

FLINTSHIRE COUNTY COUNCIL

REPORT TO: ENVIRONMENT OVERVIEW & SCRUTINY
COMMITTEE

DATE: WEDNESDAY, 11 JULY 2012

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** At around £600m - £800m 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.
- 2.03** 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, 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.
- 2.04** 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 stage (PQQ) where companies that formally put forward an expression of interest were assessed on their financial and technical capabilities.

- 2.05** 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 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 2.07 below).
- 2.06** On 29 October 2010, the North Wales Residual Waste Joint Committee, which comprises of two Members from each of the Partner authorities, approved the next stage of the procurement process.
- 2.07** 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
- 2.08** 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
- 2.09** The Project Team have been actively working to maximise the possibility of rail being used as part of the service to transport the waste to the main facility. To this end, discussions have been held with Network Rail and the bidders, who have all shown a positive stance towards the use of rail.

2.10 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 Following local government elections on 3rd May 2012, there are now five new Members on the Joint Committee (of 10 Members). With such a high number (50%) of new Members, there is clearly a need to raise their understanding of the background to the Project, the progress that's been made, Welsh Government's strategic overview for waste (including targets that all local authorities need to meet) and how the Project allows the North Wales Partners to comply with it. Given that Member nominations to the Project weren't finalised until 22nd June 2012, there has been an understandable delay to the Project, whilst new Members are briefed and their questions answered. However, in order to keep within the Project's Programme for a facility to be open in 2017, a Joint Committee meeting needs to be held before the Summer recess.

3.02 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%

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.

3.03 If the Council doesn't meet the targets above, 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 FCC to meet the Municipal Waste targets shown and hence help the Council to avoid the substantial fines outlined in 3.03 above.

3.04 Currently the Project is constrained by confidentiality clauses on what is being proposed by bidders in terms of both site and technology. At the stage of deselecting one of the remaining three participants, it is intended that we remove these confidentiality clauses. The Joint Committee meeting to consider the bidders' detailed solutions received on 5th April 2012 is currently being set and hence more information on the proposed site and technology(s) will be provided to Members in the next update report (scheduled for October 2012).

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

Joint Committee consider detailed solutions	tbc
Issue call for Final Tender and close dialogue with Participants	Nov 2012
Final tender submission by Participants	Jan 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)	May 2013
Approved Bidder appointed	May 2013
Submission for planning approval	July 2013
Contract Award	Aug 2013
Facility projected to be fully available	Summer 2017

4.00 RECOMMENDATIONS

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

None.

7.00 ENVIRONMENTAL IMPACT

None.

8.00 EQUALITIES IMPACT

None.

9.00 PERSONNEL IMPLICATIONS

None.

10.00 CONSULTATION REQUIRED

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

11.00 CONSULTATION UNDERTAKEN

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

None.

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 BACKGROUND DOCUMENTS

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