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To: Councillor John Stewart, Convener; and Councillors Allan, Clark, Cormack, Crockett, Dean, Fletcher, Kiddie, May, McDonald, Kevin Stewart, Wisely and Young.

Members are reminded that substitutes are permissible and should be used if necessary.

Town House,
ABERDEEN 04 August 2010

URGENT BUSINESS COMMITTEE

The Members of the **URGENT BUSINESS COMMITTEE** are requested to meet in Committee Room 2 - Town House on **FRIDAY, 6 AUGUST 2010 at 2.00 pm.**

JANE G. MACEACHRAN
HEAD OF LEGAL AND DEMOCRATIC SERVICES

BUSINESS

- 1 **Waste Management Services Contract Variation - Sclattie Transfer Station**
(Pages 1 - 6)

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ABERDEEN CITY COUNCIL

COMMITTEE: Urgent Business Committee

DATE:

DIRECTOR: Pete Leonard

TITLE OF REPORT: Waste Management Services Contract Variation – Sclattie Transfer Station.

REPORT NUMBER: H&E/10/xxx

1. PURPOSE OF REPORT

- 1.1. To establish the case for developing an additional building at Sclattie Transfer Station to create a disposal point for refuse collected in the north of the city following the closure of Hill of Tramaud Landfill Site.

2. RECOMMENDATIONS

It is recommended that: -

- 2.1 The Committee approves option 1 as outlined in this paper
- 2.2 The Committee approves the payment method to be a direct payment for the construction of the facility, from existing General Fund Revenue provision
- 2.3 The Committee instructs the Director for Housing and Environment to proceed with a Contract Variation Agreement in this regard.
- 2.4 That a briefing note be presented to members of the Housing and Environment Committee of 24 August.

3. FINANCIAL IMPLICATIONS

Funding for the recommended option is available as part of a £1.2 million allocation of Zero Waste Fund monies in the budget for 2010/11.

Delay in implementing the recommended option could result in additional costs of £13,733 per week as outlined in the scenario/cost plan in appendix 1 of this report.

4. SERVICE & COMMUNITY IMPACT

5. OTHER IMPLICATIONS

- 5.1. Legal advice from Brodies Solicitors, the Council's advisors on the Waste Management Services Contract, is that the proposed variation to the contract would not give rise to any procurement issues.

The contract between SITA and the Council was procured in 1999 and relates to a broad spectrum of waste services. The proposed variation relates to waste which is covered by the contract as originally procured. It does not result in any additional service provision compared to what was originally envisaged at the time of the contract. Rather, it contains procedures for the provision of a facility to be used to deal with waste which is the subject of the contract. Provision of facilities to deal with waste was also envisaged in the terms of contract as originally procured.

- 5.2 Failure to implement the recommended options would result in significant operational difficulties including down time, additional fuel costs and wear and tear on vehicles.

6. MAIN CONSIDERATIONS

Aberdeen City Council directly delivers refuse collected from the north of the city to the Hill of Tramaud landfill site at Mundurno. This site will close in December 2009 or January 2010.

Capacity at the Sclattie Transfer Station in Bankhead is currently fully committed to recycling and composting activities.

Under the Waste Management Services Contract (WMSC), it is envisaged that once Hill of Tramaud landfill site closes, and in the absence of the Altens Environmental Park, SITA UK Limited will provide disposal facilities at the Stoneyhill Landfill Site, near Peterhead. The Council would deliver its waste into the Sclattie Transfer Station and SITA then transport it to Stoneyhill. There would be an increase in Rates of approx. £13.50/tonne for the provision of this service.

Options upon Closure of Hill of Tramaud

In accordance with the requirements of the WMSC, SITA UK Limited has assessed the disposal options available for the waste currently delivered to Hill of Tramaud. The Council has also reviewed market alternatives. The following options have been considered:

1. Develop an additional building at Sclattie Transfer Station and create capacity for refuse disposal alongside recycling and composting activities.
2. Develop an additional building at Hill of Tramaud Landfill Site and create capacity for refuse transfer.
3. Deliver all waste from the north of the city to alternative, private transfer stations in the south of the city.
4. Direct deliver waste to Stoneyhill.

Options Analysis

Option	Financial Impact		Contract	Planning	Other
	Capital	Revenue			
1	£450K	Incorporated into Phase 1A costs	Compliant with Contract but requires Contract Variation	Planning Permission granted 22 July 2010	
2	Est. £300K	Additional operating costs, estimated at (£100K per annum)	Requires Contract Variation	Planning required but considered to have high risk of refusal. Existing permission for landfill requires access to be removed.	New agreements required with third party landowner.
3	N/A	N/A	Requires Contract Variation	N/A	No other suitable transfer facilities exist in the city with the capacity to accept this additional waste (Shanks, Biffa, EIS, A&M Smith)
4	Est. £720K (purchase six additional refuse vehicles – could be revenue cost if leased)	Operating costs (purchased) = Est £550K/annum Total costs if leased - £760K/annum	No contractual opportunity to direct deliver to Stoneyhill – would require major contract variation. Substantial risk.	N/A	Increase in staff numbers (additional drivers). No storage capacity in event of landfill closure

Preferred Solution

Option 1 is the preferred solution, the financial impact compares favourably with other options, is deliverable and provides an asset for future use by the Council.

The WMS Contractor has obtained planning permission and undertaken a competitive tendering exercise to select a preferred works contractor. The Council, through officers, has been aware of and overseen these activities to date and the WMSC Management Board has considered and approved the proposal.

A contract variation is required, the text of which has been discussed and agreed between SITA and Brodies, acting on the Council's behalf.

Payment Options

There is scope within the WMSC to make payment for service in a variety of ways; an options analysis follows:

	Option	Budget Impact	Funding Opportunity
1	Direct Payment for construction of facility - Capex	No capital allocation in place. Subsequent revenue impact of capex	None
2	Direct Payment for construction of facility - Revenue	Significant one-off revenue impact	Zero Waste Fund allocation to ACC – provision made in 2009/10 Waste Disposal accounts of £878K spend, therefore no net impact on 2010/11 accounts. Additional £1.2 million ZWF allocation in 2010/11 Disposal budget with no budgeted expenditure previously planned
3	Deferred Payment – repay over term of contract	Ongoing revenue impact until 2025 of £0.25/tonne plus interest payments	General Waste Disposal Revenue budget
4	Deferred Payment – repay over expected minimum 5 yr requirement for facility	Ongoing revenue impact until 2015 of £0.75/tonne plus reduced interest payments compared to 2025 option	General Waste Disposal Revenue budget

Option 2 appears the most attractive, making use of a non-recurring and uncommitted revenue stream.

