

ABERDEEN CITY COUNCIL

COMMITTEE	Zero Waste Management Sub-Committee
DATE	6 October 2015
DIRECTOR	Pete Leonard
TITLE OF REPORT	Zero Waste Project Update – Joint Working
REPORT NUMBER	ZWSC/7602
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

The purpose to this report is to update members on the progress of the Energy from Waste Joint Working element of the Zero Waste Project.

2. RECOMMENDATIONS

1. It is recommended that the Sub-Committee notes the contents of the report.
2. It is recommended that the Sub-Committee approves the proposed expenditure for the procurement of external financial advisors, external technical advisors and a Project Director as more particular set out in paragraph 5.5 of this report

3. FINANCIAL IMPLICATIONS

In relation to the Energy from Waste Project there is an estimated cost totaling £150,000 which will be incurred in obtaining the external advisors and Project Director referred to in paragraph 5.5 of this report. This cost will be initially borne and paid by Aberdeen City Council although these costs shall be shared between the three Authorities in proportions which will be agreed in terms of the Inter Authority Agreement (IAA). Once the IAA is entered into Aberdeen City Council shall be re-imbursed by the other authorities in accordance with those agreed proportions. Capital allocation 810C provides for costs relating to the procurement of an energy from waste facility.

The Zero Waste Project will contribute to a reduction in cost pressures associated with the increasing costs of landfilling the city's waste whilst at the same time substantially improving recycling services and meeting national regulations and targets.

4. OTHER IMPLICATIONS

Legal. Specialist legal support is being provided to ensure the variation to the Waste Management Services Contract is undertaken in accordance with best practice and minimizes risk to the Council.

Resource. The Council has allocated capital resource for the construction of new facilities at Altens East; the management of the variation process will be undertaken largely by internal staff as part of their substantive duties, specialist support is provided (from within allocated budgets) for legal and technical matters

Personnel. As above.

Sustainability and environmental. The Zero Waste Project will deliver substantial advances in sustainability and environmental performance.

5. BACKGROUND/MAIN ISSUES

5.1 Altens East Project Timetable

5.1.1 Suez has provided an outline timetable for completion of the project as follows:

- 30 September 2015 Completion of Contract Variation
- September 2015 Appointment of Sub-contractors
- October 2015 Positive planning determination
- August to October 2015 Pre-construction works
- November 2015 to December 2016 Construction
- January 2017 to March 2017 Completion and Commissioning

5.1.2 Based on the timetable provided, this results in waste collection service changes as follows:

- Expansion of Communal Mixed Recycling complete by December 2016
- Start of RDF operation in January 2017
- Start of Kerbside Mixed recycling in March 2017
- Depot move March 2017

5.2 Review of Energy from Waste Business Case

5.2.1 The Council has appointed Amec Foster Wheeler, assisted by Ernst and Young to review the Energy from Waste Business Case as required by the Sub-Committee following consideration of the report ZWM/13/006, Energy from Waste Business Case on 4 December 2013. The review was requested upon completion of work to determine if a joint authority project would be viable. Initial indications from the authors is that there remains a strong case for adopting a joint solution and this has been modelled on a three-authority solution

involving the city, Aberdeenshire and the Moray Councils. The final report will be submitted to the next meeting of the Sub-committee.

5.3 Joint Working

5.3.1 As reported to previous Sub-committee meetings, Aberdeen City, Aberdeenshire and the Moray Councils have agreed in principle to pursue a joint solution for the treatment of residual waste produced by the three authorities. Following that agreement, officers from the three authorities are working to develop an Inter-Authority Agreement (IAA) that, if adopted, commit the partners to undertaking a joint procurement of an energy from waste facility to be constructed in Aberdeen.

5.3.2 The main reasons for Aberdeen being chosen as the location are that there is a site for EfW identified in the proposed Local Development Plan in Aberdeen (and no such sites in either Aberdeenshire or Moray) and that an essential element of the plant's success will be the use of heat generated from the plant means that a site close to large heat users is essential. Aberdeen has a wide range of options for heat use from social housing areas requiring regeneration, old, poorly insulated housing stock, large scale new housing developments, large commercial and retail development requiring significant amounts of space heating. Such characteristics are not found in either Aberdeenshire or Moray at the scale required.

5.3.3 The scope of the IAA is currently being established and it is anticipated that this will be brought to Council for consideration late in 2015. Areas to be included are: governance, project management, cost sharing and an outline of the anticipated service solution. Providing the authorities agree to continue, it is anticipated that a procurement will be formally commenced in mid-2016, although measures are being considered to bring this date forward.

5.3.4 Oversight of the Joint Working project remains with the Joint Steering Group with membership including Councillors from each authority. The Steering Group has no decision making powers but plays an important role in guiding officers and acting as a channel for members to feed back to their colleagues in each authority.

5.4 Energy from Waste Conference

5.4.1 A recommendation of the Joint Steering Group was that a conference be set up to help provide stakeholders with the latest information on the management and control of energy from waste facilities and the opportunities for district heating that can be derived from an EfW facility. The conference was held on 21 August 2015 and was hosted by Aberdeenshire Council at their Woodhill House offices.

5.4.2 Over 100 delegates from the region attended to hear presentations on national and local policy drivers and the regulatory

approach taken by the Scottish Environment Protection Agency (SEPA). In addition, an EfW plant manager from Esbjerg in Denmark explained the technical processes and controls in place in modern EfW plants and demonstrated very high levels of performance associated with very low emission levels.

5.4.3 A district heating specialist, also from Denmark, demonstrated how a successful district heating scheme can be established and provided examples of how this is done on the continent; this was backed up with a presentation from a customer of the EfW-fired District Heating scheme in Lerwick, Shetland.

5.5 Appointment of Advisors and Project Director

A project of this scale and importance to the region will require specialist support and the appointment of a dedicated project team. Aberdeen City Council has undertaken to take the lead on establishing this team and will be the lead authority for procurement purposes. The project will require external Legal, Technical and Financial advisors.

External Legal Advisors have been appointed to act for the three authorities under the Legal Framework with an estimated cost of £35,000 to assist in preparing an initial IAA and to prepare any further agreements and develop the procurement strategy required to allow the Authorities to commence the procurement process for a suitable contractor to build and potentially operate an EfW Plant.

It is proposed to tender for both external Financial Advisors and external Technical Advisors to act and provide advice to the three Authorities during the course of this procurement including the procurement strategy and throughout the procurement process and up to operation of the plant. Approval shall be sought to continue with these appointments at each stage of the project and the estimated expenditure for the procurement of each external advisor to reach the point that the Authorities are capable of commencing the procurement process for a suitable contractor to build and potentially operate an EfW Plant is £50,000.

It is also proposed to appoint, with an estimated expenditure of £50,000, an interim Project Director who will act as the focus for the development of the IAA. It is proposed that This person would also lead the procurement following adoption of the IAA by the three authorities.

5.6 Energy from Waste Planning Application

5.6.1 Aberdeen City Council has appointed Amec Foster Wheeler to develop a design for an EfW facility and to prepare a planning application for a site in East Tullos (the former gasholder site on Greenbank Crescent). This site is designated as OP107 in the

proposed Local Development Plan and considered suitable for an EfW plant.

5.6.2 It is anticipated that by the date of the sub-committee the Prior Application Notice (PAN) for the planning application will have been submitted to the Planning Authority. The PAN is the first formal part of the application process and will start the 12-week public consultation process that is required before a competent planning application can be made.

5.6.3 The PAN will outline the proposed development and be followed by public exhibitions of the proposals in late-October. Following the consultation period, the application will be reviewed in light of responses made. The planning application is expected to be submitted in January 2016, shortly followed by further exhibitions.

5.6.4 It is difficult to anticipate the determination period for an EfW application given the complex and technical nature of the project; SEPA will require substantial technical support to the application and will take a considerable time to process the information. It is highly likely that the earliest a decision would be anticipated is mid-2016 and more likely late-2016.

6. IMPACT

Improving Customer Experience –

A key customer benefit of the proposed Energy from Waste facility will be the ability to generate and provide low cost, low carbon heating and power into homes and businesses in Aberdeen. The new facility will also provide a long-term solution to the management of residual waste thereby ensuring that the refuse collection service for householders and businesses will be secured for the long-term.

Improving Staff Experience –

The proposal will have no direct impact on staff experience

Improving our use of Resources –

An energy from waste business case was submitted to committee in December 2013 and this demonstrated that the development of an EfW plant in cooperation with other local authorities was the best value solution for the residual waste challenge the Council faces. In addition, by generating heat and power from non-recyclable waste, the Council will reduce its carbon emissions and replace fuel derived from fossil sources.

Corporate -

This project involves joint working with Aberdeenshire and Moray Councils. This project links to the Smarter Environment theme of Aberdeen – the Smarter City vision and is a key outcome from the Aberdeen City Waste Strategy.

Public –

AN EHRIA has been completed during the formulation of the Aberdeen City Waste Strategy. A key outcome of the EfW project is the ability to reduce fuel poverty and provide equality of access to affordable heat. The project is likely to be of public interest, especially in the locality of East Tullos. Traditionally EfW plants have had reputations for potential health and environmental impacts. Whilst modern plants built and operated to tight regulatory standards show no adverse impacts, it is likely that this will remain a concern of some in the community. All efforts will be made to demonstrate the controls both technical and regulatory that will be in place should a plant be developed.

7. MANAGEMENT OF RISK

Risk 1	Category (hazard, control or opportunity)	Cause (What could trigger a risk event?)	Impact (What would be the consequences if a risk event occurred?)
Breakdown of Joint Working Negotiation	hazard	Inability to reach financial terms or acceptable terms	Delay in delivery of Aberdeen EfW plant, increased costs for disposal of waste and consequent loss of opportunity to develop district heating network in south Aberdeen and take households out of fuel poverty
Controls (What do we already have in place which could reduce the likelihood and or consequences of a risk event?)	Risk Class (see guidance)	Further planned mitigating actions (What else could we implement in order to reduce the likelihood or consequences of a risk event?)	
Worked closely with partners to ensure a common purpose and benefit from project	Business, Legal, financial, customer/citizen	Current actions considered sufficient to ensure successful conclusion	
Risk 2	Category (hazard, control or opportunity)	Cause (What could trigger a risk event?)	Impact (What would be the consequences if a risk event occurred?)

Failure to obtain Planning Permission for East Tullos EfW Facility	hazard	Refusal of Planning Application by Planning Authority	At least delay and possible failure to deliver Aberdeen EfW plant, increased costs for disposal of waste and consequent loss of opportunity to develop district heating network in south Aberdeen and take households out of fuel poverty
Controls (What do we already have in place which could reduce the likelihood and or consequences of a risk event?)	Risk Class (see guidance)	Further planned mitigating actions (What else could we implement in order to reduce the likelihood or consequences of a risk event?)	
Designation of site in Proposed LDP, communications plan to promote the benefits and opportunities the facility offers whilst addressing concerns within the community about the development	Business, Legal, financial, customer/citizen	Continuing review of communications plan; seeking further opportunities to positively influence stakeholders	

8. BACKGROUND PAPERS

None

9. REPORT AUTHOR DETAILS

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