



## **INCINERATOR CONTRACT WITH UBB BRIEFING FOR GCC ELECTION CANDIDATES**

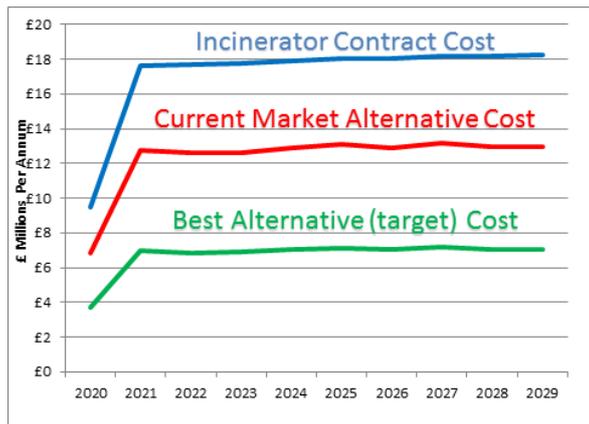
In March 2017, the Information Tribunal ordered the public release of virtually the entire un-redacted Contract between GCC and UBB. Community R4C employed a waste contract specialist to analyse it and here is what we found:

1. The contract will cost the county an estimated **£4.7 million per year** more than existing, readily available alternatives.
2. The contract's pricing structure discourages recycling and waste reduction and stifles competition and innovation.
3. The cancellation costs for terminating the contract are much lower than previously stated by the council and could be covered by funds already committed.
4. The contract fails to achieve best value as required by law.
5. The contract fails to treat waste as high up the waste hierarchy as economically achievable, also required by law.
6. The contract fails to meet competition law.

In particular we found that:

- The incinerator contract can only be shown to be value for money by comparing it with landfill and no other existing cheaper alternative waste disposal methods.
- The contract is very expensive particularly over the first half of the contracted operation when it is more expensive even than landfill.
- The overall value for money case made by GCC for the contract relies on unrealistically high waste forecasts and assumes virtually no improvements in recycling or waste reduction efforts for 25 years.
- GCC will pay £146.36 per tonne for the first 108,000 tonnes per annum - at a cost of £15,806,880, index-linked for 25 years - even if the actual waste sent to the plant is less than this. The price is nearly 50% higher than market prices.
- If the rest of the county reduced the amount of residual waste per person to the levels recently achieved by Stroud District, there would be only about 70,000 tonnes of waste to dispose of annually in the incinerator.
- Waste above the first 108,000 tonnes will be charged at £15 a tonne. This is not because incineration is cheap but because the cost has already been covered by the very high minimum charge, allowing UBB to undercut all competition, including recycling and waste minimisation efforts.
- Waste reduction would result in higher average costs per tonne, despite it being public policy and a matter of law to reduce waste and increase recycling.
- The financial benefit of the Electricity from Waste part of the contract is significantly lower than claimed by the council, it depends on future electricity market speculation, and is marginal to the financial business case.
- Contract cancellation would at present cost an estimated £36m instead of the £100m claimed by the council. Capital commitments already made by the council towards the project (£30m to UBB when the plant is ready, and £7m + for the land) would cover this cost.
- The contract pricing structure is anti-competitive and could be illegal.

**Cheaper alternatives are available now, with capacity available in nearby facilities. At least £4.7m a year could be saved on the revenue budget for other priorities. Even more could be saved in future as new technology comes on line.**



**Saving Versus Contract  
£4.695M pa**

## Community R4C Action

Community R4C, with the help of a barrister provided by the Environmental Law Foundation, has submitted two complaints:

1. Complaint to GCC's External Auditor, Grant Thornton, that the contract represents very bad value for money and presents significant risks to GCC. Grant Thornton has already replied that, "*given the urgency of the matter (..) we propose to make a start on our enquiries*" right away.
2. Complaint to the Competition & Markets Authority, that the contract breaks competition law. The unfair pricing structure prevents development of local innovation and contravenes waste hierarchy obligations. Public money is underwriting lower commercial gate fees and financial exit penalties are too high too early. The complaint is with their appropriate team for consideration.

## Risks to GCC

Grant Thornton will produce a Public Interest report - if it recommends that the contract is a very bad deal, GCC would need to heed their advice.

The CMA could find the contract to be void in whole or part, leading to potential fines and more legal costs. These financial liabilities increase as building works progress.

There is a strong reputational risk to GCC - this is a landmark case with national implications

## Recommendation

We ask that all candidates standing for election commit to:

- putting a hold on work at Javelin Park pending the CMA decision so as to limit potential increasing liabilities.
- calling for a re-evaluation of the value for money of the incinerator contract in view of evidence that GCC could save £4.7m a year by cancelling it.

**Council budgets have never been so tight. There is an opportunity to save upwards of £5M a year, to spend on other priorities.**

More information and full report available at <http://communityr4c.com>