

# WIRRAL COUNCIL

## PENSIONS COMMITTEE

20 JANUARY 2014

<b>SUBJECT:</b>	<b>INVESTMENTS IN AD PLANTS</b>
<b>WARD/S AFFECTED:</b>	<b>NONE</b>
<b>REPORT OF:</b>	<b>STRATEGIC DIRECTOR TRANSFORMATION AND RESOURCES</b>
<b>KEY DECISION?</b> <i>(Defined in paragraph 13.3 of Article 13 'Decision Making' in the Council's Constitution.)</i>	NO

### 1.0 EXECUTIVE SUMMARY

- 1.1 This report seeks approval for the Fund to increase its programme of investments in Anaerobic Digestion Plants up to £60m.

### 2.0 BACKGROUND AND KEY ISSUES

- 2.1 In March 2012, Committee was informed of an investment into a fund providing the financing for the construction and operation of anaerobic digestion (AD) plants. The plants process food waste and generate biogas reducing landfill requirements. Potentially, initial investments were into contracts for AD plants being tendered by a number of Welsh local authorities.
- 2.2 MPF is currently the sole investor in the fund which has successfully won tenders for two plants in Wales. Construction of the first plant, Biogen Gwyrriad, completed in July on time and on budget and is now in the commissioning phase. Biogen Waen is due to be completed in March this year. Returns are comfortably in line with forecasts.
- 2.3 A third project involving three farm based plants was funded in November 2013 bringing commitments to £23m. Three further projects are close to being finalised. The outlook for the AD market is encouraging. There are still major capital constraints; the regulatory environment continues to be supportive with the tariff/subsidy regime stabilised; greater local authority engagement is being seen; and the pipeline of new opportunities remains good.

### 3.0 RELEVANT RISKS

- 3.1 The Iona fund is invested in a number of projects involving different counterparties and technologies which provides a good degree of diversification of financial and operational risks.

### 4.0 OTHER OPTIONS CONSIDERED

- 4.1 No other options have been considered

## **5.0 CONSULTATION**

5.1 There has been no consultation undertaken or proposed for this report. There are no implications for partner organisations arising out of this report.

## **6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

6.1 There are none arising from this report.

## **7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

7.1 Provisionally, MPF has agreed improved terms for commitments above £23m. Returns from built projects are comfortably in line with forecasts.

## **8.0 LEGAL IMPLICATIONS**

8.1 There are none arising from this report.

## **9.0 EQUALITIES IMPLICATIONS**

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(b) No because there is no relevance to equality.

## **10.0 CARBON REDUCTION IMPLICATIONS**

10.1 The projects will generate renewable electricity and gas for the national grid and reduce the volumes of waste going to landfill.

## **11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

11.1 There are none arising from this report.

## **12.0 RECOMMENDATION/S**

12.1 That Committee approves an increase in the commitment to the Iona Fund by £37m.

## **13.0 REASON/S FOR RECOMMENDATION/S**

13.1 The projects are anticipated to provide attractive returns to the Fund as well as delivering environmental and sustainable benefits.

**REPORT AUTHOR:** **Peter Wallach**  
*Head of Pension Fund*  
telephone: (0151) 242 1309  
email: [peterwallach@wirral.gov.uk](mailto:peterwallach@wirral.gov.uk)

## **APPENDICES**

NONE

## **REFERENCE MATERIAL**

NONE

## **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>Pensions Committee</b>	June 2013
<b>Pensions Committee</b>	March 2012

