

# **Strategic Waste Fund**

**Guidance**

*for*

**Local Authorities**

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## Section 1 Introduction

### What is the Strategic Waste Fund and what is its purpose?

1.1 The Strategic Waste Fund (SWF) is a specific grant scheme established by the Scottish Executive for the implementation of the National Waste Strategy: Scotland. It was set up under The Financial Assistance for Environmental Purposes (Scotland) Order 2000 (S.S.I. 2000/430). The Executive has made provision for specific funds, within the scheme, to assist local authorities in the implementation of Area Waste Plans (AWPs). This guidance relates to applications to the fund in relation to planned expenditure up until the year 2020.

1.2 Allocations to the SWF for local authorities since its inception are as follows:

Year	2000-01	2001 – 02	2002 – 03	2003 - 04	2004 - 05	2005-06
Amount	£3 m	£4.2 m	£16 m	£30.2 m	£90.2 m	£111.7m

At present funding has been secured up until 2005-6. Subject to future spending reviews funding beyond this time is expected to continue at the 2005-6 level for the purpose of maintaining plant, equipment and services supported by the SWF. However the level of such funding beyond 2005-6 very much depends on the need to support larger capital spends that may be necessary to provide the infrastructure necessary meet the longer term Directive diversion targets. As preferred technologies emerge things will become clearer and the level of funding and support will be subject to future spending reviews.

1.3 The National Waste Plan (NWP) sets out the long-term approach for moving towards sustainable waste management in Scotland. The principal aim of the NWP is to secure a paradigm shift in thinking and move from a mindset where we consider ourselves to be dealing with waste to one where we manage resources. Preparation of the NWP was informed by processes undertaken in forming the 11 Area Waste Plans (AWPs). The main purpose of each AWP was to identify the best practicable environmental option (BPEO) for dealing with waste in the respective areas. The strategic options which are agreed for the management of municipal solid waste (MSW) in the AWP's should form the basis for applications to the Strategic Waste Fund (see glossary for definition of MSW).

1.4 The NWP outlines Scotland's strategy for meeting the targets for reduction of biodegradable municipal waste (BMW) being landfilled set out in Article 5 of the EC Landfill Directive. The respective targets are:

- by 2010 reduce the amount of BMW to 75% of 1995 arisings
- by 2013 reduce the amount of BMW to 50% of 1995 arisings
- by 2020 reduce the amount of BMW to 35% of 1995 arisings

The NWP also sets targets for recycling and composting 25% of Scotland's waste by 2005-6 and 55% by 2019-20. This is in recognition of the waste hierarchy and the preference to promote more sustainable waste management practice. In addition the plan sets a target to stem waste growth by 2010. Again this is in recognition of the need to move activity further up the waste hierarchy and promote waste prevention and re-use.

1.5 In May 2000, following public consultation, the Executive announced the intention that the Landfill Directive targets for reducing the amount of biodegradable waste going to landfill would be

met by the introduction of a system of landfill allowances and tradable permits. Consultation on details of the proposed scheme will take place late 2003/early 2004.

1.6 Allocations from the SWF to local authorities can be made as capital grants, revenue grants, PPP support or a combination thereof. The actual facilities and services that are eligible for funding will depend on the BPEO identified in the relevant AWP.

1.7 The purpose of the SWF will be to decrease the amount of waste sent to landfill by means of waste reduction, reuse, recycling, composting or recovery of energy in line with the AWP. The focus will be on the present and future and not the past. Therefore legacy issues will not be considered.

1.8 The actual facilities, plant and equipment or services, which may be constructed or purchased with the grant, will depend on the BPEO established by the relevant AWP. Examples of qualifying expenditure include:

- the introduction of waste reduction initiatives;
- introduction or expansion of separate collection and treatment of municipal waste recycle;
- provision of composting equipment;
- provision or upgrading of recycling and materials reclamation facilities;
- energy from waste technology (see 3.13);
- integrated waste management contracts; and
- promotion and education activities.

It should be noted that this list is not exhaustive and that, in general, expenditure that is eligible for funding will include implementation of any aspect of the AWP that falls within local authority waste collection, disposal, recycling and waste minimisation duties and powers. Notwithstanding this overall affordability needs to be considered and no guarantee can be given that every aspect of the identified BPEO will be funded.

1.9 Preference will be given to those scheme elements that result in early diversion of greater tonnages and represent best value for money within the overall constraints of the SWF. Although SWF support is not guaranteed for the implementation of all elements of an AWP, alternative funding sources should not be discounted (e.g. Public Works Loan Board, European Investment Bank etc). In certain cases agreement may be provided to part fund scheme proposals and leave it up to the LA to secure the remainder of funding from other sources. Proposals that involve partnership working or other innovative arrangements that reduce the public sector contribution are likely to be well received.

1.10 Where funding for certain scheme elements is not provided at the time of application the Executive may further consider proposals at a later stage once a clearer picture is established on how Scotland is likely to fare in relation to Directive diversion targets.

## Section 2 Application Procedure

### Who is distributing the fund?

2.1 The Strategic Waste Fund will initially be distributed by the Recycling Delivery Project Team, part of the Environment Group of the Scottish Executive, although applications require approval by Ministers before any grant can be awarded. Options for adding the grant into GAE in the medium to longer term are being explored.

### Who can apply?/ Partnership Working

2.2 Applications to the Strategic Waste Fund are invited from Scottish local authorities. Applications can be made by individual authorities, or by two or more authorities in a joint bid. Joint bids are encouraged where this would facilitate greater co-operation between areas and realisation of efficiencies and effectiveness through economies of scale and scope.

2.3 Integration work undertaken on the eleven Area Waste Plans has confirmed that there are significant potential benefits from joint working between local authorities. In some cases this can be achieved by joint procurement or provision of shared facilities, and in others through simpler joint working arrangements. This is particularly relevant as LAs move from a position of concentrating on provision and extension of recycle collection schemes to a position where larger infrastructural items such as real estate (MRFs, transfer stations etc) and waste treatment plant/equipment are required.

2.4 Local authorities will be expected to demonstrate in their bids that opportunities for joint working with other local authorities within their group as well as local authorities within neighbouring groups have been fully explored. This should take the form of a robust appraisal accompanying the bid to demonstrate how Best Value will be secured through the proposed level of co-operation between local authorities. Where a local authority proposes to proceed without engaging in joint working, the appraisal should provide a full explanation and justification of the basis for this decision.

2.5 It should be noted that, in certain circumstances, it may be more appropriate for local authorities to submit a joint bid for the implementation of specific elements of an Area Waste Plan or Plans.

### How to apply

2.6 All applications to the SWF must be accompanied by a detailed **Implementation Plan**. This will form the basis of the business case made for funding. The Implementation Plan should include reference to partnership working with other local authorities in the WSAG and other local organisations such as community groups where appropriate.

2.7 The main purpose of the Implementation Plan is to detail the facilities or services required to implement the findings of the AWP in each area. The Implementation Plan should include sufficient detail to enable the Executive to fully comprehend what is proposed. Each scheme element should be broken down to detail resource components and timescales (e.g. bins, containers, vehicles, education campaigns, manpower, plant/equipment and real estate). It is imperative that realistic timescales are provided in the implementation plan as it is not currently possible to vire between

financial years. The Implementation Plan should also provide details of how each scheme element (individually as well as collectively) is anticipated to contribute towards recycling/composting and diversion targets (both short term and long term). In addition the bid should be accompanied by a summary. Guidance on the expected format and content of the summary is provided at Appendix A (Supplementary Guidance). A checklist to aid formulation of the document is provided at Annex B.

2.8 LAs are encouraged to submit bids for funding to cover the long term as well as the short/medium term. Long term financial modelling of requirements is required in order to inform the Scottish Executive of potential funding and infrastructure demands in future years. This does not mean that there will only be one opportunity to apply for support from the Strategic Waste Fund. Additional supplementary requests for funding will be assessed on merit.

2.9 The Implementation Plan should include the following information:-

### **Strategic objectives**

The council's vision of what it wants to achieve and how it aims to get there, for example:

- An indication of how municipal waste will be managed in the short to medium term in the local authority area in line with the AWP;
- An indication of how municipal waste will be managed in the medium to long term in the local authority area in line with the AWP;
- Estimated diversion of BMW as outlined in the Landfill Directive and projected dates of compliance;
- Proposed Recycling/Composting rates;
- Details of waste minimisation programmes and education/awareness activities;
- If the scheme aims to increase recycling, recovery or composting, the identification of the potential markets for the recycled, recovered and composted materials, as appropriate, and the means by which access to these markets will be secured;
- Policies on partnerships with not-for-profit sector/community groups;
- Policies on payment of recycling credits to third parties;
- Policies on supporting markets for recycled materials; and
- Any other factors which the applicant(s) believe will assist the Executive in determining how well sustainable waste management will be achieved.

### **Service Delivery Option Appraisal**

A robust appraisal demonstrating the rationale behind how effective service delivery and best value were determined including:

- Analysis of options considered (e.g. in-house, sub-contracted, PPP etc); and
- Rigorous justification for selecting preferred option.

### **Implementation Programme**

A detailed statement of what the applicant(s) will have to do to meet the strategic objectives, for example:

- Provision of necessary facilities, infrastructure, equipment, vehicles and personnel, publicity and education;
- An indication of how contracts will be handled for each element of the service e.g. internal or external (or a combination);
- Length of relevant contracts;
- Timescales for implementation of changes (e.g. obtaining necessary legal permissions; procurement of vehicles, bins, plant, equipment and real estate; securing public/private partnership contracts etc);
- Details of planning permissions that have been approved;
- Details of planning applications that will require approval (and likely timing for approval);
- Supply contracts with reprocessors;
- Timescales for providing the sorting, treatment and transfer capacity necessary to meet contracts with reprocessors;
- Indication of jobs to be created/staff levels required;
- Details of how the proposed projects will help any disadvantaged areas and, if so, how; and
- Details of partnership work etc.

### **Finance**

An indication of current spending on waste management as well as future requirements (including support being sought from the SWF), for example:

- Current financial statement (net expenditure on waste collection and waste disposal in previous financial year as well as budgeted expenditure in current and future years);
- Estimated total cost of implementation plan;
- Breakdown of costs required for each key element of plan (including reference to benchmark costs where possible);
- Type of grant required e.g. capital, revenue, or PPP support (or combination) and reasons why the particular funding mechanism recommended has been chosen;
- Other potential sources of funding and the amounts available (if none are indicated, an explanation of why it is not possible to secure other sources of funding);
- Details of how much is being sought from the SWF in each financial year; and
- Assessment of Value for Money

### **Expected Outputs**

Details of expected outputs from the investment. Output-based reporting allows for flexibility in tender specifications and funding allocated to elements of the plan. Information required would include SMART (Specific, Measurable, Achievable, Realistic, Time-related) objectives for elements of the plan (in tabular format) for outputs such as:

- Diversion of BMW (for achieving landfill directive targets)
- Recycling rates
- Waste Reduction
- Waste Reuse
- Waste Awareness

2.10 The implementation plans submitted should, where possible, outline the full requirements of implementing the AWP until 2020 (therefore including all 3 landfill directive targets). Where full details are not available estimates and an explanation should be provided. For revenue applications the amount of grant required in subsequent years should also be indicated.

2.11 The SWF is not intended to support ad-hoc individual projects. Any bid to the SWF must provide an overall picture of integrated waste management. Neither is it intended for funding interim solutions to existing waste management problems. This is a strategic fund intended to encourage local authorities to use existing resources more efficiently and supplement the local authority's Aggregate External Finance (AEF) allocations which cover waste management. It is expressly restricted to support for strategic solutions. Any applications which appear to substitute for current spending activity will not, therefore, qualify for grant.

2.12 Where a local authority plans a PPP project, the Financial Partnerships Unit in the Scottish Executive must be informed, and any official guidance issued by the Executive must be adhered to. If there is any doubt over whether the proposed project is a PPP then the Executive reserves the right to designate the project as it sees fit. Any PPP project must be signed off by the Financial Partnerships Unit prior to award from the fund.

### **Funding for preparation and planning for implementation of the NWS**

2.13 At the launch of the National Waste Strategy in December 1999 it was announced that £2.5m per year had been allocated by the Scottish Executive to local authorities for preparation and planning for implementation of the National Waste Strategy. This will be continued and form part of AEF. As part of the bid to the Strategic Waste Fund we would require an indication of the preparation and planning which has been carried out by each local authority.

### **What is the timetable for submission of this information**

2.14 There is no deadline for applying for support from the Strategic Waste Fund although to be eligible for support in a particular financial year applications would be expected by 30 September at the latest. However, we encourage the submission of Implementation Plans as soon as possible.

2.15 The process for selecting projects to fund would be as follows:

STAGE	ACTION	SE / Local Authority / WSAG
Stage 1	<ul style="list-style-type: none"> <li>• Draw up Implementation Plan</li> <li>• Check Implementation Plan is in line with BPEO</li> <li>• Complete checklist in the guidance (annex B)</li> <li>• Presentation to WSAG</li> </ul>	<ul style="list-style-type: none"> <li>• LA in consultation with WSAG and WSAC</li> <li>• LA</li> <li>• LA and WSAC</li> <li>• LA and WSAG</li> </ul>
Stage 2	<ul style="list-style-type: none"> <li>• Submit Implementation Plan to SE and WSAC and WSAC Chair</li> <li>• Check Implementation Plan submitted is in line with relevant AWP</li> <li>• Check Implementation Plan contains information requested</li> <li>• Set up meeting to discuss Implementation Plan</li> </ul>	<ul style="list-style-type: none"> <li>• LA(s) and SE</li> <li>• SE and SEPA</li> <li>• SE and SEPA</li> <li>• SE, SEPA and LA(s)</li> </ul>
Stage 3	<ul style="list-style-type: none"> <li>• Meet with LA(s) to discuss Implementation Plan</li> <li>• Review Implementation Plan for robustness / completeness</li> <li>• Approval letter sent by WSAC chair</li> </ul>	<ul style="list-style-type: none"> <li>• SE / LA(s)</li> <li>• SE / LA(s)</li> <li>• WSAC chair</li> </ul>
Stage 4 *	<ul style="list-style-type: none"> <li>• Agree in principle to fund or request amendments to Implementation Plan. In the event of amendments being made, seek verification from WSAC chair that amended implementation plan is still in line with AWP.</li> <li>• Seek ministerial approval of grant</li> <li>• When satisfied with plan, make formal offer of grant</li> </ul>	<ul style="list-style-type: none"> <li>• SE</li> <li>• SE</li> <li>• SE</li> </ul>
Stage 5	<ul style="list-style-type: none"> <li>• make payments (quarterly in arrears)</li> </ul>	<ul style="list-style-type: none"> <li>• SE</li> </ul>
Stage 6	<ul style="list-style-type: none"> <li>• interim reports and spend profiles to be submitted on quarterly basis</li> </ul>	<ul style="list-style-type: none"> <li>• LA(s)</li> </ul>

2.16 The timescale between agreeing to fund in principle and making formal offer of grant will largely depend on the project undertaken. If the work does not commence in the financial year stated the application may be reconsidered for payment in subsequent financial years, subject to availability of funds.

2.17 If a satisfactory Implementation Plan is submitted but is subject to a tendering/planning process, the Scottish Executive may be in a position to provide provisional commitment to funding in advance of the tendering/planning process, although the award itself would not be granted until all details are finalised. However, Ministers will consider each bid against other possible projects and can make no definite commitment to providing grant support until finalised details are available.

## **Section 3 ASSESSMENT CRITERIA**

### **What criteria will we consider when identifying priorities for expenditure?**

3.1 The main criteria to be considered will be as follows:

- Implementation plans must be in line with relevant AWP – projects will not be funded if they do not accord with the AWP
- On-going active partnership working in WSAGs.
- Readiness for expenditure – e.g. is planning permission in place if required? If not what is the likelihood of obtaining permission?
- Need for expenditure – priority may be given where current waste management solutions will cease to exist, e.g. licensed landfill capacity run out, limitations on existing solutions imposed by new legislation.
- Contribution towards landfill diversion targets in EC Landfill Directive
- Best value – councils should demonstrate that chosen procurement method and delivery provides best value (e.g. ensure compare 'like with like' between in-house / private bids)
- If recycling plays a major role it would benefit the application if markets had been explored / identified for materials (including 'alternative' and 'in-house' markets)
- If composting plays a major role it would benefit the application if an indication of the standard of compost achievable is given and if the end use or market is identified
- Cost sharing, projects which also use other non Scottish Executive provided grant
- Nature of grant proposed i.e. capital or revenue funding.
- Affordability

N.B. Appraisal of projects for SWF grants should follow best practice for public sector appraisals, as set out in HM Treasury's green book (available at: <http://www.hm-treasury.gov.uk/greenbook>).

3.2 In addition, Local Authorities are encouraged to give consideration to the use of environmentally friendly fuels where practicable.

### **Planning Applications**

3.3 Planning authorities have to take account of the National Waste Strategy in their structure and local plans which provide the context for consideration and approval of planning applications for waste management facilities. It is therefore essential to ensure that any planning application is consistent with, and contributes to the overall aims of the National Waste Strategy and the relevant AWP prior to submission.

### **Public/Private Partnerships (PPP)**

3.4 It is up to individual local authorities to decide the best approach for implementing the AWP. Where there is scope for appropriate risk transfer and innovation, a Public Private Partnership (PPP) may provide best value for money. This should be considered during the appraisal of the service delivery options and a full justification given in terms of value for money. If a PPP is chosen as the preferred route then the invitations to tender should make it clear that the purpose of the project is connected with the implementation of the AWP and contracts must accord with the AWP.

3.5 PPP is a very complex process, therefore additional information is required by the Scottish Executive in the assessment process. This information is common to all PPP projects and relates to the risk transfer and project management issues inherent in the process. Local authorities with any queries or concerns should contact the Executive prior to embarking on this procurement route.

3.6 In some areas Public Private Partnerships have already been selected as the means by which councils can provide long-term waste management solutions. In order to benefit from Strategic Waste Fund support it is essential that conflicts do not exist between the findings of the AWP and the options agreed with the preferred bidder. For example if a preferred bidder tenders for building an incinerator, yet the BPEO selected by the AWP does not include energy from waste funding cannot be granted. Councils negotiating PPP contracts are expected to ensure that any shortlisted contractors are fully aware of the work of the Waste Strategy Area Groups and that they have a chance to input their expertise to the process if appropriate.

### **Matched Funding**

3.7 It is not a condition of the grant that matched-funding be obtained. However, local authorities are strongly encouraged to consider and/or facilitate the use of other potential funding opportunities for achieving the objectives of the AWP. Where other funding sources require match-funding the SWF could act as a lever.

3.8 Potential funding sources available to local authorities and/or their private or voluntary sector partners include local authorities own resources, European Regional Development Fund (ERDF), New Opportunities Fund, Landfill Tax Credits. Each of these funding sources has separate terms and conditions which must be adhered to.

3.9 EU funding is not available to support activities that are part of a local authority's statutory obligations. However, there are a number of programmes that could provide funds to support waste management projects, particularly the European Regional Development Fund (ERDF) and programmes designed to support the development and testing of new and innovative technologies.

3.10 The European Investment Bank (EIB) has shown an interest in funding major waste management programmes in Scotland and hence may be a possible source of borrowing by local authorities and their contractors. EIB rates of interest are normally lower than commercial rates and hence revenue grant and repayments necessary would be lower.

3.11 SWF monies are not expected to provide 10% third party funding for leveraging landfill tax credits.

### **Partnerships**

3.12 The potential benefits of working in partnership with other organisations such as the not-for-profit sector should be explored wherever possible. Building on existing experience and expertise as well as using established links with the community are important factors for the successful delivery of the AWP and such schemes would be looked upon favourably. Bids which include an element of education and waste awareness raising actions/projects should consider working in partnership with existing initiatives where possible e.g. the Executive's *"Do a Little, Change a Lot"* campaign and the *"Waste Aware Scotland"* campaign.

## **Energy-from-Waste**

3.13 Plans which include Energy-from-Waste (EfW) facilities will only be eligible for SWF support if they are clearly shown to demonstrate the BPEO. Processes eligible under the Renewables Obligation (Scotland) Order (i.e. the newer technology types such as pyrolysis, gasification) will be given higher priority for support than traditional incineration methods. Support for EfW facilities will only be considered if they form part of an integrated system, that is for the processing of waste which has been pre-sorted to remove the recyclable, compostable fractions.

## **Level of Grant Support**

3.14 The SWF will be paid initially as a specific grant direct to local authorities. Any grant awarded will therefore be ring-fenced (hypothecated).

3.15 The level of grant support offered for projects will be at the discretion of the Executive.

## **SECTION 4 – MONITORING EXPENDITURE**

4.1 Significant sums of money will be awarded from the Strategic Waste Fund and it is imperative that this investment (and its successful implementation) is monitored by both the Executive and local authorities. Therefore, after an award has been made the Scottish Executive requires quarterly reports detailing both a month by month spend profile for the quarter just ended and a month by month anticipated spend profile for the quarter about to begin. The figures should be broken down into capital and revenue. As a rough guide, any item of expenditure that has a useful life of over one year is likely to be capital; repairs, general maintenance and staff costs should be revenue. A forward projection for the life of the award, broken down by year and split between capital and revenue, is also required, although an annual figure is sufficient. This will allow any potential over/under spends to be identified very early in the process. In addition, any individual item of expenditure over £500 must be detailed separately in this report. This is to ensure the integrity of the fund. A proforma will be issued by the Executive at the end of 2003 for this purpose.

4.2 In addition, at the financial year end the local authority will be required to submit an account detailing the expenses reasonably and properly incurred in implementing the bid in the preceding financial year. This account will be certified as accurate and true by an appropriate official within in the council (for example, Director of Finance). This should also be subject to the local authority's usual auditing procedures and the results thereof communicated to the Executive.

4.3 It is vital that local authorities are able to provide reports on expenditure of SWF grants to enable Ministers to have confidence that funding is being used appropriately. This also ensures that any future funding requirements are identified early, enabling the Executive to align future funds efficiently.

4.4 Any changes to these reporting arrangements are at the discretion of the Scottish Executive.

## **SECTION 5 – PAYMENT MECHANISM**

5.1 Payments will be made quarterly in arrears by means of a standard application form signed by a designated official in the local authority, normally Director of Finance.

5.2 Should grant-eligible expenditure be lower than projected in any one year the grant for that year will be reduced proportionately. Due to the funding regime in the Executive it is not usually possible to carry sums of grant over from one financial year to the next, therefore this sum is lost to the Fund as well as the local authority. Therefore, it is at the discretion of the Scottish Executive whether to increase the grant for the following year to compensate.

5.3 Grants shall not be paid in advance of need.

## SECTION 6 – CONDITIONS OF GRANT

6.1 Specific terms and conditions of grant will be set out in an offer of grant letter. This will be tailored according to individual requirements. In addition, the following conditions apply to all awards:

- Local authorities are expected to include in publicity for the project that it is being assisted by the Scottish Executive's Strategic Waste Fund.

Local authorities should ensure that, where appropriate, public procurement procedures are applied when using the fund i.e. competitive tendering. Any queries regarding compatibility with State Aids should be directed to: [stateaids@scotland.gsi.gov.uk](mailto:stateaids@scotland.gsi.gov.uk) , Tel 0141 242 5759

- The Scottish Executive reserves the right to review the level of Strategic Waste Fund support awarded to any local authority if subsequent changes to the delivery of an Implementation Plan are made or alternative funding sources become available.
- Long term support for revenue and PPP projects cannot be guaranteed as it forms part of the annual Local Government Finance Settlement. However, unless exceptional circumstances arise, the Executive would expect to provide ongoing support to those projects awarded revenue or PPP grants.

6.2 Should any repayment of RSG be necessary this is governed by Schedule 12 of the Local Government Finance Act.

This guidance has been prepared by the Scottish Executive Recycling Delivery Project Team in consultation with the Scottish Environment Protection Agency, CoSLA and local authorities. This guidance will be updated for future Spending Review periods. If you have any queries regarding the Strategic Waste Fund guidance please contact:

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## **Glossary of Financial Terms**

### **1. Spending Review Period**

Local government finance settlements are now given for a three year period. This guidance refers to allocations made in the 2000 Spending Review period i.e. 2001-02–2003-04 and the 2002 Spending Review Period i.e. 2003-04 – 2005-06

### **2. Specific Grants**

Specific grants form part of the total grant support to local government. Their allocation and distribution are set centrally, linked to specific policy initiatives and expectations.

### **3. Aggregate External Finance (AEF)**

Scottish Executive grant support for revenue expenditure. AEF is made up of 3 components: Specific grants, Non-Domestic Rate Income (NDRI) and Revenue Support Grant (RSG).

### **4. Revenue Support Grant (RSG)**

Revenue Support Grant makes up the balance of AEF each year after estimates of specific grants and NDRI have been subtracted from the national AEF total.

## **Glossary of Waste Terms**

### **1. Municipal Solid Waste**

Municipal Waste is defined in the Landfill Directive as "waste from households, as well as other waste, which because of its nature or composition, is similar to waste from households". The Scottish Executive's view is that this should be interpreted as household waste and any other waste under the control of local authorities or their agents acting on their behalf.

### **2. Biodegradable Municipal Waste (BMW)**

Municipal Waste that is capable of undergoing anaerobic or aerobic decomposition, such as food and garden waste, and paper and paperboard.

## ACRONYMS

1.	Area Waste Plan	AWP
2.	Waste Strategy Area Group	WSAG
3.	National Waste Strategy: Scotland	NWS
4.	Strategic Waste Fund	SWF
5.	Scottish Statutory Instrument	S.S.I
6.	Best Practicable Environmental Option	BPEO
7.	Public Private Partnership	PPP
8.	Energy from Waste	EfW

## **Supplementary Guidance on Implementation Plans for Strategic Waste Fund Bids**

### **Introduction**

This guidance is to supplement the guidance already provided on Implementation Plans SWF – Guidance to local authorities, October 2002

In order to speed up the process of analysing bids, Implementation Plans should include an Executive Summary. This guidance describes the information to be included within such an Executive Summary.

This guidance also provides clarity as to the information and detail that should be included within the option appraisal sections of Implementation Plans. This detail is essential to allow the Scottish Executive to evaluate the bids. Throughout this guidance the Base Year is 2002 with respect to the 2006 recycling and composting target. This does not refer to the BMW Landfill Directive Base year of 1995.

### **Executive Summary**

In order to speed up the process of analysing bids Implementation Plans should include an Executive Summary that contains the following information:

- Current waste outcomes – i.e. current tonnes (and percentages) that are recycled, composted, landfilled etc.
- Cost of current waste practices
- For each of the key proposals: a brief summary; the tonnages/outcomes; and details of underlying assumptions (e.g. capture rate and participation);
- The total amount bid for in each year – showing the split between capital costs and revenue costs in each year of the bid.
- The extent of partnership working within and beyond the Area Waste Group.
- Municipal Solid Waste recycled and composted in 2006 (tonnes and percentage of the total projected MSW arisings). This should be set against the comparative 2006 targets set out in the Area Waste Plan (if provided). It should also be made clear how the 2006 outcome of this bid makes up an agreed proportion of the total Area Waste Plan 2006 MSW targets for recycling and composting.
- Projected amount of BMW landfilled in 2006/2010/2013/2020 (if bid extends this far), and comparison with your target and the AWP. Again, it should be clear as to how the total in 2010/2013/2020 is built up from the individual processes described in the Bid

Appendix A contains an example Executive Summary for a bid that concentrates on the period to 2006. Appendix B contains an Implementation Plan Checklist, which will help you ensure that your full implementation plan contains the information required to expand upon the contents of the Executive Summary. In their review, SEPA will use this checklist to ensure consistency of assessment by Waste Strategy Co-ordinators in providing advice to the Executive on the proposed Implementation Plan. It is recommended that the checklist is completed by the relevant WSAC in consultation with the relevant Council prior to submission to the Executive.

Annex F shows a recommended guidance checklist for the process of bidding to the Strategic Waste Fund.

It is necessary to submit an electronic version of the bid that will be used to assist the review, amendment and tracking of the bid during the assessment process.

## **Option Appraisal**

The purpose of option appraisal is to help develop a value for money solution that meets the objectives set. It ensures that a robust answer can be given to the question “What is the best way to achieve the objective”. The Executive expect the appraisal to be broken down and presented in four key steps. Each step is described below.

### **1. Objectives**

The strategic objective is to meet the 2006 and 2010/2013/2020 targets and the Implementation plan should clearly state these. The Implementation Plan should clearly state the targets that the bid will achieve, making specific reference to the agreed proportion of the overall AWP target. The Area Waste Plan (AWP) will have described the BPEO. Any direct implications included within the AWP (e.g. kerbside multi-material dry recyclable collection and improved local mini bring sites) should also be clearly stated. This is crucial as there is no need to repeat work that was performed (or explain decisions taken) during the AWP process. If, however, action is proposed that is not in line with the outcomes of the AWP, the rationale for this should be fully explained, and the new proposal must be endorsed by the Waste Strategy Area Group (WSAG) as part of the new BPEO.

The strategic objectives and the AWP together should provide a clear picture of what the Implementation plan is trying to achieve and the broad direction (if set within the AWP) that will be taken.

### **2. Consideration of Options**

The Implementation Plan should discuss:

- a. the range of actions which could be taken to achieve the identified objective(s).
- b. which of these actions are realistic options.
- c. the positives and negatives of each option
- d. the preferred option(s)

The range of realistic options will be partially dependent on how prescriptive the Area Waste Plan is – again there is no need to repeat the work already performed. However it is envisaged that there will always be options to be appraised. These options could be high level (the amount of recycling and composting) or lower level (whether kerbside collection should be a two or three bin system). The BPEO appraisal process is recommended where appropriate to ensure consistency with option appraisal at the Waste Strategy Area Level.

The discussion of the positives and negatives of each option should include *broad indications* of the following factors along with the strength of the evidence base available to carry out an assessment:

- i. The tonnages involved
- ii. The facilities/machinery required

- iii. The outputs – e.g. recyclate, compost etc.
- iv. The costs involved
- v. Any savings (e.g. from reduced landfill)
- vi. Any revenue from outputs
- vii. The risks involved, highlighting where these differ from other options –e.g. planning risk and project risk (e.g. technology risk, public participation risk)

This section should conclude with the selection of the lead option (or combination of actions) and the reasons why, based on the above analysis, this option has been chosen.

Where positives and negatives are identified for different options, reference should be made to the information, data and/or research used in estimating potential costs and outputs.

Information on relevant research can be found at:

<http://www.sepa.org.uk/nws/research/index.htm>.

### **3. The lead option**

For the lead option the following *detailed information* should be provided:

- i. The forecast tonnages involved in each process for each year of the bid. When it is possible to do so these tonnages should be split into specific waste streams (Glass, Paper/Card, Cans, BMW etc).
- ii. The facilities/machinery required in each process (with associated dates)
- iii. The forecast outputs (in tonnes) from each process in each year of the bid, and the assumptions used in estimating these tonnages.
- iv. The costs involved (including a split between capital and revenue) for each process for each year of the bid.
- v. Forecast savings (e.g. reduced collection costs, reduced landfill costs, reduced landfill tax costs) from each process for each year of the bid.
- vi. Forecast revenue from outputs for each year of the bid
- vii. The risks involved

Appendix C includes a pictorial example of the waste flows that might exist at a LA now and the waste flows resulting from the lead option in, say, 2006. From the above information it should be possible to understand the flow of waste tonnage and the cost in each part of each waste stream. Further it should also be easy to identify how the expected overall outputs (described in the Executive Summary) are built up from individual waste flows and processes.

Within this section there should also be a detailed discussion as to the appropriate level of private sector involvement. This discussion should describe the risks associated with in the lead option and expertise of the LA and potential private sector partners to manage these risks.

In addition, reference should be made to the composition of waste in your area to help justify the chosen lead option. Appendix D details the Standard Methodology for Waste Analysis in Scotland.

### **4. The Delivery Plan**

The delivery plan should include the following details:

- Targets and monitoring procedures for each waste stream
- Risk management – how the major risks will be managed (potentially including contingency plans for high risk areas)
- Consideration of incentives for those whose behaviour has to change
- The tonnes that will be sent to markets for recyclates/compost, and evidence of the research process undertaken in the identification of these markets (i.e discussions with reprocessors, the range of potential markets, flexibility in technology to serve a range of markets, etc).
- Where the bid includes a facility which will treat mixed residual waste, it must be specified how hazardous household waste will be dealt with, as this waste stream may contaminate the material produced by the facility. This is particularly the case for waste derived compost. Hazardous household waste source-segregation pilot schemes may be considered for inclusion within the bid to prevent contamination. HHW schemes should be developed in line with recommendations made under SEPA's Priority Waste Stream Project. These schemes would then be assessed to ensure they offer value for money.
- Partnership Working arrangements, including details of any partnerships with the voluntary and community sector. Community groups and not-for-profit organisations could be funded through an application to the Strategic Waste Fund to maintain or implement kerbside collection schemes. For example, small-scale waste stream specific collection schemes that increase diversion of waste from landfill. Any bid will need to be designed into the implementation plan and demonstrate that all parties are in agreement that this is the best way of delivering the scheme. Any bid for community sector involvement must be presented as detailed in the Executive Summary of this guidance.

These details could be combined with the details of the lead option described above.

## Appendix A – Sample Executive Summary for Local Authority A

### Current Situation

The table below shows waste arisings, and destinations for 2001/02.

	Total MSW	Recycled	Composted	Landfilled
Tonnes	223,875	6,103	2,500	215,272
% of total MSW	100%	3%	1%	96%

The Council currently spends £15.75m per annum on current waste practises. This works out at £70 per tonne of waste treated.

### Bid Proposals

In order to increase the amount of waste being recycled and composted within the area we plan on implementing the following proposals.

**1. Community Recycling Sites** – the Council will provide an additional 225 community recycling sites by 2005/06. Sites will allow for the recycling of drinks cans, paper and glass. The cost of the additional sites will be £1,402,759 between 2003/04 and 2005/06. The new schemes will recycle an additional 9,900 tonnes per year by 2005/06.

**2. Green Waste Collection** – special fortnightly collection to pick-up resident's garden waste. The scheme will cost £782,410 over the next 3 years and by 2005/06 will recycle and compost an additional 5,944 tonnes per year.

**3. Segregated Collection Scheme** – a segregated collection scheme will replace our current waste collection scheme. It will cost an additional £3,852,854 over the next 3 years to introduce the scheme, and by 2005/06 it will recycle an additional 33,607 tonnes per year, which will be sent to a MRF in Council B.

**4. Two Waste Minimisation Officers** – the Council will recruit two additional waste minimisation officers to help improve educational awareness about recycling within the community. It will cost approximately £21,000 for each officer per annum. The total cost between 2003/04 – 2005/06 is £126,044.

The following table shows costs and tonnages for each proposal over the 3 years of our bid. Costs presented in the table are net of savings. Information on the assumptions used in the calculation of costs and savings are included within the full bid.

Project	2003/04			2004/05			2005/06		
	Capital Costs (£)	Revenue Costs (£)	Tonnes recycled	Capital Costs (£)	Revenue Costs (£)	Tonnes recycled	Capital Costs (£)	Revenue Costs (£)	Tonnes recycled
Community Recycling centres	218,400	121,408	4,950	218,400	272,159	6,600	218,400	353,992	9,900
Green Waste Collection	60,000	563,674	5,712	60,000	18,646	5,827	60,000	20,090	5,944
Segregated Collection Scheme	825,000	300,413	27,688	825,000	387,854	30,595	825,000	689,587	33,607
2 Waste Min Officers		42,015			42,015		0	42,015	
<b>Totals</b>	<b>1,103,400</b>	<b>1,027,509</b>	<b>38,350</b>	<b>1,103,400</b>	<b>720,673</b>	<b>43,022</b>	<b>1,103,400</b>	<b>1,105,684</b>	<b>49,451</b>

### Bid for funds from Strategic Waste Fund

In order to implement these proposals the Council is bidding for the following funds.

	2003/04	2004/05	2005/06
Capital Costs	£1,103,400	£1,103,400	£1,103,400
Revenue Costs	£1,027,509	£720,673	£1,105,684
<b>Total Bid</b>	<b>£2,130,909</b>	<b>£1,824,073</b>	<b>£2,209,084</b>

### Outcome in 2005/06

The proposed schemes detailed above will result in an additional 49,451 tonnes being recycled or composted. When added to the amount recycled and composted in 2001/02, 8,603 tonnes, the Council will recycle 58,054 tonnes in 2005/06. This will result in the Council meeting the 25% recycling and composting target.

	Total MSW	Recycled/Composted	Landfilled
Tonnes	232,965	58,054	174,911
% of total MSW	100%	25%	75%

### Consistent with Area Waste Plan

The Area Waste Plan indicates that by 2009/10 the Council should be recycling and composting 35% of municipal waste arisings. The proposals described within this bid, as highlighted in the table above, put the Council well on course by 2005/06 of meeting our 2009/10 target outlined in the AWP.

Chapter 3 of the AWP indicated that a large amount of the increase in the recycling and composting rate would be accounted for by the introduction of a segregated collection scheme. A separate green waste collection scheme, as well as community recycling centres was also proposed in the AWP. The schemes that we plan to implement therefore are consistent with the recommendations of the AWP.

### **Working with other Local Authorities, SEPA and other members of the AWG**

The council has consulted SEPA and the Area Waste Group over the proposals outlined in this implementation plan. The plan was presented to the WSAG on 14<sup>th</sup> April 2003.

The council has arranged with council B to jointly plan the construction of a mixed waste processing facility, which will become operational in 2007/08. This will help both councils contribute towards the achievement of the Area Waste Plan, and to help us meet the landfill reduction targets for 2010, 2013 and 2020. A further bid for this will follow.

## Appendix B

### Implementation Plan Checklist

(Sections refer to Implementation Plan Guidance)

#### Objectives (Section 1) & The Option (Section 3)

	Issue	Checklist	Has This Been Included in the Implementation Plan ? <i>(tick as appropriate)</i>		1.1 Source Reference		
			Yes	No	Page	Section	Paragraph
1	Outcomes	<ul style="list-style-type: none"> <li>• Has adequate information / data been provided to show how the bid is in line with the AWP (eg. %, tonnages, waste flows, treatment processes) ?</li> <li>• Does the bid have a contingency plan if these targets are not met, and is this built into monitoring systems ?</li> <li>• How are the targets calculated and is it clear how these fit with the apportionment of the overall WSA targets ?</li> <li>• Has the bid identified projected participation and recovery rates over the period of the bid ? The source of these projections should be identified by referring to relevant research / pilot projects.</li> </ul>					
2	Contribution to Landfill Directive targets	<ul style="list-style-type: none"> <li>• How does the SWF bid contribute to BMW permitted to landfill targets ?</li> </ul>					
3	Environmental regulatory implications	<ul style="list-style-type: none"> <li>• Do any of the processes require authorisations or permits?</li> <li>• Are there any regulatory restrictions on use/application of outputs from processes?</li> <li>• Are imports/exports considered?</li> <li>• Are elements of this plan subject to exemption from licensing/permitting requirements?</li> <li>• Is an EIA required for planning process</li> </ul>					

4	Resources	<ul style="list-style-type: none"> <li>• Does the bid seek to support funding with additional grants / funding sources / income projections ?</li> <li>• Are there any proposals for joint procurement / tendering for equipment / facilities ?</li> <li>• Does the bid identify the employment of extra staff e.g. Waste Strategy Officer</li> </ul>					
5	Long term	<ul style="list-style-type: none"> <li>• How does the bid fit into the overall long term strategy (up to 2020)</li> </ul>					
6	Infrastructure Capacity	<ul style="list-style-type: none"> <li>• How do current capacity proposals fit in with the longer term capacity requirements ?</li> <li>• Have the benefits of processing other similar non-municipal wastes been considered within the bid ?</li> <li>• Is there sufficient flexibility built into infrastructure / technology proposals to take into account potential changes in waste composition &amp; growth, legislation etc.</li> </ul>					
7	Readiness / Need for expenditure	<ul style="list-style-type: none"> <li>• Has the bid identified reasons for stopping current practices.</li> <li>• Has the bid provided the timescale for implementing the proposals</li> </ul>					
8	Cost / Best Value / Affordability	<ul style="list-style-type: none"> <li>• Has the bid identified comparison of Best Practice as part of the Best Value assessment?</li> <li>• Evidence that the chosen options offer the best value for money?</li> </ul>					
9	Grant / Capital Revenue	<ul style="list-style-type: none"> <li>• Has the bid provided the projected Capital Revenue Split as per table in Appendix A</li> </ul>					

## The Delivery Plan (Section 4)

	Issue	Checklist	Has This Been Included in the Implementation Plan ? <i>(tick as appropriate)</i>		1.2 Source Reference		
			Yes	No	Page	Section	Paragraph
10	Demonstrated partnership working and integration	<ul style="list-style-type: none"> <li>• Has the bid addressed joint procurement and where appropriate identified a lead authority on partnership issues ?</li> <li>• Has the bid considered other stakeholders to deliver proposals e.g. local community reuse/recycling network ?</li> <li>• Adequately justified why the bid is not pursuing partnership working ?</li> <li>• Have any national integration opportunities been incorporated? (i.e. between one or more strategy areas)</li> </ul>					
11	Waste Prevention / Reduction	<ul style="list-style-type: none"> <li>• What are the proposals to address and influence a reduction in waste growth?</li> <li>• How will the bid monitor waste prevention?</li> </ul>					
12	Education and Awareness	<ul style="list-style-type: none"> <li>• Does the bid include the development of an Education and Awareness programme to support the implementation of the proposal ?</li> <li>• What is the E&amp;A programme expecting to achieve and how is it going to be monitored ?</li> <li>• Do the E&amp;A proposals link in with the Waste Aware Programme ?</li> </ul>					
13	Markets	<ul style="list-style-type: none"> <li>• Does the bid demonstrate liaison with appropriate markets / reprocessors identifying end market suitability for the recovered products (name, location of proposed end market by material) ?</li> <li>• Does the bid include a contingency plan should markets unexpectedly fail ?</li> <li>• Are there any proposals for partnership supply of materials to markets via local consortiums ?</li> <li>• Are there any proposals for supporting / developing local markets for materials ?</li> </ul>					

14	Composting Standards and Markets	<ul style="list-style-type: none"> <li>Does the bid clearly project tonnes in and tonnes out of composting process and clearly identify end use markets ?</li> </ul>					
15	Research and Development	<ul style="list-style-type: none"> <li>What has the bid identified as priority research areas ?</li> <li>Have waste composition analysis been identified and methodology used ?</li> </ul>					
16	Monitoring Systems	<ul style="list-style-type: none"> <li>Has the bid clearly identified monitoring systems and contingency plans to resolve any potential areas of risk to implementation ?</li> </ul>					

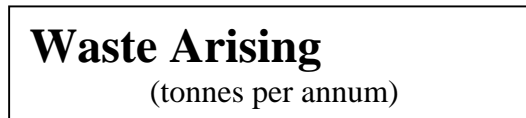
# DRAFT FINAL

## Appendix C – Waste Flow in 2002 and Forecast Flows in 2006

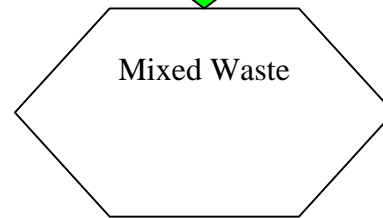
Previous problems in being able to identify exactly how the tonnages of waste ‘flow’ through a particular Implementation Plan have been resolved using flow charts similar to the ones attached in this appendix. Completion of these charts is optional but highly recommended.

### Example Waste flow in 2002

Stage 1: Arisings



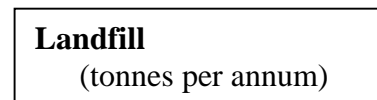
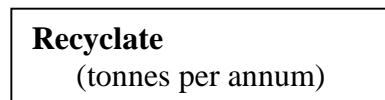
Stage 2: Movement



Stage 3: Facilities



Stage 4: Outputs



**Outputs must equal Arisings:**  
Recyclate + Landfill = Waste Arisings  
**Example of Forecast Waste flows in 2006**

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Stage 1: Arisings

**Waste Arising**  
(tonnes per annum)

Stage 2: Movement

Mixed Waste

Segregated  
Kerbside  
Collection

Stage 3: Facilities

Community  
Amenity Sites

MRF

Landfill Site

Community  
Composting Site

**Recyclate**  
(tonnes per annum)

**Landfill**  
(tonnes per annum)

**Compost**  
(tonnes per annum)

**Stage 4: Outputs** Outputs must equal Arisings: **Recyclate + Landfill + Compost = Waste Arisings**

# DRAFT FINAL

## Appendix D - Parameters of funding from the Strategic Waste Fund

The Strategic Waste Fund is a specific grant scheme established by the Scottish Executive for the implementation of the National Waste Strategy: Scotland. It was set up under The Financial Assistance for the Environmental Purposes (Scotland) Order 2000 (S.S.I. 2000/430).

The Scottish Executive is also currently assessing long-term bids to the Strategic Waste Fund that will also deliver the Landfill Directive diversion targets of BMW.

The following areas of waste management or specific waste streams can not be funded from the Strategic Waste Fund through bids to the Scottish Executive;

- waste growth
- upgrading of landfill sites for landfill directive compliance or other burdens arising from legislative change.
- increases in the rate of Landfill Tax

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ANNEX E

GUIDANCE ON THE SAMPLING AND ANALYSIS OF LOCAL AUTHORITY MUNICIPAL SOLID WASTE

Guidance to be added later.

Peter Brown  
Policy Officer  
SEPA Sponsorship & waste Unit  
Scottish Executive  
November 2003