

ABERDEEN CITY COUNCIL

COMMITTEE	Capital Programme Committee
DATE	22 September 2021
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Ness Energy Project
REPORT NUMBER	RES/21/210
DIRECTOR	Steve Whyte
CHIEF OFFICER	John Wilson
REPORT AUTHOR	Pete Lawrence
TERMS OF REFERENCE	1.1

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update the Committee on progress made with regards to the construction of the Ness Energy Project. This requirement was a recommendation approved at Full Council on the 4 March 2019.

2. RECOMMENDATIONS

That the Committee:

- 2.1 notes the progress achieved to date; and
- 2.2 notes the financial position for the project.

3. BACKGROUND

- 3.1 On 4 March 2019, the Council approved the award of the Ness Energy Project Residual Waste Treatment contract for the implementation of the Project to a consortium led by Acciona Industrial and Acciona Servicios Urbanos and an Inter-Authority Agreement, IAA3. Similar approvals were given by Moray Council and Aberdeenshire Council on 4 March 2019 and 7 March 2019 respectively.
- 3.2 The contract was signed on 8 August 2019 with work starting immediately to prepare the site, activate the planning permission and commence engineering design and procurement.
- 3.3 An update on progress with the project was provided to committee in March 2021.

Update Since March 2021

COVID-19

- 3.4 Since the March committee meeting, the Contractor has maintained operations at the site by following additional COVID-19 related working practices in line

with government and other relevant guidance. There has been minimal impact on project delivery albeit that a small number of positive COVID-19 tests in sub-contractor teams has resulted in staff self-isolating in line with COVID-19 regulations. In addition, other staff members have been required to self-isolate following contact from Test and Protect. To date, all staff have returned to work.

Engineering, Design and Procurement

- 3.5 The large majority of engineering and design work is now successfully concluded and procurement of sub-contractors to undertake the construction, manufacture and installation of plant components is also nearly complete. All significant design elements are reviewed and subject to the approval of the Authority's Technical Advisors. Overall progress in this area is satisfactory.

Off-site Manufacturing

- 3.6 Manufacture of many components of the boiler, turbine, generator and flue gas treatment systems is now largely complete with these items either installed or in storage in Aberdeen ready for installation. To date, the contractor has not reported any significant supply chain issues that will affect the works programme.

On Site Works

- 3.7 Progress on site has continued, broadly in line with the revised programme. The formation of the waste bunker super- and substructure is now complete. Installation of the steel structure for the waste reception hall on the northern boundary of the site is now underway. The erection of the steel framework for the boiler is close to completion and installation of the boiler is well advanced. The turbine and generator set are now installed with the building steelwork also complete. Significant progress has been made on the installation of the Flue Gas Treatment system and the 80m stack was erected in June 2021. Many other peripheral activities have also been commenced such as installation of the Air-Cooled Condensers and foundations for electrical buildings, weighbridges and fire control systems. Images included at Appendix A demonstrate the extensive progress of the works and the scale of the construction is now becoming evident.

Pollution Prevention and Control (PPC) Permit

- 3.8 The cyber-attack suffered by SEPA in December 2020 continues to severely hamper its ability to manage Permit applications. In recent months, progress has been made and the contractor reports that most issues relating to the PPC Permit application have been resolved with SEPA and a draft permit is imminent. SEPA will undertake a public consultation on the application before determining the outcome. The delay in finalising the Permit is not currently considered to be a significant risk to delivery of the project in line with the approved programme.

Programme

- 3.9 Current indications are that commissioning is anticipated to commence as planned in Spring 2022 with the facility fully operational by the end of 2022.

Inter-Authority activity

- 3.10 The Project Board continues to meet in accordance with the Inter-Authority Agreement. The three-authority Officer Working Group also meets monthly and

is currently establishing arrangements for delivery of commissioning waste and the handling of bulky waste that, untreated, is outwith the dimensions defined in the Waste Acceptance Criteria for the facility.

Community Liaison

- 3.11 The contractor has established a Community Liaison Group including south of the River Dee Community Councils and elected representatives. Since the last report, this group met via Microsoft Teams in April and July 2021. COVID-19 restrictions have prevented in-person meetings. The contractor has continued to update the project website. Additional electronic means of communication are being investigated to ensure community engagement is enhanced.

Community Benefits

- 3.12 The contractor has made good progress in achieving Community Benefits commitments incorporated in the contract. As COVID-19 restrictions ease, the contractor is preparing to host site visits to school/ higher education pupils. The contract has developed educational videos for the ABZ works website on “what is working like” as well as presenting at Aberdeen City Council's Lift Off event for senior school pupils. Work is now underway to develop this format for Aberdeenshire and Moray Councils. A case study has been produced on the Bunker Superstructure Slipform Work which was erected in 10 days using and almost continuous pour of concrete. New recruits have been employed through the “New Entrants Scheme”, which sees employment of those who were previously out of work.

Furthermore, a Foundation apprentice from Aberdeenshire is starting in September until April 2022 and a Site support coordinator is starting 2nd August for 5 days of work experience as an entry level work placement. Workers have been supported to achieve Industry Certification, recently the Site Support Coordinators achieved NPORS Vehicle Marshalling Cert and the HSE Advisor attended Inspection of PPE Competent Person Course, as well as enabling employees well in excess of the contracted number to achieve NVQ level 2 or above. In May, GMB Union Representatives visited the office, site and contractor compound and left after a satisfactory visit.

The contractor has donated £5000 to SCARF Fuel Poverty Charity and this money will help 100 families in the Northeast of Scotland via their “Heating and Eating” programme. Via the NESS Energy Website, the contractor advertised an application process for funding and timebank hours for local charitable organisations, and subsequently are awarding over £50,000.00 in donations to 58 organisations from Aberdeen City, Aberdeenshire & Moray, as well as donating timebank hours. They have nearly completed the administration process for successful applicants and there will be a press release in due course, coordinated by Authority Communications Team.

4. FINANCIAL IMPLICATIONS

- 4.1 Payments are being made to the contractor in line with Milestones set out in the contract.
- 4.2 The table below shows the project budget share for the Aberdeen City Council.

Gross Budget	Spend to date
£70.0m	£ 46.06m

5. LEGAL IMPLICATIONS

5.1 There are no significant legal issues to report.

6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Strategic Risk	Contractor termination	L	Extensive procurement work undertaken to select proven and financially stable contractor. Strong contractual controls in place
Compliance	Health and Safety breaches during construction	L	Strong contractual obligations to use best Health and Safety practice monitored on site daily by Authority Technical representative
	Failure to obtain Permit to operate from SEPA	L	Proven technology already consented elsewhere in Scotland
Operational	Delay in Construction Programme	M	Consequences of delay managed through contract conditions. Effective communication with three authorities' waste teams to manage consequences should they arise
Financial	Project costs increase as a result of Contractor Claims	M	Contract conditions define claims management processes
Reputational	Construction delay and cost overspend	L	Contract obligations deemed sufficient to minimise risk to the Authority
Environment / Climate	Failure to operate facility within authorised emission levels	L	EfW is best available technology for management of mixed municipal waste. Established and proven process selected during procurement provides strong confidence that plant will operate well within acceptable standards. Low carbon heat and power from

			this facility will displace fossil fuel thereby reducing net carbon emissions
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7. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
	Impact of Report
Aberdeen City Council Policy Statement	<p>Unleashing the non-oil and gas economic potential of the city: The construction of the energy from waste facility will create over 200 jobs many using skills transferable from the oil and gas sector. Furthermore, during the 20 years of operation, highly skilled, engineering-based staff will be required, again utilising skills common in the oil and gas sector.</p> <p>Maximising community benefit from major developments: There are numerous community benefit obligations built into the contract including the establishment of apprenticeships, placements and training. Links are being established with schools in the region to support environmental education.</p>
Aberdeen City Local Outcome Improvement Plan	
Prosperous Economy Stretch Outcomes	<p>The proposals within this report support the delivery of LOIP Stretch Outcome 1 – 10% increase in employment across priority and volume growth sectors by 2026. The construction of the energy from waste facility will create over 200 jobs. Furthermore, during the 20 years of operation, highly skilled, engineering-based staff will be required.</p> <p>The Contractor has obtained Real Living Wage accreditation and this applies to all sub-contracts.</p>
Prosperous People Stretch Outcomes	<p>2.1 Promoting inclusive economic growth for our most disadvantaged communities. There are numerous community benefit obligations built into the contract including the establishment of apprenticeships, placements and training. Links are being established with schools in the region to support environmental education. The facility is being developed close to one of the disadvantaged areas of the city.</p>
Prosperous Place Stretch Outcomes	<p>14.1 Reducing emissions across the city through delivery of Aberdeen’s Sustainable Energy Action Plan ‘Powering Aberdeen’. Construction of the Ness Energy EfW facility will significantly reduce carbon impact from the disposal of non-recyclable</p>

	waste. The facility also provides the opportunity to develop low carbon heat supplies to local housing and businesses thereby offsetting fuel poverty.
Regional and City Strategies	Strategic Development Plan: Sustainable Development and Climate Change. This facility will increase the supply of renewable energy in the region and diversify the mix of renewable sources. The facility enables the objective to meet our waste management needs locally and promote the development of the Circular Economy. The facility is specifically identified at paragraph 6.18 as an objective of the Plan.
UK and Scottish Legislative and Policy Programmes	The Waste (Scotland) Regulations 2012 introduced a ban on the landfilling of biodegradable waste. This ban will now come into force in 2025. The facility enables the three authorities in the Northeast to comply with that regulation 3 years in advance.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	Full IIA not required. Evidence submitted to Equalities Team.
Data Protection Impact Assessment	Screening questions completed – not required

9. BACKGROUND PAPERS

Appendix A. Images of Construction Works

10. REPORT AUTHOR CONTACT DETAILS

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Appendix A. Images of Construction Works

View from Site Entrance



Flue Gas Treatment Area



Boiler Construction Underway



Waste Bunker and Building Steel Structure



Waste Reception Hall Steel Structure Installation



View West from Boiler Superstructure



Waste Bunker



View from Tullos Hill

