



Report of the Director of Environment and Neighbourhoods

Inner North West Area Committee

Date: 25th February 2010

Subject: Progress Update on Residual Waste Treatment PFI Project

Electoral Wards Affected:

All

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Council
Function

Delegated Executive
Function available
for Call In

Delegated Executive
Function not available for
Call In Details set out in the
report

Executive Summary

This report updates the Area Committees on the Residual Waste Treatment PFI Project bid evaluation process, on communications undertaken to date and the proposed forward communication and consultation programme.

The report also summarises options appraisal work completed for the proposed residual waste transfer station in the West/North West of the City concluding that whilst there are some issues that will need to be addressed through the development of the PFI contract and the implementation of the wider waste strategy, the direct delivering residual waste to the main treatment facility as opposed to developing a dedicated residual Waste Transfer Station at Evanston Avenue, is clearly the most cost effective option. Officers are therefore recommending, in a report to Executive Board in February, that plans to develop the Kirkstall waste site to include a dedicated transfer station are not good value for money and should be dropped.

An update on the forward communications programme is also provide and outlines progress made in engaging with Leeds residents. An outline of the future communications and engagement programme is also provided.

1.0 Purpose Of This Report

- 1.1 The purpose of this report is to provide a progress update to Area Committees on the Residual Waste Treatment PFI Project. This includes an update on the bid evaluation process, a summary of options appraisal work to determine the need for a residual waste transfer station in the West/North West of the City addition to the main waste treatment facility, details of analysis of traffic impacts associated with the proposals and the proposed communications and consultation strategy.

2.0 Background Information

- 2.1 In October 2006, Executive Board adopted the Integrated Waste Strategy for Leeds 2005-2035. As well as setting a wide range of local objectives, the Integrated Waste Strategy addresses EU Landfill Directive targets and has a vision of a zero waste city, whereby we reduce, reuse, recycle and recover value from all waste, and no waste is sent to landfill.
- 2.2 In September 2007, Executive Board approved updates to the Integrated Waste Strategy to address the statutory recycling targets set out within DEFRA's Waste Strategy for England 2007 and to reflect the Council's commitment to achieving a combined recycling and composting rate in excess of 50% of household waste.
- 2.3 The Integrated Waste Strategy targets are now set as follows:
- To achieve a recycling / composting rate of at least 50% of household waste by 2020;
 - To reduce the annual growth in waste per household to 0.5% by 2010 and eliminate waste growth per household by 2020;and
 - To recover value from 90% of all household waste by 2020.
- 2.4 In July 2008 the Council began procurement of the Residual Waste Treatment PFI Project and in November 2008 the Executive Board approved the detail of the evaluation criteria to be used to evaluate the bids received for the duration of the procurement.
- 2.5 This report deals with the progress of the procurement since this time.

3.0 Main Issues

3.1 Residual Waste Treatment Project Progress

- 3.1.1 As previously reported to Area Committees, the Council is currently concluding the evaluation of the detailed bids submitted by bidders in accordance with the City Council's evaluation methodology approved by the Executive Board in November 2008. Details of the three remaining bidders are set out in Table 1 below, including a brief description of their proposed technology solution and the site that they propose to use (a map showing the site locations is attached at Appendix A for information).

Table 1

| Consortia | Technology solution | Proposed site |
|---|--|---|
| Aire Valley Environmental, a joint venture between Covanta Energy Ltd and Kelda Water Services Ltd. | Mechanical pre-treatment to extract recyclables, followed by Energy from Waste process | Part of the Knostrop Wastewater Treatment Works site |
| Joint venture between Interserve Investments Ltd and United Utilities PLC | Mechanical biological treatment to extract recyclables, followed by Gasification process | Former wholesale market site on the East Leeds Link Road, Cross Green |
| Veolia ES Aurora | Mechanical pre-treatment to extract recyclables, followed by Energy from Waste process | Former wholesale market site on the East Leeds Link Road, Cross Green |

3.1.2 Members and the public will be notified during February 2010 of the outcome of the detailed solutions evaluation and the two bidders being taking forward to the next stage of the procurement process (Invitation to Submit Refined Solutions).

3.2 Waste Transfer Station

Costs

3.2.1 The option to develop a residual waste transfer station (WTS) was incorporated within the scope of the Residual Waste Treatment PFI project based primarily on the efficiencies that could be realised for the refuse collection service through tipping at two points within the City rather than delivering directly to the main treatment facility. The reference site for the WTS agreed by Executive Board in November 2008 was the site of the existing facility on Evanston Avenue, off Kirkstall Road, which incorporates a Household Waste Sorting Site (HWSS) operated by the City Council in addition to a transfer operation for a range of recyclable materials and other specialist wastes.

3.2.2 Having now received indicative costs from PFI bidders for the WTS element of their proposals alongside their main detailed bid submissions, the Council has now finalised the following assessments:

- a) Analysis of efficiency impacts for the refuse collection service;
- b) Analysis of WTS cost information from the PFI bidders;
- c) Independent assessment of the costs to the Council of redeveloping the Evanston Avenue site outside of the PFI project; and
- d) Assessment of any risks and other non-financial issues associated with the development of a dedicated WTS for residual waste.

3.2.3 The Council commissioned an independent analysis of the costs to the Council of redeveloping the Evanston Avenue site to assess whether developing a dedicated residual represents better value for money. This exercise assessed two scenarios:

Scenario A Full redevelopment of the Evanston Avenue site to provide a dedicated WTS for 50% of the City's residual waste, and to include a redeveloped HWSS and the existing WTS capacity for a range of materials;

Scenario B Redevelopment of the Evanston Avenue site to include only a redeveloped HWSS and the existing WTS capacity for a range of materials

3.2.4 The difference in cost of the two scenarios above was then considered alongside the savings to the refuse collection service that could be anticipated through having the dedicated residual WTS, and this is set out in Table 1 below. Redevelopment costs are shown as current costs.

Table 1

| Current Costs | £000 |
|--|-------------|
| Total annual cost of Scenario A | 1,413 |
| Total annual cost of Scenario B | (704) |
| Additional Service Collection Costs (by not having a dedicated residual WTS) | (285) |
| Additional annual cost of Scenario A compared to Scenario B | 424 |

3.2.5 In summary, these findings indicate a potential additional cost of £424,000 to the Council of developing a dedicated residual WTS at Evanston Avenue, compared to delivering residual waste for treatment directly to the main treatment facility.

Traffic Impact Analysis

3.2.6 An analysis of the traffic impacts associated with either developing a dedicated WTS for residual waste at Evanston Avenue or directly delivering all residual waste to the main treatment facility has also been completed using route planning software. It should be noted that these vehicle movements are already taking place across the city and whilst the use of different disposal points for refuse collection vehicles will have some impact on routing, this will not result in an increase in the total number of vehicle movements city-wide.

3.2.7 Also, it should be noted that approximately 86% of residual waste collected from the kerbside is currently delivered directly to the Skelton Grange landfill site in South East Leeds, in close proximity to the two possible sites for the proposed treatment facility. In addition the vast majority of these vehicle trips take place outside of the morning and evening peak traffic periods.

3.2.8 Data from Highways Planning indicates that on average there are approximately 9,700 daily vehicle trips between 7:00am and 7:00pm along the East Leeds Link Road (ELLR) in both directions. As such the capacity of ELLR to accommodate the direct delivery of all residual waste is far in excess of this requirement.

3.2.9 In addition, the new ELLR connects to the A1/M1 Link Road, the M621 and the Inner Ring Road at either end, and is therefore accessed from major arterial routes. There

are also weight restrictions for refuse collection vehicles and other HGVs through areas that provide access to the ELLR from the A64 via East End Park, and through Osmondthorpe and Halton Moor from Osmondthorpe Lane/Halton Moor Road, thus preventing the use of routes through more residential areas, and it is within the control of the Council to ensure that this is adhered to by the refuse collection service.

- 3.2.10 Further information on the analysis of vehicle movements based on direct delivery of residual waste for treatment under the PFI contract to Cross Green can be found at Appendices B and C.
- 3.2.11 Appendix B provides figures on the estimated level of refuse collection vehicle deliveries under the following options: a) the 'status quo' (i.e. delivery of residual waste to a range of landfill sites and a waste transfer station, with around 86% being directly delivered to the Skelton Grange landfill; b) delivery of all residual waste for treatment under the PFI contract to Cross Green. This also provides a representation of the profile of the vehicle arrival times over the course of the day. This clearly shows the vast majority of vehicle movements taking place outside of morning and evening peak traffic periods.
- 3.2.12 It is important to note that, whilst based on the best available information and assumptions, and providing a robust indication of anticipated vehicle movements, this analysis does not take account of, for example, potential future recycling collection service developments, potential efficiencies in vehicle movements that could be achieved through a reconfiguration of refuse collection routes, or further guidance from a Highways Planning perspective in terms of optimum routing of vehicles.
- 3.2.13 Appendix C contains maps providing an indication of the routing of vehicles city-wide under the same two scenarios.

Conclusions

- 3.2.14 In consideration of the factors above, whilst there are some issues that will need to be addressed through the development of the PFI contract and the implementation of the wider waste strategy, the direct delivering residual waste to the main treatment facility as opposed to developing a dedicated residual WTS at Evanston Avenue, is clearly the most cost effective option.
- 3.2.15 Officers are therefore recommending, in a report to Executive Board in February, that plans to develop the Kirkstall waste site to include a dedicated transfer station are not good value for money and should be dropped.
- 3.2.16 However, the continued use of this site as an HWSS and for the bulking and storage for onward transfer of a range of materials remains necessary. Work is currently in progress to prepare a further report to Executive Board describing the future strategy for HWSSs city-wide, and this report will expand on the proposed strategy for the Evanston Avenue site.

3.3 Programme

- 3.3.1 The future programme and the proposed levels of delegation in respect of the decisions necessary to progress the procurement is shown below. The table assumes that the detailed evaluation of bids at each stage and the recommendations as to

which bidder is deselected is considered by the Project Board and decided by the Director of Environment and Neighbourhoods:

| Decision | Estimated Date | Decision Making Body |
|---|-----------------------|---|
| Support for proceeding to the Invitation to Submit Refined Solutions (ISRS) stage | February 2010 | Executive Board |
| Call for Final Tender – leading to selection of Preferred Bidder | October 2010 | Director of Environment and Neighbourhoods (under delegated powers) |
| Authority to contract with preferred bidder | November 2010 | Director of Environment and Neighbourhoods (under delegated powers) |
| Support for proceeding to Preferred Bidder stage | November 2010 | Executive Board |
| Contract finalisation and award | March 2011 | Director of Environment and Neighbourhoods (under delegated powers) |
| Final approval of project funding | March 2011 | DEFRA |
| Planning permission | Late 2011 | Plans panel |

3.4 Communications Strategy

3.4.1 The forward communications and engagement strategy was agreed with the Project Board and communicated via the Area Committees in March and April 2009. Feedback received through the Area Committee process was used to refine the communications and engagement strategy.

Communications and education to date

3.4.2 Between September 2009 and February 2010 the following elements of the communications and engagement strategy have been delivered:

- All Area Committees received a presentation describing the project in September 2009;
- Information leaflets have been produced on the following topics: 'What is Leeds doing with its waste?'; 'The City's Waste Solution – technologies and bidders'; 'The City's Waste Solution – your questions answered';
- A Member's information pack was produced and distributed in October 2009. It included the information leaflets above, a briefing on health implications of incineration technologies, and a CDROM copy of the presentation;
- A household information pack was produced and distributed in December 2009 to 12,075 households within the identified 'footprint' area. It included the information leaflets above and a reply paid postcard to register for further information or attend a briefing session.
- Posters were distributed with registration postcards in key community locations during December 2009, such as one stop shops, to further publicise the opportunity to register for further information;

- A further 180 households were 'door-knocked' in the 'Nevilles' area of Osmondthorpe during December to further encourage residents to register. 38 households were spoken to;
- A full page article was included in 'Recycling and Waste News', which was distributed to all households in Leeds during December, asking residents citywide to register to receive more information;
- To date (19th January 2010) 129 residents have registered to receive further information with 90 of these having registered to attend a briefing event;
- 690 businesses local to the proposed sites have been identified and sent information packs in January 2010, and encouraged to register for information or attend briefing sessions;
- The Councils representatives have met with a range of other interest groups in order to provide further information, including Friends of the Earth.

3.4.3 During February the following activities will be delivered:

- The project is in the process of providing a further update to the four key Area Committees, East Outer, East Inner, South Inner and, North West Inner during the February 2010 Committee cycle. This information includes an update on communications and engagement activity, further information about predicted traffic movements at proposed locations for facilities, further detail about the forward timetable and, in particular, the formal planning process.
- Briefing sessions will be delivered to registered residents and businesses during late January and February.
- The two bidders who have been selected to be taken forward to the next stage of the procurement process will be announced publicly through a press release, and through this Executive Board report, utilising the information as set out in 4.8 above.
- This information will also be sent to residents and businesses in the identified 'footprint' area during February.

Proposed Forward Communications and Consultation Programme

3.4.4 Over the next four months, bidders will be producing further submissions which will be used to inform the community engagement from June to Autumn 2010: To inform these submissions, a range of environmental and ground surveys will commence on both the sites. Further details of which will be provided to local ward members along with dates that the surveys are to be conducted.

Community engagement on the proposals from the final two bidders (June to Autumn 2010);

3.4.5 The Council will begin a further round of community engagement, to further involve residents and businesses local to the identified sites in a dialogue about the remaining two proposed solutions. This will target residents who have registered to receive information, but will also seek to encourage further interest from those residents who have not registered, through a further round of communications activity, including where necessary 'door-knocking' in local areas.

3.4.6 The intention of this stage is to provide further, more detailed, information to residents and businesses about the final two technology types and site options, to enable feedback on issues with particular bids and sites, and address any of these prior to the

start of the formal planning process. This stage will directly involve the final two bidders to make sure that they get feedback 'first-hand' in order that they can act on it effectively.

3.4.7 The Council will also use this stage to identify any opportunities for benefits to the local community which could arise from the Residual Waste Treatment Facility, such as amenity value, or economic development.

3.4.8 A similar approach to that described in 7.2 above will be taken, inviting residents to be involved in facilitated sessions in the local areas most affected by proposals. We expect that this stage will lead to the inception of a formal community liaison group to be continued for the duration of the project.

3.4.9 The preferred bidder will be announced in November 2010.

Statutory consultation process for planning permission for a Residual Waste Treatment Facility (early 2011 onwards);

3.4.10 We currently expect that the preferred bidder will apply for planning permission in late 2010. At this stage the Council will support the bidder to undertake a formal consultation, in line with the statutory planning process, on the Council's preferred technology and site.

3.4.11 A decision on planning permission will be taken in late 2011.

4.0 Recommendations

4.1 That Area Committee note the content of this report and raise any questions.

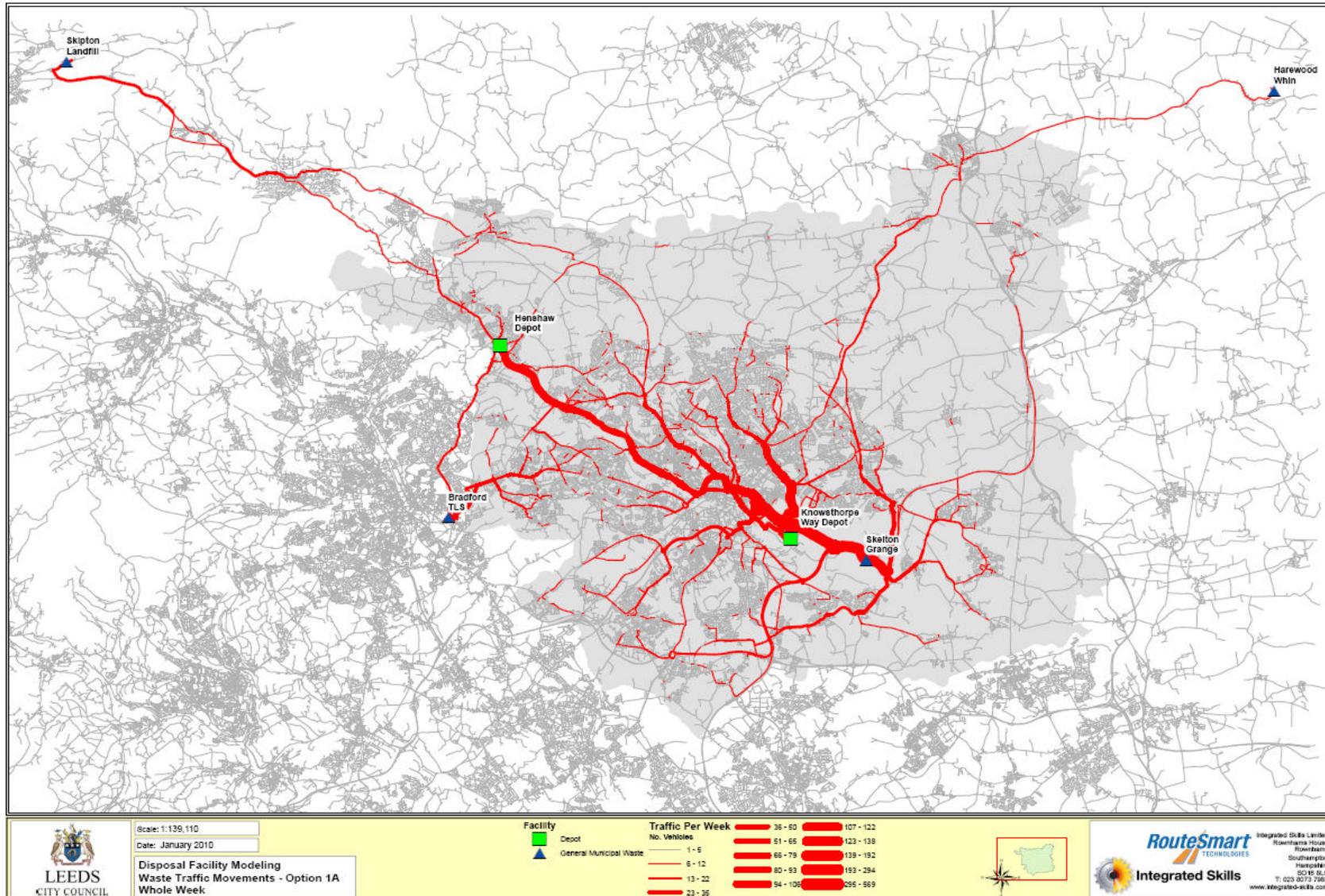
Background Papers

Executive Board report – integrated waste strategy 2006,2007 and 2008

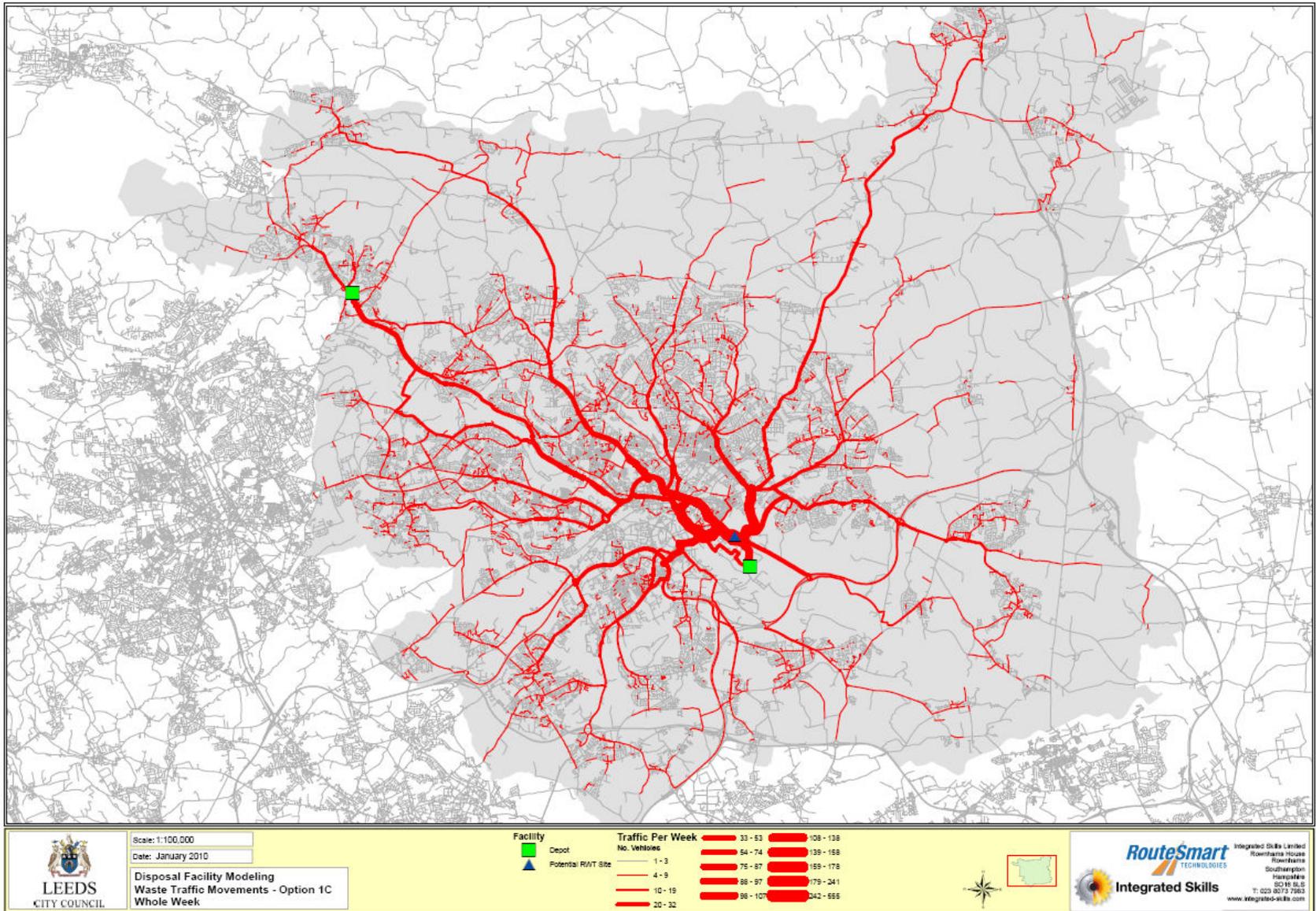
Area Committee report - Residual waste treatment facility update July 2009

Executive Board report – Feb 2010





a) Estimated weekly RCV movements across the City based on current tipping locations



b) Estimated weekly RCV movements based on direct delivery to Main Treatment Facility at Cross Green