

NORTH LINCOLNSHIRE COUNCIL

CABINET

RESIDUAL WASTE TREATMENT FACILITY –CONSIDERATION OF OTHER SOLUTIONS

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 Work has been undertaken to secure a Residual Waste Treatment Facility Solution.
- 1.2 Other solutions may be available that could offer enhanced value for money and these should be investigated.

2. BACKGROUND INFORMATION

- 2.1 The council is currently in the process of procuring a Residual Waste Treatment Facility Solution (Waste 2). A number of decisions have previously been taken in respect of Waste 2. These are noted at the end of this report under the heading 'Background Papers.
- 2.2 Following the decision taken in May 2013, Cabinet has reviewed the council's budget position in September and again in January, and is currently preparing its 2014/18 Financial Plan. Although there has been good progress in respect of the Able Marine Energy Park and Lincolnshire Lakes developments which could have a positive impact on the council's finances, the council still faces a financial position which requires value for money to be maximised wherever possible.
- 2.3 Significantly, waste treatment and disposal market conditions have changed over recent months. Over supply in respect of waste treatment capacity is now being reported whilst it appears the availability of local landfill solutions is reducing. A number of other councils are suspending or cancelling their waste procurement projects as a result of the economic and market conditions.
- 2.4 As currently structured, the scope of the Waste 2 procurement project requires all of the associated key project objectives to be achieved. This, combined with the effect of the changed market conditions noted above, now makes it less likely the council will be able to access the best value for money solution consistent with the council's Priorities and Guiding Principles.

- 2.5 In light of this, with the assistance of Elected Members, consideration has been given to the best means of achieving a best value for money solution from a business perspective. An evaluation of the changed market condition shows that the cost of a merchant facility could be in the range of £161-180m over 25 years, compared to Waste 2 which could cost £175-237m over 25 years.
- 2.6 Given that this is so, it now falls to be considered how best to proceed in light of the changed economic and market conditions noted above. The timing for such consideration is optimal as the council's ITPD document on the current Waste 2 procurement project has not yet been issued and bidders have not been engaged in the dialogue process. Were the council minded to withdraw from the Waste 2 procurement this is the better moment for the decision to be taken.

3. OPTIONS FOR CONSIDERATION

- 3.1 Option 1 - continue with the existing Waste 2 procurement project including associated key project objectives.
- 3.2 Option 2 – proceed based upon implementation of an alternative solution intended to deliver lowest short and long term costs.

4. ANALYSIS OF OPTIONS

- 4.1 Under option 1, the Invitation to Participate in Dialogue phase meetings with the approved organisations could commence within six weeks if required. Cabinet Member approval for project specific related matters will be required and the project timetable will need revising to take account of the current position. This is now unlikely to deliver a best value for money solution driven by the council's Priorities and Guiding Principles (see paragraph 5.1 below) but would retain the council's key project objectives for Waste 2.
- 4.2 Option 2 is likely to secure short and long term solutions for the council at lowest cost. This option would also provide a 'best fit' with the council's ongoing commitment to best value. Additionally, it minimises the need for additional financial resources to support all aspects of delivery. It would require the council to consider the economic impact of its objectives and Municipal Waste Management Strategy and, where appropriate, review and amend them. The council would also be required to develop an appropriate procurement and delivery strategy. The existing Waste 2 procurement project would need to be cancelled and a new procurement project initiated. It is likely a new residual waste treatment and disposal procurement project could be delivered using a quicker, simpler, lower cost procurement procedure than that required for the existing Waste 2 procurement project. It is however unlikely to meet some of the council's key project objectives for Waste 2 as previously set out.

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

- 5.1 Financial – comparative cost relating to proposed and alternative solutions have been evaluated and are outlined in 2.5. Revenue considerations relating to procurement of an alternative solution are not included and it is very likely external consultant costs could be minimised.
- 5.2 Staffing – it is anticipated that the procurement of an alternative best value for money solution would utilise staff currently allocated for delivery of Waste 2 where appropriate.
- 5.3 IT – there are no direct IT implications.
- 5.4 Property – it is possible that a best value for money solution would require use of a council owned site together with some associated development works for use as a Waste Transfer Station.

6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

- 6.1 Not applicable at this stage.

7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

- 7.1 The Waste 2 Project Board agree with the content and recommendations in this report.
- 7.2 There are no declared conflicts of interest requiring consideration.

8. RECOMMENDATIONS

- 8.1 That Cabinet approves the implementation of option 2 set out in paragraph 4.2, including the cancellation in principle of the Waste 2 project, together with the identification of an appropriate procurement and delivery strategy to secure the best value for money short and long term solutions for treatment and disposal of the council's residual municipal waste.
- 8.2 That the Cabinet Member receives a report for further consideration on these matters when an appropriate procurement and delivery strategy has been identified.

DIRECTOR OF PLACES

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Background Papers used in the preparation of this report

- Report to Cabinet of 13 November 2012, titled 'Residual Waste Treatment Service Procurement Project'
- Report to Cabinet of 29 January 2013, titled 'Residual Waste Treatment Facility'
- Report to the Highways and Neighbourhoods Cabinet Member of 21 May 2013, titled 'Residual Waste Treatment Facility – Update'
- Report to Cabinet of 24 September 2013, titled 'September 2013 Budget Review' and 28 January 2014, titled 'January 2014 Budget Review'.
- Municipal Waste Management Strategy dated May 2012
- Cost analysis of current and alternative solutions January 2014.