

NORTH LINCOLNSHIRE COUNCIL

**HIGHWAYS AND NEIGHBOURHOODS
CABINET MEMBER**

RESIDUAL WASTE TREATMENT FACILITY - UPDATE

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To update the Cabinet Member of progress to date toward securing a Residual Waste Treatment Facility solution.
- 1.2 To approve the next steps to take this project forward.

2. BACKGROUND INFORMATION

- 2.1 Cabinet approved a number of recommendations in January 2013 toward securing the provision of a residual waste treatment facility for dealing with residual waste in North Lincolnshire in the future. The aim is to generate renewable energy in the form of electricity for the potential benefit of North Lincolnshire residents and local businesses.
- 2.2 In the period since, the council has established a suitable project team and put in place the necessary governance arrangements to oversee the delivery of the project. Specialist legal, financial and technical support is in place to support the project team. The council approved the necessary funding required to support the project in February 2013 as part of the 2013/14 revenue budget.
- 2.3 The project team has undertaken work to explore the best method by which to achieve the aims required from the project. This has included further 'soft market testing' dialogue with potential partners. This has highlighted a number of potential risks to achieving the successful delivery of the project. In particular, having a waste treatment facility fully operational by March 2017, the critical cut-off date to facilitate access to 'renewable obligation certificate' funding incentives that are likely to prove vital to securing the optimum value for money solution for the council.
- 2.4 To ensure that these risks are mitigated as far as is practicable, the project team suggests that it is prudent to scope a procurement using a streamlined procedure that facilitates the widest possible market participation. A set of key project objectives are proposed against which to drive the procurement process as follows:

- (i) Treatment of North Lincolnshire's residual waste stream as the primary facility function
- (ii) Plant located in Northern Lincolnshire
- (iii) No imported waste unless essential for viability of the facility
- (iv) Generation of electricity for the potential benefit of North Lincolnshire residents and businesses
- (v) Achievement of most economically advantageous solution for the council.

2.5 Taking the project forward on this basis should result in the following benefits.

- A legally compliant procurement that minimises risks of legal challenge
- Improved certainty of outcome
- Achieving a solution that is deliverable
- Offer of robust market driven solutions to address waste treatment objectives
- Best achievable balance of risk, cost and reward

2.6 An indicative project timetable is suggested as follows.

| Activity | Timescale |
|--|--------------------------------------|
| Issue OJEU contract notice | June 2013 |
| Complete PQQ shortlisting | July 2013 |
| Streamlined tender dialogue phases | August 2013 |
| Notification of award and standstill period | July 2014 |
| Award contract to design, build and operate the facility | August 2014 |
| Commence design development, construction and commissioning | As soon as possible post August 2014 |
| Complete, commission and certify plant in order to gain access to ROCs | 31 March 2017 |

3 OPTIONS FOR CONSIDERATION

3.1 The Cabinet Member is asked to approve the objectives for the project set out above against which to progress with a streamlined procurement aimed at securing the widest possible market participation to provide a waste treatment facility solution that is fully operational if possible by March 2017.

4 ANALYSIS OF OPTIONS

4.1 The benefits of adopting the recommendation are set out in paragraph 2.5 above.

5 RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

5.1 Financial

5.1.1 The report considered by Cabinet in January 2013 contained comprehensive details of the financial issues relating to this project. Council has recently approved revenue funding for the project as part of the 2013/14 revenue budget. The means by which to meet the capital costs of delivering the waste treatment facility are still subject to final determination as the project progresses, including the option of prudential borrowing as referenced in the previous report to Cabinet.

5.2 Staffing

5.2.1 The necessary staffing and specialist support resources are now in place to take the project forward.

5.3 Property

5.3.1 The council holds a site that has planning approval for the development of a residual waste treatment facility. It is suggested that this site is made available to prospective partners if required.

5.4 IT

5.4.1 None.

6 OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

6.1 An Integrated Impacted Assessment has not highlighted any adverse impacts arising from the issues contained in this report.

7 OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

7.1 A consultation exercise conducted prior to the drafting of the Municipal Waste Management Strategy indicated broad support for treating waste in North Lincolnshire and recovering energy from the process.

7.2 The updated Municipal Waste Management Strategy was the subject of a statutory consultation process that yielded no adverse comments.

7.3 The Chief Executive, the Director of Policy and Resources and the Director of Places agree with the content and recommendations in this report.

7.4 Extensive 'soft market testing' dialogue with potential partners has informed the approach suggested in this paper.

7.5 There are no declared conflicts of interest requiring consideration that are connected with this matter.

8 RECOMMENDATIONS

- 8.1 That the Cabinet Member notes the progress made to date toward securing a Residual Waste Treatment Facility solution.
- 8.2 That the Cabinet Member approves the objectives for the project set out in paragraph 2.4 of this paper against which to progress with a streamlined procurement aimed at securing the widest possible market participation to provide a waste treatment facility solution that is fully operational if possible by March 2017.
- 8.3 To authorise that a suitable streamlined procurement procedure is put in hand to enable the widest market participation at the earliest opportunity.

DIRECTOR OF PLACES

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Background Papers used in the preparation of this report:

- Report to Cabinet of 29 January 2013, titled “Residual Waste Treatment Facility”
- Municipal Waste Management Strategy