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To: Councillor Jean Morrison MBE, Convener; and Councillors Cooney, Delaney, Donnelly, Jackie Dunbar, Finlayson and McCaig.

Town House,
ABERDEEN 28 November 2012

ZERO WASTE MANAGEMENT SUB COMMITTEE

The Members of the **ZERO WASTE MANAGEMENT SUB COMMITTEE** are requested to meet in Committee Room 4 - Town House on **WEDNESDAY, 5 DECEMBER 2012 at 2.00 pm.**

JANE G. MACEACHRAN
HEAD OF LEGAL AND DEMOCRATIC SERVICES

B U S I N E S S

- 1 Apologies
- 2 Minute of Previous Meeting of 3 October 2012 (Pages 1 - 2)
- 3 Zero Waste Management Project Update (Pages 3 - 10)
- 4 Date of Next Meeting - 27 February 2013

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ZERO WASTE MANAGEMENT SUB COMMITTEE

ABERDEEN, 3 October, 2012 - Minute of Meeting of the ZERO WASTE MANAGEMENT SUB COMMITTEE. Present: Councillor Jean Morrison MBE (Convener); and Councillors Delaney, Donnelly, Jackie Dunbar, Finlayson, McCaig and Young (substituting for Councillor Cooney)

APOLOGIES

1. An apology was intimated on behalf of Councillor Cooney.

MINUTE OF PREVIOUS MEETING

2. The Sub Committee had before it, the minute of the previous meeting of 27 June, 2012.

In relation to page 3 item 10, Councillor Jackie Dunbar intimated that the clerk was due to liaise with the convener of the Appeals Committee to agree the dates for 2013.

The Sub Committee resolved:-

- (i) to note the omission from the previous minute; and
- (ii) to otherwise approve the minute as a correct record.

OUTLINE BUSINESS CASE FOR WASTE TREATMENT FACILITIES

3. With reference to article 5 of the minute of meeting of 15 February, 2012, the Sub Committee had before it a report by the Director of Housing and Environment, which provided the findings of the Outline Business Case for Waste Treatment Facilities.

The report advised that the Outline Business Case (OBC) provided the framework for contracting new waste and recycling infrastructure that was required to reduce the increasing costs currently faced and to enable compliance with the Waste (Scotland) Regulations 2012, which included the ban on landfilling biodegradable waste from 2020.

The Sub Committee heard from Peter Lawrence, Waste and Recycling Manager, who provided a detailed synopsis of the report and provided details on the policy drivers for the necessary changes, as well as details on the various types of waste and the targets currently in place for Aberdeen City.

Members then provided feedback on their recent site visit to recycling centres in the South of England, whereby they all felt that the visit had been very worthwhile and informative.

Members then asked a number of questions to officers.

The report recommended:-

that the Sub Committee support the following recommendations which will go forward to the Council meeting on the 10th of October, 2012 –

- (a) to adopt the following reference case, further defined in the OBC, as the reference for the next phase of Zero Waste Management Project

Reference Case:

- Construct a new, local windrow composting plant delivered within the Waste Management Services Contract
 - Construct a new, local In-Vessel Composting plant delivered within the Waste Management Services Contract
 - Construct a new, local MRF (Materials Recovery Facility) (inc. glass) delivered within the Waste Management Services Contract
 - Construct facilities for the interim export of waste, delivered within the Waste Management Services Contract
 - Resolve site, planning and financing issues and procure a new Energy from Waste (EfW) facility in Aberdeen for delivery around 2020.
- (b) to instruct officers to make resources available before budgets for 2013/14 are agreed to progress the Zero Waste Project, including the appointment of specialist advisors, dedicated posts (where relevant) and project team support and that the source of this finance (capital or revenue) is agreed;
- (c) to instruct officers, once project management resources are in place, to open negotiations with the Waste Management Services Contractor regarding changes to the Waste Management Service Contract, with the objective of delivering more cost effective solutions for Green waste, Food Waste and recyclable materials, and interim arrangements for residual waste export as set out in the OBC;
- (d) to instruct officers, once project management resources are in place, to produce a more detailed business case for a local EfW/Combined Heat and Power (CHP) plant and submit this to the appropriate committee(s) for approval; and
- (e) to instruct officers, once the revised EfW business case is approved and project management resources are in place, to undertake a formal procurement for a local EfW/CHP plant for Aberdeen.

The Sub Committee resolved:-

to support the recommendations, which would be submitted to Council on 10th October, 2012.

DATE OF NEXT MEETING

4. The Sub Committee noted that the next meeting was due to be held on Wednesday 5 December at 2pm.

- **COUNCILLOR JEAN MORRISON MBE, Convener.**

ABERDEEN CITY COUNCIL

COMMITTEE	Zero Waste Management Sub-Committee
DATE	5 December 2012
DIRECTOR	Pete Leonard
TITLE OF REPORT	Update on Zero Waste Management Project
REPORT NUMBER:	ZWM/12/006

1. PURPOSE OF REPORT

The purpose of this report is to provide members with an update of progress on the Zero Waste Management Project.

2. RECOMMENDATION

1. That the Zero Waste Management Sub-Committee notes the report.

3. FINANCIAL IMPLICATIONS

None from this report

4. OTHER IMPLICATIONS

None from this report

5. BACKGROUND AND MAIN ISSUES

On 10 October 2012, Council approved recommendations in the Outline Business Case report considered at the last sub-committee with one addendum:

to instruct officers to engage fully with Aberdeen's citizens and communities throughout the process of the Zero Waste Management Project and the procurement of a local Energy from Waste(EfW)/Combined Heat and Power plant for Aberdeen

Since this approval work has progressed in a number of areas:

5.1 Project Resources and Structure

The types of resources required to support the next stages of the Zero Waste Project (development of a Business Case for Energy from Waste facility and renegotiation of the Waste Management Services Contract) are outlined below (the number of “ticks” suggests the likely complexity / degree of involvement required):

	<u>PC</u>	<u>PS</u>	<u>PM</u>	<u>ACC</u>	<u>Plan</u>	<u>Comms</u>	<u>Proc.</u>	<u>Tech</u>	<u>Legal</u>	<u>Fin.</u>
Appoint advisors & project team	✓	✓		✓✓			✓✓			
Update local data	✓	✓		✓✓						
Comms & PR Plan	✓	✓		✓		✓✓✓				
EfW Site review	✓✓	✓		✓	✓	✓✓✓		✓	✓	
SITA Contract renegotiation	✓	✓		✓✓	✓	✓	✓✓✓	✓✓	✓✓✓	✓
SITA Implementation (Inf.)			✓✓			✓		✓		
EfW Business Case review	✓✓	✓		✓	✓	✓		✓✓✓	✓	✓✓
EfW Project			✓✓✓	✓		✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓

Key: PC: Project Coordinator
 PS: Project Support Officer
 PM: Dedicated Project Manager
 ACC: ACC waste services + support (in-house resources)
 Plan: ACC Planning team
 Proc: ACC Procurement
 Comms, ACC marketing and waste aware (in house and ZWS)
 Tech, External advisors
 Legal, Fin: External advisors

5.1.1 Management

It is anticipated that a part-time project coordinator will manage the two work packages. The co-ordination workload is likely to include several peaks but some quieter periods, varying from almost full time activity, to some weeks with little or no workload as external advisors develop proposals off-site. This role may therefore best be suited to an external candidate or candidates employed on a flexible / day rate contract. In relation to the variation of the Waste Management Services Contract, the Project Coordinator will oversee the process but will not play a lead role in the management of contractual negotiations; this role will be taken by a representative of the Legal advisor supported by Council officers.

A full time Project Support Officer is also identified to act as the in-house point of contact for the Project Coordinator and to manage all the administrative and process management tasks arising from the Project. This role would be

suited to an internal appointee either as a secondment or an existing employee 'acting-up' and back-filled.

Delivery of the revised Waste Management Services Contract infrastructure and services and the full EfW procurement and project delivery will require a dedicated Project Manager and small project team, to be recruited towards the end of 2103.

5.1.2 Resources Required for SITA Contract Renegotiation and Development of Business Case

Estimated costs for the provision of resources for the next steps are provided below:

Project Coordination - £60K
Project Support Officer (G11/12) - £35K
External Technical Support - £50
External Legal Support - £50K
External Financial Support - £30K

These costs assume the project will be complete by the end of 2013.

5.1.3 Delivery of Resources

The following mechanisms will be used to appoint members of the Project Team:

Project Coordinator. The Council engaged a specialist consultant to produce the Outline Business Case. This worked well and the individual gained a lot of detailed knowledge of the Council's waste services and the future needs of the Council. This adviser would be well placed to undertake the Project Coordinator role but how/if this can be procured is to be clarified with our Procurement Colleagues.

Project Support Officer. This role would ideally be filled internally and options will be explored to achieve this.

External Technical Support. The Council's current framework provider for Waste Technical Services is not regarded as the best equipped to support the contractual and procurement elements of the works required in to coming year. Furthermore, the framework comes to a conclusion on March 2013. As a result, a new provider (or providers) will be sought, probably for all waste technical services on a term basis. Whilst this procurement is undertaken the existing provider will utilised where possible.

External Legal Support. Discussions have been held with internal legal colleagues and it is agreed that there are benefits in continuing to use the existing advisor for the next steps, which are mainly related to the variation of the SITA contract. Brodies LLP has made a proposal and this is being considered internally.

External Financial Support. There will be a requirement for a relatively limited input from external financial advisors in the preparation of the Business Case and the management of the Waste Management Services Contract variation. The opportunity to utilize existing framework providers will be investigated.

5.1.4 Internal Project and 'Shadow' Team

In addition to appointing specific external and additional internal resource, the Project Manager will continue to be the Waste and Recycling Manager. In addition, representatives from Legal, Finance and Procurement will be allocated to shadow the external advisors and provide advice.

5.1.5 Project Governance

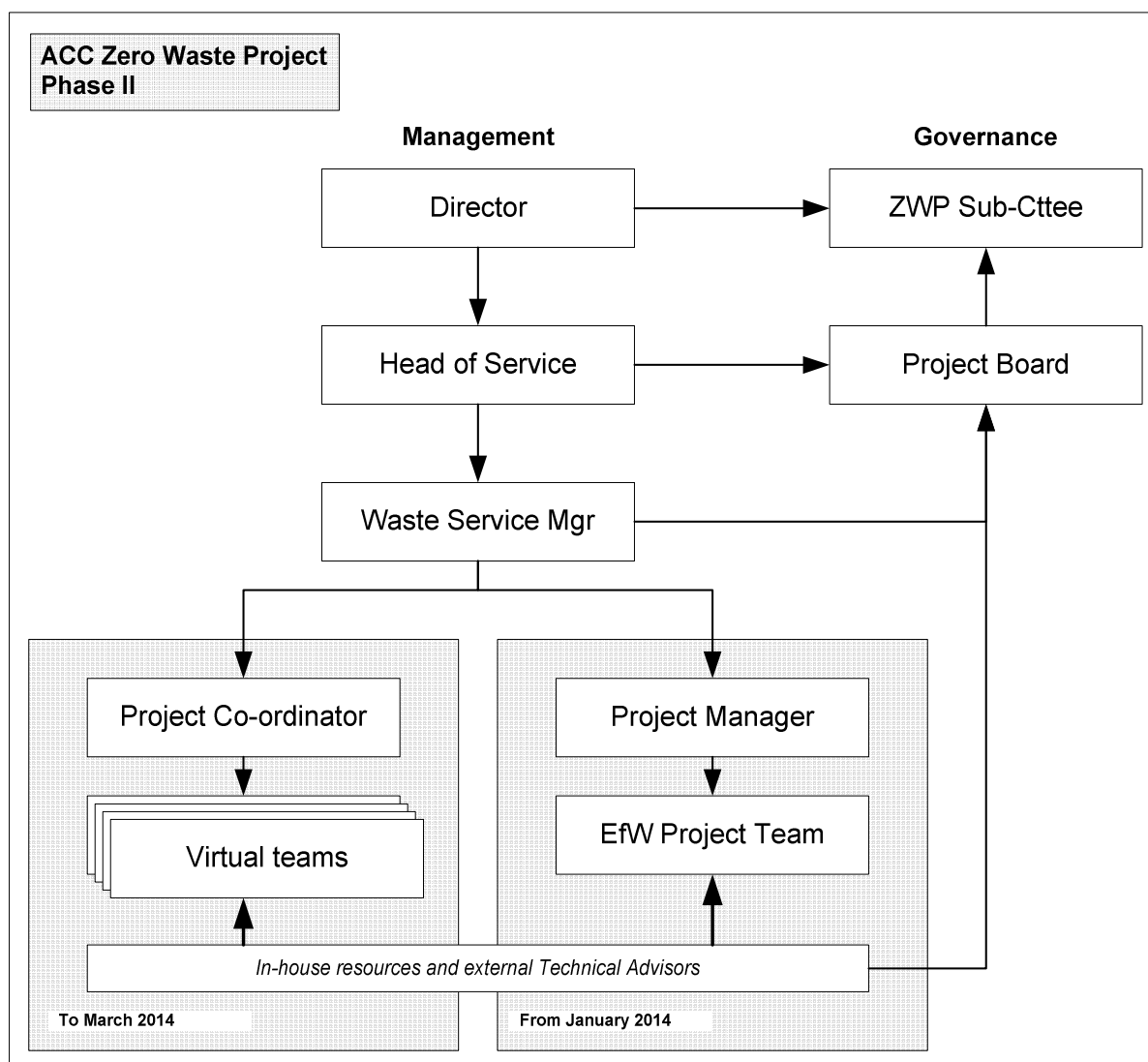
The existing Zero Waste Sub Committee and Project Board form a strong foundation for project governance and it is not anticipated that they will require any substantial structural change.

There may be benefit in co-opting the preferred site developer(s) and key external advisors to the board, either permanently or for specific elements or at various stages during the project.

Because of the potential complexity and tight delivery programme, this stage of the project would benefit from more formal definition of the authority delegated to the Senior Responsible Office (SRO) and other ACC officers to ensure that if necessary any time-critical decisions can be taken quickly, and not require Board or Committee approval in advance (these decisions ratified by Board / Cttee retrospectively). Definition of how this mechanism would work will be developed and considered by the Project Board before bringing proposals to the Sub-committee.

The project would also benefit from a more formal definition of work packages and responsibilities, managed under a PRINCE2-like structure.

An example of the type of Management /Governance structure that could be used is shown below:



5.2 Project Planning

An outline work programme is provided below:

	<u>Start</u>	<u>Finish</u>	<u>Duration</u>
Appoint advisors & project team	Now	Feb '13	3-4 months
Update local data	Now	mid Dec	4 weeks
Comms & PR Plan	Now	Mar '13	4-5 months
EfW Site review	Now	Jul '13	6-8 months
SITA Contract renegotiation	Mid Dec	Jul '13	6-8 months
SITA Implementation (Infrastructure)	Jul '13	End '14	18 months
EfW Business Case review	Mid Dec	End '13	12-15 months
EfW Project	Dec '13	?	5-8 years

This programme will be expanded and refined once the Project Coordinator is in place and reported to future Sub-committees.

5.3 Initial Steps with the Waste Management Services Contractor

The contents of the Outlined Business Case and the adopted recommendations have been shared with the Waste Management Services Contractor. The broad outline of the facility types, capacities and services has been discussed. The main next steps are a more detailed specification to be provided and for the Contractor to work up outline technical solutions. Key issues in this area will be:

Glass Sorting

Adopting a co-mingled approach to recycling collections means that glass must be separated from the remaining recyclables at a Materials Recovery Facility (MRF). This will be constructed in Aberdeen, however, how far each material stream is separated into individual components (for example, mixed glass separated by colour) is yet to be determined. For most streams, a relatively simple cost/benefit analysis will determine how much separation is undertaken on-site.

For glass, matters are more complex in that colour separation of mixed glass is relatively unusual and generally only undertaken at much larger scale facilities than the Aberdeen MRF. In order to fully understand these issues, the Council has undertaken a market and technology review, undertaken by Enscape.

The review establishes that the cost of installing glass colour separation technology in the MRF would involve significant capital investment and operate well below its design capacity if only accepting co-mingled recycling from Aberdeen but clearly the unit cost of installing the equipment would be reduced by attracting input from other sources for example commercial waste collections or agreements with other local authorities.

The report also considers alternative outlets for mixed glass separated at the MRF and following this further discussions are being held with businesses in the central belt.

The Council will work with the contractor to identify the most cost-effective solution that delivers best value for the city over the next 10-15 years.

Refuse Derived Fuel

The preferred option for Interim residual waste management identified in the Outline Business Case is to export to EfW facilities in Europe. The contractor has already established markets for waste prepared for export, known as Refuse Derived Fuel (RDF) and these may be the most cost-effective outlet. The Council has also been approached by a consortium of local authorities in Denmark who are looking for additional waste to support their CHP plants

providing district heating to towns and cities. Officers and SITA representatives met with Danish waste managers to explore this option more closely on 21 and 22 November.

The next steps will be to establish the regulatory requirements for exporting waste from Scotland with SEPA. The waste will have to be treated, for example shredded, sorted to remove metals and fine materials and baled before export. The extent of this pre-treatment will determine the overall cost of exporting the waste and therefore affect the viability of this option. The preferred solution would result in additional employment in Aberdeen both in preparing the waste but also at the harbour where the waste would be loaded on ship for transfer abroad.

5.4 Site Selection Process

The Outline Business Case report identifies the various types of facility required but does not define where these facilities are to be built. During the member consultation process it became apparent that there is interest in collocating the major waste treatment facilities (EfW, MRF and interim waste treatment). In addition, a separate process is being undertaken within the Council to review depot and office accommodation across the Council, including the location of the Waste Collection depot. With these issues in mind, there are significant operational savings to be gained from collocating the depot with the treatment facilities. It is anticipated that this would require a site in excess of 10 acres.

Taking this approach forward will require officers to assess the availability and suitability of sites in or near Aberdeen. The first steps are being taken by contacting potential developers and asking for expressions of interest.

Once potential sites are identified a screening process will be undertaken to consider the sites' suitability for development as a Waste and Resources Centre. The criteria to be used are being developed based upon work already undertaken with colleagues in the Council in summer 2012. A full report on this element of the work stream will be submitted to the next Zero Waste Management Sub-committee meeting.

5.5 Communications Plan

An important element of the development of the new solutions will be open and extensive public engagement. A Communications Plan is being developed and will be presented at the next Zero Waste Management Sub-committee meeting.

6. REPORT AUTHOR DETAILS

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