

Agenda Item	11
Report No	CP/40/21

THE HIGHLAND COUNCIL

Committee: Communities and Place Committee

Date: 10 November 2021

Report Title: Waste Projects Update

Report By: Executive Chief Officer, Communities and Place

1. Purpose/Executive Summary

1.1 This report provides Members with information on waste infrastructure projects. This includes: the development of waste transfer station infrastructure; an update on the position regarding the Household Waste Recycling Centre in Fort William; progress with accessing the national Recycling Improvement Fund (RIF); and that the Member Waste Strategy Working Group will consider on 5.11.21 the proposed phasing of work for progressing the Green Energy Hub project development on the Longman site. Information is awaited on the Scottish Government review of energy from waste provision.

2. Recommendations

2.1 Members are asked to note:

- i. the Aviemore waste transfer station is progressing towards completion;
- ii. the construction programme for Inverness waste transfer station is underway;
- iii. Heads of Terms are awaited for the preferred site upon which to develop the Fort William waste transfer station and the new lease for the existing Household Waste Recycling Centre (HWRC) in Fort William;
- iv. the positive feedback from Zero Waste Scotland on the stage 2 RIF bid submitted to expand garden waste collections to East Inverness;
- v. the Member Waste Strategy Working Group is to consider the proposed phasing of work to produce the detailed project plan for the Green Energy Hub at the Longman site using the resource agreed at the Council meeting in September 2021, as part of the medium-term financial plan report. The detailed project plan will provide the evidence for Members to consider how best to proceed;
- vi. the procurement of waste transfer and disposal services for residual waste, as a medium-term solution, is progressing with early 2022 targeted for the award of contract to be effective from 2023;
- vii. further information on the scope and engagement methods of the Scottish Government's review into the role energy from waste plants play in Scotland's

- waste hierarchy, including the need for any new capacity is expected during November 2021. Opportunities for the Council to engage in that review will be taken. The review is expected to run between November 2021 and March 2022.
- viii. This report highlights the risks associated with some of the waste transfer projects and in securing a lease for a HWRC that may incur additional cost and the mitigation in place. There are risks around the development of a green energy hub at the Longman site and as reported to Council in September 2021, the allowance approved by the Council to develop the detailed project plan for the green energy hub does not commit the Council to agreeing this development or the scale of this development on the Longman site, but it provides the route map and information for Members to be able to make decisions with the costs, benefits and risks transparent.

3. Implications

3.1 Resource implications

The waste transfer station developments identified in this paper are supported by the Council's existing capital programme. Construction programme variations may arise which would put pressure on the approved capital allocations. During mid-October 2021 Scotland Excel issued a briefing note regarding the construction materials market. The Market Disruption Briefing Notes state: "The construction materials supply chain has been subject to unprecedented disruption through a combination of the Coronavirus (COVID-19) pandemic and Brexit" and also that "Ongoing engagement with suppliers confirms that materials shortages, longer lead times and steep price increases will continue to impact the supply chain".

- 3.2 There is a possibility that these factors will influence the Inverness and Fort William waste transfer station developments. Risks associated with construction projects are also detailed in the Q2 capital report for this Committee.

- 3.3 Separately, should it not be possible to negotiate a new lease for the Household Waste Recycling Centre at Fort William a capital resource pressure for alternative provision would arise.

- 3.4 Until the Council's own infrastructure is in place there is a continual reliance on private suppliers for the transfer of waste. Inevitably there are annual inflationary increases (RPI/CPI) in contract costs that result in additional year costs. In addition, required new or renewed contractual arrangements can also result in increased costs.

3.5 Legal implications

The Council's Waste Management service operates 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 other facilities, and how material can be processed. Currently the most significant regulatory issue that the Council faces is the ban on landfilling our waste as introduced through the Waste Management (Scotland) Regulations 2012. There is to be full compliance by the end of 2025.

- 3.6 Options for the long-term solution have been appraised and peer reviewed and discussed with Members in briefings in September and work is underway to produce a detailed project plan for an energy from waste (EFW) combined heat and power plant (CHP) at the Longman site as detailed in section 5 below. Should the Council proceed with this option the development could take up to 7 years, so an interim solution is required as current waste transfer and disposal contracts conclude at the end of 2022.

The Council is currently out to tender for new arrangements for the period 2023-27 (with scope to extend for a further 36 months) as an interim solution.

- 3.7 The legal requirements governing the waste sector may continue to alter and the Scottish Government recently announced a review into the role EfW plays in Scotland's waste hierarchy, including the need for any new capacity. The scope and engagement process of the review are not yet known but it is expected to take place between November 2021 and March 2022. The outcomes of the review will need to be taken into account. Further information is expected during November 2021 and if it is available by the time the Committee meets, a verbal update will be provided.
- 3.8 Any development of a heat network associated with an Energy from Waste (EfW) plant would comply with the Heat Networks (Scotland) Act 2021.
- 3.9 Community (Equality, Poverty, Rural and Island) implications
The implementation of waste management services is undertaken in accordance with Scottish Government legislation and takes community waste services into account. A key aim of the RIF programme is to level up recycling services and where the Council is successful in bidding this will have a positive impact particularly in rural areas.
- 3.10 Climate Change implications
The infrastructure developments highlighted in this paper are intended to contribute to the effective management of waste in the Highlands. Highland Council is very much aware that its investments should have positive climate/carbon impacts, lowering the area's environmental footprint.
- 3.11 Risk implications
There are risks and issues with the Inverness waste transfer station development and in the two infrastructure projects for Fort William.
- Inverness
 - Programme delay, estimated at 23 weeks, due to the work required to secure a protected species licence and the revision to piling methodology. The time delay may have a financial impact.
 - Whilst there have been considerable ground conditions investigations in preparing for a planning application and the tender specification plus the construction programme's detailed engineering design, the commencement of drilling work for piling supports may impact on the project in terms of time and cost.
 - Construction materials market disruption.
 - Value engineering proposals to the weighbridge office and main waste handling building will require Planning Authority approval. There is engagement with the Planning Authority to proceed appropriately.
 - The fire suppression specification is being revised to align with recent amendments being sought by the Council's buildings insurer. There may be a cost implication.
 - Fort William
 - Securing a new lease for the Household Waste Recycling Centre will negate the need to look at a new site and hence an investment project.
 - Work is underway to secure a suitable site and associated planning permission for the waste transfer station before the waste management contracts with commercial providers conclude in December 2022. To mitigate this risk an option to extend current arrangements to the end of June 2023 is in place.

3.11 As noted above at 3.6, a review of the role EfW plants play in Scotland's waste hierarchy, including the need for any new capacity is expected to run from November 2021 to March 2022. The outcome of the review may affect the requirements of any new EfW plants under development nationally, including the planning for a potential EfW plant at the Longman site. The scope and engagement methods of the review are expected to be known in November 2021. All opportunities for the Council to inform that review will be taken.

3.12 Gaelic implications

Any new signage required for new waste transfer stations will be provided in accordance with the Council's policy for Gaelic.

4. Waste Infrastructure Projects

4.1 Inverness Waste Transfer Station.

4.1.1 The contractor is preparing to commence piling at the end of October. The piling methodology has been agreed and is not expected to have the detrimental cost impact initially thought possible when examining options. Work is underway to prepare for the site access road and associated gullies and drainage. These elements of the construction programme are scheduled to run until March 2022; the waste transfer station is scheduled for practical completion during February 2023.

4.2 Aviemore Waste Transfer Station

4.2.1 The Aviemore facility is nearing completion and the operating licence has been applied for.

4.3 Fort William Waste Transfer Station

4.3.1 There are two infrastructure requirements to resolve at Fort William:

- The need for a new lease to be negotiated for the Household Waste Recycling Centre (HWRC). The HWRC is located at Ben Nevis Industrial Estate and the site is leased from a private landowner.
- Establishing a waste transfer station as part of the strategic infrastructure investment supported by the Council's capital programme.

4.3.2 Following recent interaction between Highland Council officers and the landowner's representatives, Heads of Terms defining a new lease to remain at the current HWRC site are awaited.

4.3.3 Highland Council's preferred site for developing a waste transfer station is adjacent to the HWRC and Heads of Terms for a site lease are awaited for the preferred, vacant site. In recent weeks site survey work has been undertaken to gather information on the ground conditions and topography.

4.3.4 The detailed assessment of the ground condition findings will inform whether site remediation will be required and what form that ought to take. Should site remediation recommendations carry a significant cost then the capital allocated in the current reprofiled capital programme for waste transfer stations at Aviemore and Fort William and other infrastructure (such as replacement recycling banks and bins) may be insufficient to support all of the forthcoming demands. This possibility has been raised in capital monitoring reports.

5. Long-term Waste Management

- 5.1 Highland Council is responsible for disposing of the waste it collects from circa 110,000 households and 5,800 business customers. Members are aware that the Council must, by law, find a long-term solution for the residual biodegradable municipal waste of approximately 80,000 tonnes per annum that cannot be recycled, and cannot be landfilled in Scotland after 2025.
- 5.2 Based on the evidence gathered through four studies commissioned by Highland Council, and as reported to the Council in the medium-term financial plan report in September 2021, the preferred option at this time is to derive value from the waste collected through an EFW plant. This would not only ensure compliance with the landfill ban but enable wider climate change action by creating a green energy hub that would produce electricity for our use and for the grid, potentially also for electric vehicle (EV) charging for our fleet and partner fleet, and possibly also for hydrogen production. Through the heat output of the cornerstone EfW facility there would also be potential to supply a district heating network to support the development plans for East Inverness including new housing and public buildings, as well as high energy using private business. The studies show this could be feasible at the Longman former landfill site alongside the waste transfer station currently being built. It requires a master plan for the whole site and would deliver a range of socio-economic as well as environmental benefits and is one of the five strategic priorities set out in the Highland's Future – Health and Prosperity Strategic Plan. Studies conducted so far indicate this is also more financially sustainable in the long-term than sending our waste outside the region for treatment and disposal.
- 5.3 Following the lead-in work described in reports to Communities and Place Committee in [May](#) and [August](#) 2021, meetings with the Members' Waste Strategy Working Group in April and September, and Member briefings in September, the Council on 9 September agreed to fund up to £2.8m to develop a detailed and costed development plan for the green energy hub at the Longman site. This was set out in the following reports:
- a. [Future Highlands – Health and Prosperity Strategic Partnership Plan](#) (Section 5)
 - b. [Medium Term Financial Plan – Update](#) (Section 7)
- 5.4 To take forward the development of that plan, the phasing of work and the options around bringing technical expertise into the project will be considered initially by the Member Waste Strategy Working Group on 5th November. Early work will involve site specific investigations and preparing for pre-planning advice.
- 5.5 As reported to the Council in September 2021, this project development would be over a four-year period with decision points for Members during that period, initially on planning by year 2. The allowance provided by the Council for this programme does not commit Highland Council to agreeing particular infrastructure investments or to the scale of potential developments on this site, but it will seek to provide the route map and information for Members to be able to make decisions with the costs, benefits and risks transparent.
- 5.6 The programme will call upon internal participation and expertise from waste, communications, finance, legal, planning and development planning, project design unit, ecology, climate change and energy sustainability, and design team. Supplementary expertise will be sourced from external organisations – technical, environmental, planning, financial, legal, and insurance.

5.7 To manage the disposal of the Council's residual waste in the interim, waste management contracts require to be re-tendered for the period 2023-27 (with the option for extending by up to 36 months). The initial invitation to tender documents has been issued and the award of contract is planned for early 2022, to be effective from 2023.

6. Recycling Improvement Fund Update

6.1 Members will recall the Recycling Improvement Fund (RIF) is a five-year national programme of £70m. The background to the RIF administered by Zero Waste Scotland (ZWS) was explained in the [report](#) to Communities and Place Committee in May 2021.

6.2 At this stage, the Council has submitted seven expressions of interest and the feedback from ZWS has been positive with all being accepted as meeting the criteria for proceeding to second stage applications. An expansion of the garden waste service for East Inverness was submitted as the first stage 2 application. The ZWS board has approved the application and it is anticipated that Scottish Government approval will be confirmed by early November 2021. Work is underway to expand this service and it will be promoted through a range of channels.

6.3 The remaining RIF applications highlighted in the report to this Committee in August 2021, and potentially any new projects, will be programmed over the fund period.

7. Conclusions

7.1 With funding provided through the Council's capital programme, the waste transfer station infrastructure project at Aviemore is nearing completion. The Inverness waste transfer station construction programme is underway, with initial civil engineering work taking place over the next four months.

7.2 Two Heads of Terms lease offers are awaited: to retain operation of the Fort William Household Waste Recycling Centre at its current Ben Nevis Industrial Estate location; and to secure the adjacent site for the development of a waste transfer station. In the latter case the degree of site remediation required will also be an important determining factor.

7.3 The Member Waste Strategy Working Group is considering the phasing of work for the project plan for the current preferred long-term option of an EfW plant with combined heat and power, and as part of a green energy hub at the Longman site. This will draw on the resources agreed at Council in September 2021. The Working Group meets on 5th November 2021 and a verbal update can be provided at the Committee meeting. Opportunities will be taken to engage with the Scottish Government's review once the scope and engagement methods are known.

7.4 The procurement process to acquire the medium-term management of Highland Council's residual waste tonnage is progressing, with the preferred contractor likely to be appointed during the early months of 2022, in time for the new contracts to be effective from 2023.

7.5 All seven of Highland Council's submissions to the Recycling Improvement Fund have been accepted to proceed to second stage applications. An expansion to the garden waste service was submitted as the first of these; it has been approved by Zero Waste Scotland and Scottish Government confirmation is anticipated during November.

Designation: Executive Chief Officer Communities and Place

Date: 22 October 2021

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