

**NORTH LANARKSHIRE COUNCIL
REPORT**

To: ENVIRONMENTAL SERVICES COMMITTEE		Subject: LANARKSHIRE WASTE MANAGEMENT JOINT PROCUREMENT PROJECT
From: HEAD OF PROTECTIVE SERVICES		
Date: 22 AUGUST 2007	Ref: CM	

1. PURPOSE OF REPORT

1.1 The purpose of the report is to advise Members of the present position of the Lanarkshire Waste Management Procurement (LWMP) Project.

2. BACKGROUND

2.1 The report to the Environmental Services Committee of 6 June 2007 explained the announcement of provisional Strategic Waste Fund (SWF) Phase 2 allocation to North and South Lanarkshire Councils of £8.4 million a year to treat 200,000 tonnes per annum of residual waste.

2.2 The eventual payment of the grant is dependant on each Council satisfying a number of financial, legal and planning conditions that have been attached to the provisional award. Council officers in conjunction with our financial, technical and legal advisors are at present assessing the implications of these conditions on the affordability and deliverability of the project. For example the Scottish Executive are insistent on recycling/composting rates of 52%, however this target is viewed as extremely challenging both in financial and operational terms.

2.3 Strategic Waste Fund Phase 1 is used to provide waste collection infrastructure and education programmes to increase recycling and composting rates. An additional SWF1 bid will be formally submitted to the Scottish Executive to provide the additional infrastructure which is required if the Council is to have any possibility of meeting the Executive's 52% recycling/composting target by 2020 on which the capacity of the residual waste plant is based. SWF1 and SWF 2 are linked and cannot be considered as entirely separate issues.

3. SUSTAINABILITY IMPLICATIONS

3.1 Waste must increasingly be managed as part of an integrated process that entails a shift from the previous culture of waste disposal to one of resource management that will make a significant contribution towards promoting a more sustainable infrastructure and economy in Scotland. The provision of residual waste treatment facilities will play an important part in this process.

4. CONSIDERATIONS

- 4.1 Financial and technical modelling based on a 200,000 tonnes per annum facility, as specified by the Scottish Executive, is being undertaken. Although this modelling is not yet completed it is clear that the most cost effective model for the Lanarkshires would be to build a treatment facility far in excess of this capacity, nearer 300,000 tonnes. A facility of this size would accommodate the final year (maximum) residual waste produced during the contract period assuming that recycling/composting rates reach the 52% target set by the Scottish Executive and that other variables such as waste growth are in line with forecasts.
- 4.2 It should be noted that although a 200,000 tonnes per annum facility would meet the Councils landfill diversion targets up to 2028/29, residual waste would require to be landfilled in increasing quantities from the time the projected facility comes on stream in 2013 to the end of the 25 year contract in 2038 and therefore be liable for increasing landfill taxes. A larger plant would also have the benefit of providing spare capacity in the early years of the contract for additional residual waste if recycling targets are not achieved. Spare capacity could be utilised to generate income through the Landfill Allowance Trading Scheme (LATS).
- 4.3 It is the intention to include both scenarios (i.e. the Scottish Executive option and a Best Value option) in a revised Outline Business Case (OBC), which is planned to be submitted to the Scottish Executive by 30 September 2007.
- 4.4 In June the Scottish Executive issued draft guidance on the requirements for the completion of an OBC. This is a supplement to the guidance contained in the provisional SWF 2 allocation in March 2007. A work programme has been devised to progress each of the information and data requirements that have to be included in the updated OBC.
- 4.5 SEPA has commenced the Strategic Environmental Assessment (SEA) and Best Practical Environmental Option (BPEO) process. This process considers the waste management options being considered by the LWMP. It also assesses and reports on what the significant environmental effects of each option may be and sets out mitigation actions to prevent, reduce or offset any adverse effects. The public consultation phase of this process commenced on 23 July 2007 and concludes on 3 September 2007. Consideration of the findings of the consultation will then take place. SEPA intend to have the consultation outputs completed for inclusion in the finalised Outline Business Case for submission to the Scottish Executive. The Lanarkshire's proposals are subject to an interim SEA appraisal which in turn will inform the SEA of the wider Glasgow and Clyde Valley Area Waste Plan.
- 4.6 At a planning workshop held at Broadwood Stadium, Cumbernauld various criteria were identified as either attributes or constraints for a potential site of a major waste facility. The Council's technical advisers, Jacobs, have now refined and developed the process used to identify suitable search areas. It is anticipated that further workshops will be required for full stakeholder involvement and the opportunity to participate in defining potential search area criteria. The workshops may be conducted using the North Lanarkshire citizen's panel and South Lanarkshire citizen's panel. Following analysis of the information gathered at the workshops the potential search areas will be further refined.
- 4.7 Discussions are taking place with planning colleagues and the Scottish Executive regarding the difficulties involved in trying to satisfy the Executive's expectation that a suitable site or sites should be in Council ownership, or there is an option to purchase, prior to finalisation of the OBC. This could be a major obstacle to the project and it is the intention to satisfy the Scottish Executive that the site search strategy and subsequent

procedures followed is the best practical route to follow enabling the OBC to be submitted without the site ownership stipulation.

- 4.8 Discussions are taking place with the corporate communications sections of both Councils to develop a communication strategy to inform the public of the necessity for and the financial and environmental implications of the project.
- 4.9 To facilitate progress a series of joint workshops has been set up comprising representatives from the Scottish Executive, the Lothian and Borders and the Lanarkshires. The Lothian and Borders procurement project is at a similar stage to the Lanarkshires and joint working will enable a common approach, where possible, to be adopted in finalising the OBC.
- 4.10 A Joint Waste Project Management Agreement paper has been produced and a copy is available in the Local Government Library. The report includes details of:
- The membership and responsibilities of the Joint Waste Programme Management Group.
 - Project Governance Responsibilities.
 - The membership and composition of the Core Project Team.
 - The appointment of Robert Howe, Head of Environmental & Strategic Services, South Lanarkshire Council as Project Director.
- 4.11 The decision on the revised SWF phase 1 grant is expected to be delayed until the outcome of Recycling Delivery Strategy Workshops is known and the conclusion of the Scottish Executive Comprehensive Spending Review is reached. The overall affordability for waste management services can only be determined by considering SWF1 and SWF2 as they are inextricably linked. Work is ongoing with technical advisers in order to attempt to align the technical modelling assumptions for both projects.
- 4.12 SEPA, in conjunction with the Scottish Executive, is arranging a study tour of integrated waste management facilities in Denmark to give elected members and officials and greater understanding of what these range of facilities look like, where they can be sited, the processes carried out within the facilities, the issues raised and the potential for energy recovery and use. The tour will run over three days during September 2007 (final dates to be confirmed) at an inclusive estimated cost of £600 per person. Expressions of interest have been sought.

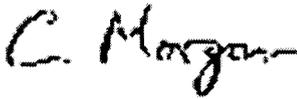
5. CORPORATE CONSIDERATIONS

- 5.1 The cost of an updated SWF1 project coupled with North Lanarkshire Council's share of the LWMP costs is presently being assessed. This process involves close co-operation between operational staff, external advisors and staff from Finance & Customer Services.

6. RECOMMENDATIONS

- 6.1 That a revised Outline Business Case (OBC) is submitted to the Scottish Executive for the Lanarkshire Waste Management Procurement project, as outlined in section 4.3. That the Convener of Environmental Services Committee and the Executive Director of Environmental Services should agree the OBC before it is submitted to the Scottish Executive.

- 6.2 That a response is made to the SEPA consultation on the Strategic Environmental Assessment (SEA) and Best Practical Environmental Option (BPEO) process for the waste management options being considered by the LWMP, as outlined in section 4.5.
- 6.3 That workshops are arranged to allow for stakeholder involvement in defining potential search area criteria to assist the search for a potential site for the residual waste treatment facility, as outlined in sections 4.6 and 4.7.
- 6.4 That a Joint Waste Project Management Agreement is established, as outlined in section 4.10.
- 6.5 That elected members and officers are represented at the SEPA/Scottish Executive Waste study tour to Denmark, as outlined in section 4.12.



Crawford Morgan
Head of Protective Services
10 August 2007

Members seeking further information on this report, please contact Crawford Morgan, Head of Protective Services (01236 616203).