Half price deal too good to be true



Graph showing the cost profile for the Leicestershire waste PFI. This demonstrates how the value of the PFI is flat over the contract.

The incentive for local authorities to go via the PFI route is the PFI credit, which is said to pay half the cost. In reality the credit is only for half the building costs and the payments are spread over the life of the PFI. A typical PFI credit may be £6million of a £26m utility charge in the first year. The PFI credit is the same each year but the utility charge rises. In the last year of the contract £6m could be taken from a £46m utility charge. PFI is a very expensive method for a local authority to borrow money – and the deal will not be as good as it first appears (just because you get 50% off something very expensive doesn't make it the right thing for you to buy!)

What should you be fighting for?

It is important to prevent waste where possible, as this avoids the unnecessary use of any resources, saving energy and CO₂ emissions. Reusing and recycling are the most climate-friendly ways to deal with our waste, as they reduce the need for extraction and processing of raw materials, saving energy and CO₂ emissions.

Councils must meet targets for reducing the amount of biodegradable municipal waste (BMW) they send to landfill or they face the prospect of big fines under the Landfill Allowance Trading Scheme (LATS). In the face of LATS and increasing landfill prices councils are scrambling to find alternative ways to deal with our rubbish.

Some authorities are turning to what they hope might be ‘quick fixes’ to meet their allowances, such as incineration and large-scale biological treatment of household waste. However, there are more sustainable ways local authorities (LAs) can choose to meet their LATS targets. The alternatives to incineration are cheaper, more flexible, quicker to implement and best for the environment.

For more detail, see the **Landfill Allowance Trading Scheme briefing** - how LATS works and the best way for councils to meet these targets, both financially and environmentally www.foe.co.uk/resource/briefings/lats.pdf

Recycling briefing – why it’s important and how to do it
www.foe.co.uk/resource/briefings/recycling.pdf

Positive waste treatment options that PFI money can be spent on:

Mechanical and Biological Treatment (MBT)

Eunomia’s report for Friends of the Earth, “A changing climate for energy from waste?” (www.foe.co.uk/resource/reports/changing_climate.pdf), found that the best way to treat residual waste in terms of climate change is by mechanical biological treatment (MBT).

In an MBT facility, the waste goes through two processes, though the order can vary:

- (i) machinery is used to mechanically remove any remaining recyclable waste still left in the waste stream (e.g. metals, plastics, glass).
- (ii) the waste is composted or anaerobically digested. This makes the waste biologically inactive so it can be landfilled without releasing methane. If the residue is clean enough it can also be used for land reclamation on brownfield sites, landfill restoration and as a soil additive.

MBT facilities should be designed to maximise the removal of recyclables and should be small, localised plants to minimise waste transport. Some councils may propose to burn the MBT residue as a ‘Refuse Derived Fuel’ or ‘Solid Recovered Fuel’, however Friends of the Earth does not support this. Landfilling the MBT residue will not count towards LATS targets for landfilled BMW, as long as the biological activity has been reduced sufficiently to meet Environment Agency requirements.

A key cost advantage of MBT is its flexibility. MBT plants can process smaller amounts of waste per annum than incinerators, which usually have much larger capacities. They are also modular and can be scaled up and down to deal with different amounts and types of waste, whereas incinerators require a fixed supply of waste for their whole lifetime. One advantage of this flexibility is that authorities procuring MBT will not feel the need to over-provide now with an excessively large facility, on the assumption that there will be massive waste growth over the coming decades.

MBT briefing www.foe.co.uk/resource/briefings/mchnical_biolo_treatmnt.pdf

PFI funding for waste infrastructure

Anaerobic digestion

Anaerobic digestion (AD) is a treatment that composts biodegradable waste in the absence of oxygen, producing a biogas that can be used to generate 100% renewable electricity and heat as well as digestate that can be used, when treated properly, for soil conditioning. AD can be used to treat food waste and animal waste or it can be part of an MBT process.

AD briefing www.foe.co.uk/resource/briefings/anaerobic_digestion.pdf

Conclusion

Although the PFI funding process is often secretive and undemocratic, there are opportunities to get involved with the process to achieve better outcomes. Although many waste PFI projects involve unsustainable technologies, there are more positive waste management solutions which the funding can be spent on.

Resources for campaigners

Freedom of Information

The use of Freedom of Information (Fol) regulations is key to effective campaigning. Most requests for information about the waste PFI process are often covered by the more powerful Environmental Information Regulations (EIR).

Pressure from Friends of the Earth has opened up the amount of information that can be accessed and Defra now requests local authorities to place most of the key documents on the internet. The PFI contracts themselves should be available in redacted (edited) form from the local authority.

When the contractor operates municipal waste facilities on behalf of the Local Authority the information about that operation should be provided freely. Most documents, minutes of members' panel meetings and waste models should be available in response to EIR information request. What are often withheld are documents that are works in progress or those around the tendering process.

Freedom of information requests not only extract useful documents but also make the authority aware that they are being watched.

Find out more at http://community.foe.co.uk/tools/right_to_know/index.html

Risk register and List of Stakeholders

Throughout the process the local authority maintains a register of risks to the project. This is made public in the Eol and OBC stages. An active stakeholder, such as a local Friends of the Earth group, should be listed as a stakeholder and feature on the Risk Register. It is remarkable that a small group of local campaigners can be one of the project's top 3 risks.

Glossary

Capital cost	These are costs to plan, build and later refurbish a plant but not the routine maintenance, running costs etc.
Defra	Department for Environment Food and Rural Affairs
EfW	Energy from waste
Eoi	Expression of Interest
EIR	Environmental information regulations
Foi	Freedom of information
FBC	Final Business Case
LA	Local authority
LATS	Landfill Allowance Trading Scheme
MSW	Municipal Solid Waste - waste collected by or on behalf of an LA.
OBC	Outline Business Case
OJEU	Official Journal of the European Union
PFI	Private Finance Initiative
PRG	Project Review Group
tpa	tonnes per annum
WDA	Waste Disposal Authority
WIDP	Waste Infrastructure Delivery Programme
Zero waste	the policy to get toward zero residual waste

Further information

About PFI

Key waste PFI documents are on Defra's site at
www.defra.gov.uk/environment/waste/localauth/funding/pfi/

Defra's table of authorities waste PFI projects
www.defra.gov.uk/environment/waste/localauth/funding/pfi/projects.htm

Flow diagram of PFI Application and Scrutiny Process
www.defra.gov.uk/environment/waste/localauth/funding/pfi/pdf/pfi-app-scrut-prcss.pdf

Eoi template for the latest funding round
www.defra.gov.uk/environment/waste/localauth/funding/pfi/pdf/eoi.doc

OBC template for the latest funding round
www.defra.gov.uk/environment/waste/localauth/funding/pfi/pdf/obc.doc

4Ps - 4Ps is local government's project delivery specialist. They do regular reviews of PFI projects and guide the direction www.4ps.gov.uk

Partnerships UK – the body that helps PFIs along on behalf of the Treasury. It has major banks and insurance firms as joint shareholders with the Government holding a 49% stake
www.partnershipsuk.org.uk/

PFI funding for waste infrastructure

Problems with incineration

Dirty Truths briefing – summarising the findings of 'A Changing Climate for Energy from Waste' www.foe.co.uk/resource/briefings/dirty_truths.pdf

Up in Smoke briefing – why Friends of the Earth opposes incineration
www.foe.co.uk/resource/media_briefing/up_in_smoke.pdf

Campaigning against incinerators

UK Without Incineration Network (UKWIN) www.ukwin.org.uk

UKWIN is an independent organisation representing a network of groups opposing the expansion of waste incineration in the UK. The aim of the Network is to provide information and act as a coordinating focus for local community groups and members of the public who are campaigning against the building of incinerators or facilities to produce Refuse Derived Fuel or Solid Recovered Fuel in the UK.

Friends of the Earth's **Community webpage on incineration**
<http://community.foe.co.uk/campaigns/waste/incineration/index.html>

How to win: campaign against incinerators (Sept 2000)
http://community.foe.co.uk/resource/how_to_campaign_guides/htw_against_incinerators.pdf

ⁱ Defra (2007), 'Criteria for securing waste PFI credits',
<http://www.defra.gov.uk/Environment/waste/localauth/funding/pfi/pdf/pfi-criteria-aug08.pdf>