

CERC Company Witness Summary Proof  
John Scanlon

**TOWN & COUNTRY PLANNING (INQUIRIES PROCEDURE) (ENGLAND)**

**RULES 2000**

**APPEAL REF: APP/D0340/A/09/2113075/NWF**

**Land at Rostowrack Farm, Wheal Remfry, Goonvean and Parkandillick**

**Dryers, St Dennis, St Austell**

**Summary proof of evidence on company matters**

Submitted on behalf of SITA Cornwall

By

John Scanlon

February 2010

PROOF OF EVIDENCE	
Name	JOHN SCANLON
Subject	COMPANY WITNESS
Appeal Reference	APP/D0340/A/09/2113075/NWF

## **Summary**

### *1.0 My background*

1.1 My name is John Scanlon and I am the Chief Operating Officer responsible for SITA's Processing business which includes responsibility for all operational recycling and waste management facilities. The Cornwall contract is one of the contracts that my business area is responsible for.

### *2.0 The Procurement Process*

- 2.1 The rationale behind the PFI procurement was simple. Cornwall was running out of landfill void and therefore it was essential that a contract was entered into that gave long term security of waste disposal. Legislation was, and still is, driving material away from landfill. At the current time Landfill Tax, (LFT), is £40 per tonne and it will increase to £72 per tonne by 2013.
- 2.2 The Cornwall procurement was one of two "pathfinder" projects in the waste sector, which represented a new phase of PFI contracts. This meant that the Cornwall tender negotiation was subject to rigorous risk analysis by the UK Government, Cornwall Council, the banks, and SITA to ensure, amongst other things, full compliance with UK Government requirements for PFI contracts.

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2.3 The general principle of the Negotiated Procedure, (which was the procurement route used in Cornwall), is that the company discusses every aspect of the solution being offered to the Council as it is being developed. This includes detailed discussion about levels of performance as well as the technical solution in terms of what facilities will be constructed and where.

2.4 It is worth noting that central government was sufficiently content that it confirmed the award to the Council of a PFI grant with a value of £45 million. This grant is something that the Council continues to gain the benefit of.

### 3.0 *The Contract Period*

3.1 SITA was ultimately awarded the contract and on 1 November 2006, 220 people transferred from a variety of Cornwall Council related companies to SITA.

3.2 In addition to the jobs that transferred, the construction of the CERC will lead to significant additional jobs being created. During the peak month of construction 250 people will be employed.

3.3 Once constructed 48 additional long term jobs will be created. SITA aims to fill these jobs locally.

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#### 4.0 *Why Choose EfW?*

4.1 SITA has a vision that it “wants to live in a society where there is no more waste”. SITA aims to convert waste material that others discard into either a secondary raw material through recycling or, where this is not possible, it prefers to recover energy from material rather than it merely be placed into landfill.

4.2 In choosing the appropriate technology for any contract SITA takes into account the nature of the contract, the risk profile and consequence of technology failure. It also looks at the ability for the chosen technology to perform consistently throughout the contract period. All of these issues have to be balanced against the ability to achieve bank funding. It is no surprise therefore that the majority of long term PFI contracts that are let rely upon EfW as the solution for the disposal of waste that cannot be recycled.

4.3 At the start of the contract the Council transferred two landfill sites to SITA and is solely dependent on them for the disposal of its residual waste. On current analysis these sites will run out of void in 2014. There is the potential that there could be an extension to one site to offer a further 800kt of capacity but this is subject to planning permission and by no means therefore guaranteed.

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- 4.4 Currently SITA handles approximately 300kt of waste each year that needs to be disposed of and therefore this additional void, without the development of the CERC, would be consumed within less than 3 years, and even if it were extended, before the end of 2017.
- 4.5 We shouldn't forget that Municipal Solid Waste forms only a small part of the total waste that is produced within Cornwall. In addition there is Industrial & Commercial waste. Additional pressure placed upon the current landfill infrastructure will cause a "crowding out" of this waste which means that local businesses will have to pay more for the disposal of their waste.
- 4.6 The CERC facility has the capacity to produce 82 MW of heat or around 16.6 MW of electricity for export. This is enough electricity for the demands of around 21,000 houses.
- 4.7 In addition SITA has been working closely with both Goonvean and Imerys for the export of heat to their clay driers which are located close to the site. This enables the CERC to be classed as a combined heat and power (CHP) facility. The PFI contract is specifically structured so that the Council financially benefits from any CHP off-take arrangements that are put in place.

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4.8 In addition to the recovery of energy from the residual waste SITA will recycle the Incineration Bottom Ash, (IBA), which remains after the combustion process.

#### 5.0 *SITA's experience of EfW*

Details of SITA's operational EfW facilities are provided within the main body of my statement.

#### 6.0 *SITA's Environmental Performance*

6.1 The Environment Agency sets the standards to which the facilities must operate. The CERC will work at emission levels, set as part of the environmental permit, that are even better than those defined within the Waste Incineration Directive regulations and indeed will operate to the highest standards of any EfW facility in operation in the UK.

6.2 At each of its EfW facilities SITA operates a Quality & Environmental Management System, (QEMS). This system underpins our commitment to the highest standards of environmental compliance. All of SITA's operations in the UK are accredited to ISO9001 & ISO14001 standards.

6.3 In Cornwall we have also recently been accredited to the ISO18001 standard.

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6.4 SITA is a responsible operator that takes its obligations seriously and I believe that this view is shared by the Environment Agency, who made the following statement;

6.5 “The performance of SITA UK Limited is no different from other operators in the incineration sector, and the level of compliance in the sector overall is considered to be good. SITA UK Limited has sufficient resources and expertise to operate the proposed installation. The record of enforcement action against them is not one which would lead the Agency to conclude that they are an unsuitable operator for the proposed facility”.

#### *7.0 How the CERC will work*

7.1 In terms of the specific operational aspects of the CERC I cover this in some detail in my proof and so will not repeat that information at this point.

#### *8.0 The Choice of the St Dennis site*

8.1 During the procurement the Council undertook a detailed site appraisal process and identified the Appeal site as the most appropriate in the County for a centralised waste treatment facility, in line with the Waste Local Plan. On this basis the Council secured an interest in the site and made it available to all tendering companies.

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*9.0 Why 240,000 tonnes per annum?*

9.1 The Council's Waste Planning Authority, is in the process of preparing a waste development framework (WDF) which, when adopted, will replace the Waste Local Plan.

9.2 The submission stage of the WDF continues to support the development of a single EfW plant with a capacity of 240,000 tonnes per year.

9.3 It is against this policy background that SITA was contracted by the Waste Disposal Authority to develop the CERC at Rostowrack Farm.

*10.0 Community Engagement*

10.1 SITA is committed to act as a good neighbour. We are mindful that for some people the development of a large scale EfW facility can cause concern. SITA often develops community liaison groups to ensure that the local population is fully aware of the development and provide a forum to quickly get answers to any questions that they might have.

10.2 In Cornwall SITA has established a Community Liaison Group to discuss and debate aspects of the CERC proposals. The group has been meeting since July 2007 and members include local Parish Councils and local community groups.

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10.3 SITA and the Council have also agreed to create a community fund for the duration of the project, which will provide money for community projects in St Dennis and the surrounding villages.

10.4 SITA is keen to promote public access to information on its environmental performance and operations. On the Isle of Man, for example, one of our most important communication tools is the facility's dedicated website where we post our daily emission data amongst other information. SITA proposes to develop a similar facility for the CERC.

10.5 This will allow people to see the level of emission to air for substances that are monitored on a daily basis. SITA is conscious that dioxin emission is also a concern to residents and therefore has undertaken to carryout a programme of dioxin monitoring.

#### *11.0 What if the CERC doesn't get planning?*

11.1 In the event that the CERC is not delivered the disposal of the Council's residual waste material will continue to go to landfill. Landfill is at the bottom of the waste hierarchy and is increasingly becoming a costly solution due to LFT and LATS.

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11.2 Due to the fact that the “Planning Longstop Date” under the contract will now have passed, a Revised Project Plan will be required, even if the application is granted on appeal. This is in line with the recommendation of the Waste Development Advisory Panel, (WDAP), which is that “SITA Cornwall is instructed to propose a Revised Project Plan, with reference to green issues, in accordance with the provisions of the Integrated Waste Management Contract and in accordance with the Waste Development Plan of which the Waste Local Plan 2002 is a part.” This confirms that the strategy of the Council remains that a single EfW facility should be constructed within the Central Area of Search.

11.3 Another option for the Council was to terminate the contract and start again from scratch. This would mean further significant delays and significantly increased costs, (currently estimated at circa £200M), for the ratepayer within Cornwall.

11.4 At its meeting on 10<sup>th</sup> February 2010 the Council’s cabinet resolved to request that SITA prepare a Revised Project Plan.