

FLINTSHIRE COUNTY COUNCIL

REPORT TO: ENVIRONMENT OVERVIEW & SCRUTINY
COMMITTEE

DATE: 9TH JANUARY 2013

REPORT BY: DIRECTOR OF ENVIRONMENT

SUBJECT: NORTH WALES RESIDUAL WASTE TREATMENT
PROJECT

1.00 PURPOSE OF REPORT

To update Members on progress of the North Wales Residual Waste Treatment Project's (NWRWTP) procurement process.

2.00 BACKGROUND

2.01 The North Wales Residual Waste Treatment Partnership was formed in 2008 (made up of the Isle Of Anglesey County Council, Gwynedd Council, Conwy County Borough Council, Denbighshire County Council with Flintshire County as lead authority) to seek a solution to managing residual waste on behalf of the five Partner authorities. A North Wales Residual Waste Treatment Joint Committee has been set up to oversee and govern the procurement process. At the Joint Committee meetings, all five Partner authorities have equal voting rights. However, as Lead Authority, the Council is responsible for project planning and management, giving Leadership to the Project Team and undertaking governance issues like producing management accounts and ensuring financial probity.

2.02 One of the key issues for the Project is the range of waste related targets that now challenge Welsh authorities; these are set out below:-

Table - Authority Municipal Waste Targets

TARGET	YEAR				
	09/10	12/13	15/16	19/20	24/25
Levels of recycling / composting (or Anaerobic Digestion (AD))	40%	52%	58%	64%	70%
Levels of composting (or AD) of source separated food waste (included in the above)		12%	14%	16%	16%
Maximum level of energy from waste			42%	36%	30%
Maximum level of landfill				10%	5%

Welsh Government (WG) has made it clear via its strategy document – 'Towards Zero Waste' - that the future strategic direction and resources will be directed towards local authority policies which are based on very high levels of recycling and composting (i.e. 70% recycling /composting by 2024/25) and very low levels of landfilling (i.e. a maximum of 5% to landfill by 2024/25). Nevertheless, and even with these challenging targets achieved, there will remain significant levels of residual waste which must be disposed of through sustainable technologies offering the best balance of environmental and economic benefits.

2.03 If the Council fails to meet these targets, the Authority will face two sets of fines, which will be cumulatively levied :-

(i) Failure to meet recycling targets (£200/t)

(ii) Exceeding Landfill Allowances (£200/t)

The NWRWTP will play a key role in helping Flintshire County Council (FCC) to meet the Municipal Waste targets shown and hence help the Council to avoid the substantial fines outlined above.

2.04 At around £600m value and 25 years duration, this is an extremely complex procurement process, where proper consideration needs to be given to all matters by both the Partnership and by the bidders.

2.05 In March 2010, a Special Flintshire County Council considered a report and Outline Business Case on the NWRWTP. The report was based on an Options Appraisal undertaken by Entec (now Amec), which concluded that the NWRWTP Regional Partnership was the scenario most likely to deliver best value for the Council due to cost minimisation, meeting Welsh Government (WG) funding guidelines, resilience to legislative change and service need, as well as being the most attractive Option for the market. As a result of the Outline Business case, WG confirmed their commitment to providing £142m funding towards the Project; Flintshire County Council's share of this is £38m over the 25 years of the Project.

2.06 On 15th July 2010, the procurement process was formally started with the publication of the OJEU (Official Journal of the European Union) notice. This was followed by a formal Pre Qualification Questionnaire Stage (PQQ) where companies that formally put forward an expression of interest were assessed on their financial and technical capabilities.

2.07 The PQQ process involved a rigorous assessment of the companies that had formally expressed an interest in the procurement process. They were assessed on their financial standing and record, and also on their technical ability and record in delivering residual waste treatment contracts. This assessment process was carried out by the Project's legal, technical and financial advisors (Pinsent Masons, Entec (now Amec) and Grant Thornton respectively), and was scrutinised by the relevant technical officer group from the Partnership. 10 participants applied for pre-qualification and eight were recommended to go through to the next stage (see 2.09 below).

2.08 On 29 October 2010, the North Wales Residual Waste Joint Committee approved the next stage of the procurement process. The next stage of the procurement process was the Invitation to Submit Outline Solutions (ISOS) stage. Eight bidders were invited to submit their outline solution(s). These bidders were:-

- Biffa Waste Services/E.ON
- Complete Circle (a consortium of John Laing Investments Ltd, Shanks Waste Management Ltd, Keppel Seghers and Grays Waste Management Ltd)
- Covanta Energy Ltd
- Sita UK Ltd
- Veolia ES Aurora Ltd
- Viridor Waste Management Ltd
- Waste Recycling Group / Balfour Beatty Capital, and
- Wheelabrator Technologies

2.09 ISOS submissions were received on 4th February 2011 and the Joint Committee met on 25th March 2011. Following an exhaustive evaluation by a range of technical, legal and financial officers and advisors, Members on the Joint Committee accepted Officer recommendations and decided to take three bidders through to the next stage of the procurement process, the invitation to submit detailed solutions (ISDS) :-

- Sita UK Ltd
- Veolia ES Aurora Ltd
- Wheelabrator

2.10 The Project Team pursued the possibility of rail being used as part of the solution to transport the waste to the main facility. To this end, discussions have been held with Network Rail and the bidders, who have shown a positive stance towards the use of rail.

2.11 In order to ensure that rail was considered thoroughly, an additional stage was included in the procurement process. The participants were all instructed to submit a road and rail based solution for the Project. Participants submitted these proposals on 27th January 2012. The Project Team then looked at the relevant parts to assess the viability, cost, deliverability and risks of both transport options.

The Joint Committee considered these proposals at its meeting on 16th March 2012. The Participants were then informed that the Partnership's requirement was for a rail based solution and given a limited number of weeks to refine their proposal in the light of that decision. They submitted full detailed proposals on 5th April 2012.

3.00 CONSIDERATIONS

3.01 On 1st August 2012, the Joint Committee decided to deselect one of the bidders,

leaving the following two companies :-

- Sita
- Wheelabrator

3.02 Both bidders are proposing to use Energy from Waste technology at a site in the Council's ownership on Deeside Industrial Park.

3.03 The following key points have been raised and are commented upon in the paragraphs below :-

- Welsh Government's position regarding waste treatment
- The type of waste to be treated
- The likely scale of the facility
- The traffic impacts of the project
- The environmental impacts of the treatment process
- The potential for Community Benefits
- The next steps for the Project

3.04 On 28th November 2012, Jasper Roberts, WG's Deputy Director, Waste and Resource Efficiency, gave a presentation and answered questions at a Member Seminar in County Hall. Around 35 Councillors attended the presentation, which covered WG's position on :-

- Policy and Targets
- Strategy and Approach
- Economic and Environmental goals
- Preferred Technology
- Alternative Technologies
- Permitting and Regulation
- Social Impacts – Health & Environment
- Health Protection Agency
- Benefits and Dis-benefits
- Summary

The questions raised by Members, together with the answers given, are set out in Appendix 1, for Members that were unable to attend the Seminar.

3.05 The facility will have a capacity of between 150-180k tonnes of waste treated per annum. It is projected that the Partnership will provide 115k tonnes per annum of residual municipal waste, after the constituent authorities have recycled at least 63% of the waste they collect. The remaining capacity will be taken up by the successful operator treating municipal type waste they take either from other local authorities, or from the commercial sector.

3.06 The indicative size of the process building at the facility is a footprint of 5.500m². To put this into context, that is approximately half the size of the Asda store at Queensferry, a quarter of the size of UPM-Kymmene, or smaller than a football pitch.

- 3.07 As outlined in paragraph 2.11, a rail based solution is the preferred outcome for the Project. The anticipated traffic movements into the facility on a daily basis (Monday to Friday) are approximately 55 per day, of which 32 per day will be Flintshire County Council vehicles. These vehicles will be fitted with electronic tracker devices, to ensure that they follow approved routes. In addition to the vehicles, it is anticipated that there will be two trains per week bringing waste into the site from the west of the Partnership area.
- 3.08 At the Joint Committee meeting of 1st August 2012, there was a discussion relating to particulate monitoring that could be enhanced above that required by the Waste Incineration Directive (this directive sets all the emission limits that any operator of a waste incinerator must meet and therefore what it must monitor to ensure compliance). Members from Flintshire County particularly wished to see additional particulate monitoring carried out for small particulates (PM 2.5). The Project Team agreed to engage with both participants to explore this more fully.

Both bidders have confirmed that they would include the additional analysis of PM 2.5 particulates emissions as part of their sampling regime. Therefore they would be able to produce data showing what PM 2.5 particulates were being emitted.

- 3.09 Two meetings have been arranged on 6th and 7th February (one in the West and one at County Hall, Mold) for all Members of Partner authorities to hear a specialist representative from the Health Protection Agency (HPA) talk about emissions from energy from waste facilities and then ask him questions.
- 3.10 It is possible for Community Benefit Schemes (CBS) to be introduced in conjunction with large high profile developments, e.g. renewable energy schemes, major pipelines, highway improvements or large waste projects, etc. In some cases, these CBS are covered by a Section 106 Planning Agreement; in others the benefit is provided by the developer or via a fund put up voluntarily by the developers. In all of those circumstances, the CBS is not offered as compensation for allowing the development to proceed, nor does it imply that the development has an adverse impact on those communities. It is merely recognition that one area or community is being asked to host a development which serves a much wider catchment.
- 3.11 The Project Team has carried out an initial review of the types of schemes that have been considered or proposed in the UK to date on similar schemes. Two potential types of schemes were considered by the Project Board of having the most merit. These were :-
- 3.11.1 A) "One off" capital provision with potentially an ongoing revenue provision for maintenance upkeep. This can be for things such as youth facilities, play areas or other community type projects. Typically a local community liaison group would be set up to assist in identifying priorities for such funding.
- 3.11.2 B) The setting up of a joint venture ESCO (energy services company) for the provision of heat to local residents and/or 3rd sector /public buildings. There is

the potential for the Partnership to enter into a joint venture with an energy provider to form an ESCO, that would then contract with the Partnership's waste contractor for the purchase of heat for distribution to residential customers (such as for instance the new housing potentially being developed as part of the Northern Gateway Project and that will contain a high proportion of social housing or shared ownership housing). Such heat provision could significantly reduce the heating cost of those households receiving the heat in comparison to conventional heating systems. If a heat distribution system was developed there would also be opportunities to supply heat to 3rd sector or public buildings (such as community or leisure centres etc).

3.12 Confirmation has been received from WG that, dependant on the exact nature of the proposals, WG will consider counting such costs within the calculation for WG's revenue support (i.e. could be subject to WG's 25% revenue support).

3.13 The Outline Programme for the next stages of the procurement process is set out in the table below :-

Final tender submission by Participants	April 2013
Individual authority Approved Bidder and Final Business Case approvals completed (at FCC, this will mean consideration by the Environment O&S Committee, Cabinet and Full Council)	Sep-Dec 2013
Contract Award	Jan 2014
Submission of Planning Application	March 2014
Facility projected to be fully available	Late 2017

4.00 RECOMMENDATIONS

4.01 That Members note the content of the report.

5.00 FINANCIAL IMPLICATIONS

5.01 The proposals are anticipated to be well within the Affordability Envelope approved by full Council in March 2010.

6.00 ANTI POVERTY IMPACT

6.01 None.

7.00 ENVIRONMENTAL IMPACT

7.01 None.

8.00 EQUALITIES IMPACT

8.01 None.

9.00 PERSONNEL IMPLICATIONS

9.01 None.

10.00 CONSULTATION REQUIRED

10.01 Consultation of relevant communities and bodies will be very important to the future successful delivery of the Project.

11.00 CONSULTATION UNDERTAKEN

11.01 Various consultation processes have been undertaken throughout the Project to date. The results of the consultations have been used to inform the Project's progress.

12.00 APPENDICES

12.01 Appendix 1 – Questions and Answers from the 28th November 2012 Member Seminar

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

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