

Environment Overview and Scrutiny Committee

Date of Meeting	17 October 2017
Report Subject	North Wales Residual Waste Treatment Project (NWRWTP) Update
Cabinet Member	Cabinet Member for Streetscene and Countryside
Report Author	NWRWTP Contract Manager
Type of Report	Operational

EXECUTIVE SUMMARY

Following the successful award of the North Wales Residual Waste Treatment Project contract to Wheelabrator Technologies Inc (WTI), the Parc Adfer waste treatment facility on Deeside Industrial Park is now under construction.

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.

Parc Adfer 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.	That Scrutiny notes the progress of the construction of Parc Adfer.
2.	That Scrutiny notes the scheduled operational date for Parc Adfer.

REPORT DETAILS

1.00	Background to the Project
1.01	<p>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.</p>
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	<p>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.</p>
1.04	<p>As the gate fees and the Welsh Government contribution are now set the partner authorities have certainty of costs for longer-term budget planning.</p>
1.05	<p>WTI began construction of Parc Adfer in early 2017 and is due to be commissioned in late spring 2019 reaching full operational capacity by 2020.</p> <p>At the time of writing this report the ground works, offices and welfare facilities are completed and the main site works are still focused on the civil works with some preparation work for the process engineering works (steel work pre-fabrication) being undertaken.</p> <p>The civil works have been focused on the waste bunker walls and these are now very near the completed elevation. Works are also underway on the foundation works, walls and structure for the process element of the facility (e.g. boiler and turbine hall foundations, turbine walls).</p> <p>Conditions on site are good and the works are progressing as per programme, with currently around 25% of the works completed.</p>

1.06	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. Around 30 local companies' are already supplying goods or services to the Parc Adfer construction.
1.07	<p>When Parc Adfer becomes operational a Community Benefit Fund will become available. This fund will have a value of £230k per annum, with £180k coming from the partner authorities and £50k from Wheelabrator themselves. The fund will be available for community projects in the Deeside area and the grant conditions and criteria are currently being developed in time for the start of Parc Adfer's operations.</p> <p>As well as the Community Benefit Fund noted above, WTI have now launched their own construction phase community fund of £50k over the construction period. This is now live and details of the application process are available on the www.parcadfer.com website.</p>
1.08	<p>One area of work where the Partnership is working with WTI is commissioning a specialist feasibility study to investigate the possibility of utilising the heat from the Parc Adfer facility. This would involve piping the steam / hot water from Parc Adfer's process as a heat source to neighbouring commercial or domestic buildings.</p> <p>Using the heat in this way can have environmental benefits by not only increasing the efficiency of Parc Adfer itself but also provide a localised low carbon heat source for nearby buildings. It could also bring economic benefits through sales of the heat.</p> <p>The Government's Department for Business, Energy and Industrial Strategy offer funding to such studies and an application for the costs and the scope for the feasibility study is currently being drawn up.</p>

2.00	RESOURCE IMPLICATIONS
2.01	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 and the charges for use of the facility will therefore be within budget estimates.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
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.
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4.00	RISK MANAGEMENT
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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).
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5.00	APPENDICES
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5.01	None
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6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
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6.01	Contact Officer: Steffan Owen Telephone: 01352 704915 E-mail: steffan.r.owen@flintshire.gov.uk
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7.00	GLOSSARY OF TERMS
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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>
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