Agenda Item	**19**
Report No	**HC/30/19**

HIGHLAND COUNCIL

Committee: **The Highland Council**

Date: **27 June 2019**

Report Title: **Update on the Council's long-term arrangements for managing its residual waste**

Report By: **Head of Environmental and Amenity Services**

1 Purpose/Executive Summary

1.1 Since May 2018, the Council has been developing its arrangements for addressing the ban on landfilling its residual (green bin / black bag) waste that will come into effect on 1 January 2021. The overall approach was agreed at the meeting of the Environment, Development and Infrastructure Committee on 17th May 2018. A key component of these arrangements will be the provision of a new waste management facility at the former Longman landfill site in Inverness.

1.2 The purpose of this report is to seek permission from Members to proceed to market in late summer 2019 with the Council's requirement for a waste management facility as part of its strategy for managing its waste over the next 30 years.

2 Recommendations

2.1 Members are invited to:

i. Note the contents of the Report;

ii. Agree that
   a. The Council will continue to develop invitation to tender documentation for a waste management facility and publish the opportunity in the market during late summer 2019; and
   b. Officers continue to work with the Scottish Government to develop transition arrangements towards the ban on landfilling its waste.

3 Background

3.1 The Council's Waste Management services operate in a highly regulated environment. This regulatory regime covers

a. the type of collection services that must be provided to households and businesses,
b. the operation of our landfill sites, and
c. how material we collect and manage should be processed.

The most significant regulatory issue that the Council will face is the ban on landfilling all Biodegradable Municipal Waste (BMW) in Scotland from 1st January 2021. The ban is aimed at reducing the significant amount of greenhouse gases produced from landfill sites and improving the use of waste as a resource.

3.2 The range of waste covered by this ban is extensive; it covers household waste (residual 'black bag' or green bin waste) and waste from other sources which is similar to household waste. SEPA has produced a list of waste types covered by the landfill ban (**Appendix 1**).

3.3 Around 144,000 tonnes of waste are produced per annum by Highland households and Highland Council business waste customers. At present, 43% of this material is recycled. The remaining 57% of Highland refuse is sent to landfill at an annual cost of approximately £11 million (2017/18).

3.4 Failure to address the ban on landfilling BMW is a significant financial, legal and reputational risk for the Council and this is reflected in the Community Services' current Risk Register.

3.5 The Council has been working on its approach for addressing the landfill ban since early 2018. Key stage reports have been submitted to the Environment, Development and Infrastructure Committee:

- 17th May 2018
- 16th August 2018
- 8th November 2018

In addition, an interim briefing was held on 4th April 2019 for all Members in the chamber.

3.6 A planning application was considered and approved by the South Planning Applications Committee on 11th June 2019. The application documents can be viewed in full at https://wam.highland.gov.uk/wam/ using the reference number **19/00503/FUL**.

3.7 In 2018 the Scottish Government commissioned a report into Scottish Councils' preparedness for the landfill ban. This has identified that up to 1 million tonnes of waste from Scottish Councils may need to be exported from Scotland (most likely transported to England) to allow Scottish Councils to comply with the ban. This could result in a transfer of Landfill Tax income from the Scottish Government to the UK Government of £91.35m per annum from 1.1.21 at current tax rates.

3.8 The report also identified

a. a 31% increase in disposal costs in the market place, which corresponds with the findings of a refreshed financial appraisal of our approach conducted earlier this year, and
b. the following level of preparedness amongst Scottish Councils
    i. 16 Councils have contracts in place with Energy from Waste plants in

Scotland, although these may not all be ready by 1.1.21

ii. 7 Councils, including Highland, have developed or are developing plans which have not yet been implemented

iii. 8 Councils do not yet have an agreed strategy for dealing with the ban

3.9 The Council faces challenges in addressing the ban because of:

a. our rurality and remoteness from waste processing facilities in the Central Belt of Scotland and north of England; and

b. the implications for our Capital and Revenue budgets.

Consequently, the Council wrote to the Scottish Government to request assistance in meeting the requirements of the ban. The Scottish Government's response is that its focus is on working with authorities who do not have a solution in place to identify ways in which they can comply with the ban as soon as possible.

3.10 At the time of writing, Council officers plan to meet with Scottish Government officials on 21st June 2019 to discuss potential transition arrangements that could address these concerns. This engagement will continue to ensure that the financial, regulatory and reputational risk to the Council is minimised. A verbal update from this meeting can be provided at the Council meeting.

4 New facility at the former Longman Landfill site

4.1 Highland Council currently sends residual waste to four landfill sites in

- Caithness (Seater - 37,800 tonnes)
- Badenoch & Strathspey (Granish, Aviemore – 4,700 tonnes)
- Lochaber (Duisky near Fort William - 8,200 tonnes)
- Aberdeenshire (Stoneyhill near Peterhead - 31,000 tonnes)

4.2 Highland Council operates a network of Waste Transfer Stations (WTS) to gather waste before it is transported to the landfill sites. These are currently located at: Portree; Gairloch; Ullapool; Lochinver; Tongue; Brora; and Invergordon. To gather the residual element of BMW from the Inverness and Nairn area, Highland Council uses a private sector facility in Inverness for bulking up waste prior to onward transport to a landfill site at Stoneyhill, Aberdeenshire.

4.3 A key component of our arrangements for implementing the ban on landfilling BMW will be the provision of a new waste management facility at the former Longman Landfill site in Inverness. The benefits of providing this facility will be to:

a. address the current monopoly position enjoyed by the only licensed waste management facility in Inverness that is capable of managing the quantities of waste generated by the Council there. In effect, this will create a level playing field for all contractors that would otherwise not be capable of providing a waste management service to the Council. The revenue implications are not yet quantifiable, but we would anticipate that there would be significant opportunities for cost reduction / avoidance;

b. demonstrate the Council's commitment to meeting its obligations under the landfill ban during any transition period;

c. provide the Council with increased / enhanced control of its commercial waste management arrangements;

d. potentially provide the first phase of longer-term thermal treatment arrangements for our waste, as per the EDI Committee decision on 17th May 2018;

e. minimise further cost increases due over and above those already experienced over the last 12 to 15 months (costs have already increased by 31% over the last 12 – 15 months), and

f. provide commercial opportunities for waste management in the Inner Moray Firth.

4.4 The facility presently used under contract by Highland Council in Inverness is not large enough to process the anticipated 83,000 tonnes of Highland residual waste and 13,000 tonnes of other recyclate waste streams. It is necessary to seek the construction of a suitably sized facility through competitive market procurement.

4.5 There is an existing capital allowance for the project and calculations have been made to estimate the capital cost of constructing a suitably sized facility which will vary dependent upon the extent of its functionality (i.e. the extent to which the residual waste is refined before onward transport to end-users in central Scotland or north east England). It is advised that the available capital allocation and the anticipated costs of the project have not been included in this report, so as not to affect our ability to reliably test the market. This information can be made available to members privately.

5 Procurement Approach

5.1 Invitation to tender documentation will be developed for a waste management facility to be issued and conducted through a procurement process which is in line with the Council's Contract Standing Orders and current procurement legislation.

6 Implications

6.1 Risk implications

Commercial Risks :

1. Price/affordability -
    a. Engaging with the market as proposed will not place a commitment on the Council to accept any offer put forward by bidders. However, it will help the Council to assess its affordability.
    b. Landfill transition - The financial impact of any transition arrangements has still to be identified.
    c. Timing - Any delay in our preparations to go to market may increase costs to the Council.

Procurement/Delivery Risks:

2. The intention through contract documentation will be to minimise the risk to the Council for the construction of the new facility at the Longman by transferring responsibility for plant readiness and performance to the contractor.
3. Planning consent - this risk is considered to be low and is mitigated by planning approval having been recently granted. Additionally, should bidders propose solutions which would cause a material change to the planning consent there could be project delays. This will be mitigated through clear expression of the invitation to tender requirements and what will, and will not, be open for discussion during the competitive dialogue process.
4. Permitting - this will be carried out by the Contractor; as the designer and operator of the facility, they are best placed in manage this risk. However, to contribute to reducing the risk the Council's Waste Team will start the process of obtaining a Pollution Prevention and Control (PPC) Permit from SEPA. This will enable guidance to be given to prospective bidders concerning noise and odour levels.

Technical Risks:

5. Solution - the risk will be mitigated during the procurement process by requiring adherence to plant performance standards.
6. Development Site - the selection of the former landfill site at Longman does present

construction challenges, in terms of ground conditions risk and possible unforeseen costs and project delay. This risk can be mitigated by ensuring that (a) THC fully understand the ground conditions (via SI data reports) at the site and (b) this data is made available to bidders for pricing and competitive dialogue clarification purposes during the procurement process. In practice, ground conditions are a shared risk and are best defined at the outset to avoid unforeseen costs or delays.

6.2 Resource implications. Officers are engaged in dialogue to determine how resource implications will be managed when tenders are received.

6.3 Legal implications. The Council's Waste Management services operate in a highly regulated environment. This regulatory regime covers the type of collection services that must be provided to households and businesses, the operation of our landfill sites, and how material can be processed. The most significant regulatory issue that the Council currently faces is the ban on landfilling our waste from 1st January 2021. This was introduced through the Waste (Scotland) Regulations 2012. The residual waste project and associated waste management facility development at the former Longman landfill site is the Council's agreed interim approach for meeting the requirements of the ban.

6.4 Community (Equality, Poverty and Rural) – There are no known Equality, Poverty or Rural implications at this time.

6.5 Climate Change/ Carbon Clever - One of the aims of the ban on landfilling Biodegradable Municipal Waste is to reduce emissions of greenhouse gases from landfill sites. The methane emitted from landfill sites is significantly more harmful than CO^2, although it is effectively controlled at the sites used by the Council.

6.6 Gaelic – there are no known Gaelic implications at this time.

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Date:	27th June 2019
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Background Papers:	Appendix 1, Waste type covered by landfill ban

APPENDIX 1 – Waste Covered by Landfill Ban
(Source: SEPA Guidance, WST-G-55, issued April 2018)

EWC Code	Waste Description	2016 Landfill (tonnes)
20	**Municipal wastes (Household waste and similar commercial, industrial and institutional wastes) including separately collected fractions**	
20 01	**separately collected fractions (except 15 01)**	
20 01 01	Paper and cardboard	10
20 01 08	Biodegradable kitchen and canteen waste	2,366
20 01 10	Clothes	0
20 01 11	Textiles	52
20 01 25	Edible oil and fat	0
20 01 26	Oil and fat other than those mentioned in 20 01 25	0
20 01 37	Wood containing dangerous substances	0
20 01 38	Wood other than that mentioned in 20 01 37	433
20 01 99	Wastes not specified otherwise	1,774
20 02	**garden and park wastes (including cemetery waste)**	
20 02 01	Biodegradable wastes	6,602
20 03	**other municipal wastes**	
20 03 01	Mixed municipal waste	1,223,587
20 03 02	Waste from markets	330
20 03 07	Bulky waste	11,344
20 03 99	Waste not specified otherwise	1,096
19	**Wastes from waste management facilities, off-site waste water treatment plants and the preparation of water intended for human consumption and water for industrial use**	
19 05	**wastes from aerobic treatment of solid wastes**	
19 05 01	Non-composted fraction of municipal and similar wastes	8,475
19 05 03	Off-specification compost	542
19 06	**wastes from anaerobic treatment of waste**	
19 06 04	Digestate from anaerobic treatment of municipal waste	0
19 06 06	Digestate from anaerobic treatment of animal and vegetable waste	0
19 12	**wastes from the mechanical treatment of waste (for example sorting, crushing, compacting, pelletising) not otherwise specified**	
19 12 01	Paper and cardboard	0
19 12 06	Wood containing dangerous substances	0
19 12 07	Wood other than that mentioned in 19 12 06	0
19 12 08	textiles	0
19 12 10	Combustible waste (RDF)	17,007
19 12 11	Other wastes (including mixtures of materials) from mechanical treatment of waste containing dangerous substances	0
19 12 12	Other wastes (including mixtures of materials) from mechanical treatment of wastes other than those mentioned in 19 12 11	779,521 (not all from municipal sources)
15	**Waste packaging; absorbents, wiping cloths, filter materials and protective clothing not otherwise specified**	
15 01	**packaging (including separately collected municipal packaging waste)**	
15 01 01	Paper and cardboard packaging	8
15 01 05	Composite packaging	20
15 01 06	Mixed packaging	19,325
15 01 09	Textile packaging	0

Note: Landfill tonnage relates to Scotland.