

**CABINET**

<b>Date of Meeting</b>	20 June 2017
<b>Report Subject</b>	North Wales Residual Waste Treatment Project
<b>Cabinet Member</b>	Cabinet Member for Streetscene and Countryside
<b>Report Author</b>	Chief Executive
<b>Type of Report</b>	Operational

**EXECUTIVE SUMMARY**

The North Wales Residual Waste Treatment Project (NWRWTP) procurement process has now drawn to a close and a contract has been signed with Wheelabrator Technologies Inc (WTI) for the construction and operation of the Parc Adfer waste treatment facility on Deeside.

Parc Adfer will process the non-recyclable domestic waste collected by Conwy, Denbighshire, Flintshire, Gwynedd and Ynys Mon councils. The facility will provide a modern, safe and cost-effective process for treating non-recyclable waste in accordance with national environmental policy. The facility will help the five councils to meet their waste diversion and recycling targets and avoid the punitive costs of Landfill Tax charges.

The contract term with Wheelabrator Technologies Inc is 25 years. The five partner authorities have also signed an Inter Authority Agreement which formalises their partnership for the duration of the contract.

Construction of the facility has now begun. The facility will be fully operational by 2020.

WTI have already been engaging with the local community and this will continue throughout the construction process and beyond.

## RECOMMENDATIONS

1.	Note the award of contract.
2.	Note the scheduled operational date for Parc Adfer.

## REPORT DETAILS

<b>1.00</b>	<b>Background</b>
1.01	The North Wales Residual Waste Treatment Project (NWRWTP) procurement process came to a successful conclusion in December 2016 with a contract being awarded to Wheelabrator Technologies Inc (WTI) and Financial Close being reached.
1.02	<p>The formal Contact Award to WTI represents the conclusion of a six year procurement process. Parc Adfer will process the non-recyclable domestic waste collected by Conwy, Denbighshire, Flintshire, Gwynedd and Ynys Môn councils.</p> <p>The facility will provide a modern, safe and cost-effective process for treating non-recyclable waste in accordance with national environmental policy. The facility will help the five councils to meet their waste diversion and recycling targets and avoid the punitive costs of Landfill Tax charges. Members have been advised previously that the final gate fee payable by the partner authorities would only be confirmed and set at Financial Close. It can now be confirmed that the final gate fees payable are lower than the guideline or 'bid' price set at the outset. There is therefore a financial benefit to the partner authorities as a consequence of the competitiveness of the procurement process and the robustness of the client position during commercial negotiations.</p>
1.03	The project has been supported by the Welsh Government throughout. Following the submission of a detailed Final Business Case, Welsh Government has committed financial support for the contract of a value to the partnership of £140m over the 25 year contract term.
1.04	As the gate fees and the Welsh Government contribution are now set the partner authorities have certainty of costs for longer-term budget planning.
1.05	<p>WTI have begun construction of the facility which has been named Parc Adfer. Parc Adfer is due to be commissioned in late spring 2019 reaching full operational capacity by 2020.</p> <p>At the time of writing the initial ground works are nearing completion, including preparing the main entrance to the site, levels and the waste bunker pit. The main site offices, welfare and parking are now in situ, with "turnstile" security access (via fingerprint reader) onto site being installed. A visitor walkway around the site has been constructed.</p>

	<p>The main focus of site activity at present is the concrete piling and concreting the waste bunker to allow the bunker wall to be constructed. Completion of the bunker wall will allow certain steelworks to begin. The main steelworks are planned to commence later in the year. Conditions and progress on site are good and all is progressing as per programme.</p>
1.06	<p>WTI have been working with their subcontractors to identify supply chain opportunities which are estimated to be valued at more than £40 million over the life of the contract. As part of this process WTI and their sub-contractors have held two “meet the buyer” with a positive response from the contractor base across the region.</p> <p>The construction process will provide over 200 jobs (300 at peak) with around 30 permanent jobs being created for the operation of the facility, which will be able to treat 200,000 tonnes of waste.</p> <p>WTI and their sub-contractors recently held a jobs fair at Coleg Cambria to attract as much local employment as possible, with a positive level of interest in local employment opportunities. More jobs fairs are planned as the construction progresses and the facility becomes operational. WTI and their sub-contractors are already engaging as many local companies as possible for various goods and services.</p> <p>The facility will also make a contribution of up to 7% of the partner councils’ recycling figures through recycling of the bottom ash and a small amount of metals. The facility will also generate 18.8 MW (gross) of electricity which is sufficient to power the equivalent of 30,000 homes.</p>
1.07	<p>It should be noted that the timing of the commencement of the commissioning of the facility (which is when the authorities’ waste will go into the facility) is a crucial part of the contract and contract management to ensure that existing residual waste treatment contracts will dovetail with Parc Adfer. The contract manager provides monthly written progress reports on the construction and on top of this will immediately report movement of the commissioning date to the authorities. All partner authorities have organised their existing residual waste treatment contracts to coincide with the construction timetable with flexibility built in for movement in the programme.</p> <p>As noted in 1.03 above, the NWRWTP is financially supported by Welsh Government. The grant provided by Welsh Government will be paid to all partner authorities, including Flintshire, on a per tonne basis based on the actual tonnage delivered to the facility by each authority. The grant is calculated based on the cost of the facility itself, plus the cost of transporting the waste from the partner authorities plus the cost of operating the waste transfer stations within the partner authorities over the life of the contract. This means that the grant amount paid to Flintshire includes the elements that cover the operation of waste transfer stations within the other partner authorities and transport of the waste to the facility.</p>
1.08	<p>When Parc Adfer becomes operational (see 1.05 and 1.06 above), a Community Benefit Fund will commence. This fund will have a value of £230k per annum, with £180k coming from the partner authorities and £50k</p>

	<p>from Wheelabrator themselves. The fund will be available to community projects in the Deeside area. The grant conditions and criteria are currently being developed in time for the start of Parc Adfer's operations.</p> <p>The Partnership also made a commitment to ensure that the emissions of fine particulate matter (referred to "PM 2.5") from the Parc Adfer facility is monitored at a frequency far over and above the requirements under the Environmental Permit issued by Natural Resources Wales.</p>
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<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	As noted in 1.04 above the gate fees for the five partner authorities are now known. Therefore, the authorities are now able to forecast budgets based on estimated tonnes of waste collected annually. The confirmed gate fees are lower than first forecast. The charges for use of the facility will therefore be within budget estimates.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	The North Wales Residual Waste Joint Committee (on which all five partner authorities are represented) have overseen the procurement process and has engaged the cabinets and scrutiny committees of the partner authorities at key stages of the process. The Environment Overview and Scrutiny Committee has received regular updates on the project throughout the process including a most recent briefing in December.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	The North Wales Residual Waste Joint Committee has directly and successfully managed the project risks supported by a Project Board (represented by a senior officer from each partner authority and chaired by Flintshire's Chief Executive).

<b>5.00</b>	<b>APPENDICES</b>
5.01	None

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<p><b>Contact Officer: Steffan Owen</b>  <b>Telephone: 01352 704915</b>  <b>E-mail: <a href="mailto:steffan.r.owen@flintshire.gov.uk">steffan.r.owen@flintshire.gov.uk</a></b></p>

7.00	GLOSSARY OF TERMS
7.01	<p>Gate fee: a set fee payable to the contractor (WTI) for the treatment of each tonne of residual waste (waste that is left over after recyclable and compostable waste has been collected).</p> <p>Financial Close: the process of setting the final rates of borrowing for the capital expenditure for the build. The rates of borrowing have had no impact on the cost to the authority as it was risk borne by WTI. Also at this point exchange rates are also set (a proportion of the capital expenditure is in Euros). This process is only carried out once the contract is signed so final figures can only be confirmed at this point.</p> <p>Commissioning: the process whereby a facility is tested to ensure it will operate as it should and safely. Waste is put through the facility in varying amounts and throughputs to test its equipment and systems. The facility must be validated by a specialist technical expert that is independent of the contractor - known as an Independent Certifier - before it can be operational.</p>