

ABERDEEN CITY COUNCIL

COMMITTEE	Capital Programme Committee
DATE	22 January 2020
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Ness Energy Project
REPORT NUMBER	RES/19/197
DIRECTOR	Steve Whyte
CHIEF OFFICER	John Wilson
REPORT AUTHOR	Linda Ovens
TERMS OF REFERENCE	1.1

1. PURPOSE OF REPORT

The purpose of this report is to update the Committee on progress made with regards to the procurement/construction/operation of the Energy from Waste Facility at East Tullos Industrial Estate, as instructed by Council on 4 March 2019. The Contract was formally signed with Acciona on the 9 August 2019.

2. RECOMMENDATION(S)

It is recommended that the Committee:-

- 2.1 Note the milestones achieved to date for the project and those that remain, to ensure successful operation of the facility; and
- 2.2 Note the financial position for the project.

3. WORKS PROGRESS

Update since September 2019

- 3.1 Since the Contract was signed with Acciona on the 9th August 2019, Acciona has been progressing with appointments of key personnel and securing the remainder of the supply chain, a task which will continue well into 2020. The Environmental Permit required to operate the Facility was submitted on 7th

October 2019 and this is now being assessed by SEPA. This process takes a minimum of 4 months but may take longer depending on SEPA's time and the number of queries SEPA has on the application. It is not required to be in place until January 2022 but the Councils' are keen to ensure there are no issues that will result in design changes during the build. This is considered a low risk.

- 3.2 Construction began on site early October 2019 ahead of the Planning expiry date of 10th October 2019. All pre-commencement conditions were discharged prior to this and agreement given by Planning that the works undertaken constituted a formal start. The main site activity Oct 2019 - Dec 2019 was sheet piling works to stabilise the site and allow formal levels to be established. This was a particularly noisy activity which attracted attention but was undertaken in accordance with the Noise Management Plan agreed with the Planners and monitored by the Environmental Health Officers (EHO's). This activity was completed w/c 5th December 2019. The site was closed over Christmas with foundation piling scheduled for January 2020 with concrete works planned to follow from March 2020. The build is on schedule.
- 3.3 Community Liaison will recommence on 27th January 2020 led by Acciona. The intention for this first meeting is that Community Councils and south of the river Councillors are invited to attend. This meeting will set the agenda and timetable for further meetings.
- 3.4 In accordance with IAA3, the Council has now recruited the Project Management team approved in March 2019. The first North East Waste Projects Co-ordinator started on 23rd December 2019 and the North East Waste Projects Manager will start on 24th February 2020. The Projects Manager will become the Council's Authority's Representative with continued support from existing financial, legal and administrative staff. The Procurement Project Director will provide a formal handover for up to 6 months and be available to assist the team throughout the construction period.

4. FINANCIAL IMPLICATIONS

- 4.1 In March 2019, the three Councils approved a budget for the Works Price which included allowances for items such as:
 - movement in the foreign exchange rate between Submission of Final Tenders and Financial Close which would impact on the Works Price;
 - Brexit consequences – tariffs, border delay, labour access;
 - Increased grid connection costs; and
 - other unforeseen costs.
- 4.2 The total Works Price of the contract at Financial Close, which incorporates pound sterling: euro exchange rates, was £156,099,860. Under the terms of IAA3 between the Councils, Aberdeen City Council will fund 38.09% of the Works Price.

4.3 The table below shows the project budget share for the Aberdeen City Council.

Gross Budget	Spend to date
£70.0m	£ 10.9m

5. LEGAL IMPLICATIONS

5.1 The Project has access to technical and financial external support via the existing contracts with Ramboll (technical) and PricewaterhouseCoopers (financial) and a new contract under the existing legal services framework for legal support has been set up with DWF, all on a call-off basis.

6. MANAGEMENT OF RISK

A detailed risk register will be developed for IAA3 following a similar format to that developed and maintained for IAA2.

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Financial	Increased Capital Cost	M	Project contingency budget is available to cover such events and is considered to be set at an appropriate level.
	Delay in construction programme	L	Compensation events are built into the Contract and there is a requirement to take waste at the Planned date regardless of whether the new facility is ready.
Legal	None		
Employee	None		
Customer	None		
Environment	Environmental Permit	L	The Contractor submitted the environmental permit on the 7 th October 2019. The likelihood of rejection is considered to be low at this stage following review of the draft documents.

Technology	None		
Reputational	None		

7. OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report
Prosperous Economy	These policies allow the council to mitigate the actions of the 2021 ban on biodegradable waste to landfill (Waste (Scotland) Regulations 2012) with a known and regulated cost, avoiding the unknown and changeable costs involved in shipping and selling RDF. Ability to recover value from the Council's waste.
Prosperous Place	This will act as an enabler for the Torry Heat Network, working to help those households in fuel poverty.

Design Principles of Target Operating Model	
	Impact of Report
Customer Service Design	None
Organisational Design	None
Governance	None
Workforce	None
Process Design	None
Technology	None
Partnerships and Alliances	This is an exemplary project that demonstrates partnership working between Aberdeen City, Aberdeenshire and Moray.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	Full EHRIA not required. Evidence submitted to Equalities Team.

Data Protection Impact Assessment	Screening questions completed – not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable (Strategic decision making predated this duty).

9. BACKGROUND PAPERS

RES/19/197- Council, 4 March 2019 Joint Energy from Waste Project Contract Award (and IAA3)

CHI/16/320 – Communities Housing and Infrastructure, 24 January 2017 Progress Report for Torry Phase 1 District Heating Network

CHI/16/257 – Council, 24 October 2016 Inter Authority Agreement on Energy from Waste (IAA2)

CHI/15/337 – Council, 16 December 2015 Energy from Waste Inter Authority Agreement (IAA1)

H&E/14/023 – Housing & Environment, 11 March 2014 Revision of the Aberdeen City Waste Strategy

10. APPENDICES (if applicable)

None

11. REPORT AUTHOR CONTACT DETAILS

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