

Dear Councillor

Incinerator PFI – Is this decision with huge financial risks being made in YOUR name?

What you need to know:

On 8 November 2012, Herefordshire and Worcestershire Councils will probably authorise the 25 year Private Finance Initiative with Mercia Waste, for the disposal of household waste at the **mass burn incinerator** plant at Hartlebury.

As councillors you will be collectively authorising this contract, through your representatives on the cabinet. This is the largest contract ever to be entered by the two counties, and we believe it is the responsibility of every councillor to scrutinise that contract, prior to allowing the cabinet to sign it off, and follow due diligence.

We ask you to call for a deferment in the signing of that contract to allow you to exercise your fiduciary duty to analyse the full contract and the financial risks on behalf of your constituents.

We ask you to consider some of the following concerns:

- This is a PFI contract, which the government now discourage, due to the risk of costs escalating. For example; the Worcester hospital PFI cost 10 times the original estimate.
- The contract with Mercia Waste has so far had 56 variations costing £49 million pounds. How many more will happen?
- Our fear is that the cost of the plant is likely to be in the region of £1 billion, plus life cycle maintenance costs (for 25 years). This cost estimate is realistic based on similar plants elsewhere costing over £1 billion.
- This contract has only been seen by a handful of councillors in both counties and has not been subject to due proper scrutiny.
- Worcestershire's risk register highlights that there are significant funding issues with this contract. We believe that the costs will lead to budget cuts in other vital services.
- A 'Balloon Payment' (undisclosed sum) is alleged to be due to the contractor in 2023 when the contract ends, passing all the risks to the councils. The reason for this has not been disclosed.
- Environmental legislation may add significantly to the costs of this contract. Incineration is the most expensive option for dealing with waste, averaging at over £70 per tonne more than alternatives. These alternatives have not been fully considered.

- The plant will still produce 50,000 tonnes of ash which will be landfilled, as no contractor has been identified who is guaranteed to buy the ash for the next 25 years (or beyond).
- DEFRA are obliged to scrutinise the contract but they have not seen it.
- Cheaper more efficient forms of renewable energy can be used to process the waste. The use of anaerobic digestion could increase recycling levels to 70% county wide. It is alleged that Wychavon's food waste recycling will now be burned, reducing recycling levels.
- EU targets for recycling will impact on the level of recycling required. This may cause financial penalty, or create a further shortfall in waste to the incinerator.
- Any shortfall in the 200,000 tonne annual capacity, will mean waste being accepted from out of county areas. H&W do not produce this level of waste. Levels of waste are falling.
- There is already a short fall of waste to burn in incinerators. Stoke council were fined over £600,000 as increasing recycling meant there wasn't enough waste to feed it's incinerator.
- The council can reject this option without breaching the contract. You can ask Mercia Waste to look at alternative best value technologies. Other technologies are cleaner, greener, provide greater recycling opportunities and may offer greater levels of local employment, as researched by Friends of the Earth, and CPRE.

We also invite you to join our alliance, and campaign for financial transparency for the tax payer.

It's time you were made aware of the issues affecting your constituents; do not leave this as a legacy of your time in office. Intervene now against this monster that will cripple Herefordshire and Worcestershire.

Yours faithfully

HWAG (www.hwag.org.uk)