



Gareth Owens LL.B Barrister/Bargyfreithiwr
 Head of Legal and Democratic Services
 Pennaeth Gwasanaethau Cyfreithiol a Democraidd

To: Councillor Eryl Williams (Chairman)

CS/NG

Councillors: Aaron Shotton, Kevin Jones, Dave
 Cowans, Michael Priestley, David Smith, John
 Wynn Jones, Richard Dew and J. Arwel Roberts

21 January 2015

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Dear Sir / Madam

The Meeting of the **NORTH WALES RESIDUAL WASTE JOINT COMMITTEE** will be held in the **CONWY BUSINESS CENTRE, JUNCTION WAY, LLANDUDNO JUNCTION LL31 9XX** on **THURSDAY 29 JANUARY 2015** at **2.00PM** to consider the following items.

Yours faithfully

Democracy & Governance Manager

AGENDA

- 1 **APOLOGIES**
- 2 **DECLARATIONS OF INTEREST**
- 3 **APPROVAL OF PREVIOUS MINUTES**
- 4 **MATTERS ARISING FROM PREVIOUS MEETING**

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The Council welcomes correspondence in Welsh or English
 Mae'r Cyngor yn croesawau gohebiaeth yn y Cymraeg neu'r Saesneg

5 **PROGRESS REPORT (SO REPORT)**

6 **COMMUNICATIONS UPDATE (VERBAL)**

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 - TO
CONSIDER THE EXCLUSION OF THE PRESS AND PUBLIC**

The following item is considered to be exempt by virtue of Paragraph(s) 14 of Part 4 of Schedule 12A of the Local Government Act 1972 (as amended).

The balance of public interest is against disclosure of the report as this could prejudice the procurement process.

7 **RIR – RISK STATUS UPDATE (SO REPORT)**

The following item is considered to be exempt by virtue of Paragraph(s) 14 of Part 4 of Schedule 12A of the Local Government Act 1972 (as amended).

The contract process is still underway and would be prejudiced by making public at this stage.

8 **PROCUREMENT UPDATE (PRESENTATION TO BE GIVEN ON THE DAY)**

9 **ANY OTHER BUSINESS**



NWRWTP

North Wales Residual Waste Treatment Project

NORTH WALES RESIDUAL WASTE JOINT COMMITTEE

**Minutes of the meeting of the Joint Committee held at County Hall, Ruthin,
Denbighshire County Council on Thursday 31 July 2014**

PRESENT:

Councillor Mike Priestley (Vice-Chair) – Conwy County Borough Council

Councillor David Cowans – Conwy County Borough Council

Councillor David Smith – Denbighshire County Council

Councillor Kevin Jones – Flintshire County Council

Councillor W. Gareth Roberts – Gwynedd County Council

Councillor J. Arwel Roberts – Isle of Anglesey County Council

ALSO PRESENT:

Flintshire County Council

Chris Cohen (Lead Finance Officer), Colin Everett (Lead Chief Executive), Gareth Owens (Monitoring Officer), David Webster (Internal Audit Manager), and Gary Ferguson (Section 151 Officer).

Denbighshire County Council

Steve Parker (Head of Highways and Environmental Services).

Conwy County Borough Council

Andrew Kirkham (Section 151 Officer).

Gwynedd County Council

Medwyn Williams (Senior Manager, Waste Treatment Services).

Isle of Anglesey County Council

Meirion Edwards (Lead Technical Officer)

North Wales Residual Waste Treatment Project

Steffan Owen (Project Manager)

Local Partnerships UK

Huw Roberts (Advisor)

Welsh Audit Office

Ron Parker

1. APOLOGIES

Apologies for absence were received from Councillor Eryl Williams (Denbighshire County Council), Councillor Aaron Shotton (Flintshire County Council), Councillor John Wyn Jones (Gwynedd County Council), Councillor Richard Dew, Dewi R. Williams and Arthur Owen (Isle of Anglesey County Council).

2. DECLARATIONS OF INTEREST

None

3. APPOINTMENT OF CHAIR AND VICE-CHAIR TO THE JOINT COMMITTEE

Nomination put forward, Councillor Eryl Williams, Denbighshire County Council, to be voted in as Chair.

Nomination put forward, Councillor Mike Priestley, Conwy County Borough Council, to be voted in a Vice-Chair.

RESOLVED that :

- *Councillor Eryl Williams be elected as the Chair, and*
- *Councillor Mike Priestley be elected as the Vice-Chair.*

In the absence of the Chair, Councillor Eryl Williams, the Vice-Chair subsequently chaired the meeting.

It was agreed by all present at the meeting to send Good Wishes to Councillor Eryl Williams who was unable to attend the meeting due to the fact that his mother was seriously ill.

4. APPROVAL OF PREVIOUS MINUTES

The minutes of the meeting of the North Wales Residual Waste Joint Committee held on the 29 January, 2014, were submitted for approval.

RESOLVED that the minutes of the meeting of the North Wales Residual Waste joint Committee held on 29 January 2014 be approved as a correct record.

5. MATTERS ARISING FROM THE PREVIOUS MEETING

There were no matters arising.

6. OVERVIEW

6.1 PROJECT PROGRESS REPORT

Colin Everett, Chief Executive (Flintshire County Council) presented the progress report and advised that regular meetings had been held between the Partnership and Wheelabrator Technologies Inc (WTI).

Members were advised that key actions would be covered in the remaining agenda items.

RESOLVED that:

- *the report be noted*
- *the positive progress made in project management and delivery be noted.*

7. PROJECT MANAGEMENT MATTERS

7.1 RISK REGISTER

The Project Manager presented the Risk Register report which highlighted some of the amendments to the risk register that had been made to reflect the current understanding of risks and mitigation measures that were in place.

The Project Manager reported there were three main areas of risk at the current time which were shown in the report.

RESOLVED that the updated Risk Register for the project be noted.

7.2 COMMUNICATIONS UPDATE (REPORT)

The Project Manager updated members on communication matters concerning the North Wales Residual Waste Treatment Project (NWRWTP). A pack containing copies of the press and media coverage since January 2014 had been made available to members.

RESOLVED that the communication update be noted

7.3 STATEMENT OF ACCOUNTS

Gary Ferguson, Section 151 Officer (Flintshire County Council) presented to members the Statement of Accounts 2013/14 for the North Wales Residual Waste Treatment Project (NWRWTP) incorporating those changes agreed with the Wales Audit Office (WAO) during the course of the audit.

Under the International Standards on Auditing (ISA) 260, the WAO were required to communicate relevant matters relating to the audit of the final statements to those charged with governance, which for the Partnership was the Joint Committee.

Ron Parker, WAO, informed members of the key points within the Audit of Financial Statements Report.

RESOLVED that members:

- *Approve the final version of the Statement of Accounts 2013/14 (subject to the public inspection period as noted within the WAO report)*
- *Considered and approve the WAO's report; Audit of the Financial Statements – North Wales Residual Treatment Partnership*
- *Approve the Letter of Representation (subject to the public inspection period as noted within the WAO report).*

7.4 ANNUAL GOVERNANCE STATEMENT

David Webster, Internal Audit Manager (Flintshire County Council), presented to members the Annual Governance Statement.

For each financial year, the Project were required to produce an Annual Governance Statement (AGS) as part of its final accounts. This statement explained the governance framework in operation throughout the year and how it had been reviewed to ensure it was effective.

The AGS has been prepared to comply with “Delivering Good Governance in Local Government: A Framework” published jointly by CIPFA and SOLACE. It had then been submitted to the Chief Executive, Section 151 Officer and Monitoring Officer of the Lead Council for their observations. It had been considered by the Project Board on 13 June 2014. The final version, following approval by the Joint Committee, would be submitted to the Chief Executive of the Lead Council and the Chair of the Joint Committee for signing.

The AGS had also been considered and approved by the Wales Audit Office.

RESOLVED that members considered and approve the Annual Governance Statement for signing.

8. PROGRESS

8.1 2ND INTER AUTHORITY AGREEMENT

The Project Manager presented the 2nd Inter Authority Agreement (IAA2) Report to update members on progress and to allow for discussion to finalise the Agreement.

The IAA2 had been the subject of detailed feedback from the legal, technical and financial officers, as well as the Project Board and was at a stage that required finalising and signing by the Partner Authorities.

A mid-term review had been agreed (no later than 15 years into the operational life of the contract) to consider:

- The operational life of the contract (whether to exercise the option to extend the contract with WTI by up to 5 years as stipulated in the Project Agreement);
- Options beyond the WTI contract (e.g. do the Authorities want to remain in partnership and re-procure a new contract for the operation of the facility after WTI's contract);
- How to manage and distribute any residual value of the buildings and equipment related to the operation of the facility upon closure of the contract. For the avoidance of doubt, the residual value refers to the physical building(s) and other assets only, not the site itself (which is dealt with elsewhere within the IAA2).

RESOLVED that members:

- *Note the report and its contents*
- *Following finalisation by the Lead Chief Executive, Partner Authorities sign the 2nd Inter Authority Agreement.*

8.2 FINAL BUSINESS CASE (VERBAL REPORT)

Colin Everett, Chief Executive, (Flintshire County Council) presented a verbal report to members regarding the Final Business Case.

The Final Business Case would be presented to Ministers on the 6 August 2014. Following approval by the Welsh Government, the Final Business Case would then be in the public domain.

At this juncture, members expressed their gratitude to the Flintshire Officers for their hard work and smooth running of the Project.

RESOLVED that the verbal report be noted.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 – TO CONSIDER THE EXCLUSION OF THE PRESS AND PUBLIC

The following item was considered to be exempt by virtue of Paragraph(s) 14 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

The contract process is still underway and would be prejudiced by making public at this stage.

8.3 PROCUREMENT UPDATE AND FINANCIAL CLOSE WITH WTI

The Project Manager presented the Procurement Update Report to update members on the progress of discussions with Wheelabrator Technologies Inc (WTI) to reach financial close.

Whilst discussions with WTI were now almost complete, there remained a significant amount of detailed work to be completed. It had been clear that reaching Financial Close would move beyond July, however, the intention remained to work through August to resolve the remaining issues and close off the details and reach Financial Close by the end of August.

RESOLVED that the Joint Committee:

- i) Note the content of the report*
- ii) Give delegated authority to the Lead Chief Executive to conclude discussions with WTI to resolve the remaining matters:
 - (a) Reach agreement on the Intervention Event final wording*
 - (b) Reach a position that is acceptable to the Partnership, WTI and Welsh Government on the Property issues, specifically the Restricted Covenant.**
- iii) To give delegated authority to the Project Board to choose the option for dealing with Foreign Exchange based on advice from the Finance Offices and the project's financial advisors, Grant Thornton, subject to the option chosen being a "no worse" position than that outlined at CFT.*
- iv) Subject to satisfactory conclusion of the issue listed in recommendations ii) and iii) above, give delegated authority for the Lead Chief Executive to sign the Agreement on behalf of the Lead Authority in the presence of the Chair or Vice-Chair of the Joint Committee.*

9. ANY OTHER BUSINESS

Colin Everett, Chief Executive, (Flintshire County Council) confirmed that Wheelabrator Technologies Inc. (WTI) had recently been sold by its parent company. The takeover posed no risk but the Legal and Financial Officers were to carry out further extensive checks to clarify the position. The takeover of WTI would be added to the Risk Register for reference.

The meeting concluded at 12.00 p.m.



AGENDA ITEM: 5

NORTH WALES RESIDUAL WASTE TREATMENT PROJECT PROGRESS REPORT

NORTH WALES RESIDUAL WASTE JOINT COMMITTEE

Date : 29th January 2015

Period: 31st July 2014 to 22nd January 2015

PROJECT SUMMARY

To procure a sustainable waste management solution for the 5 local authorities in North Wales (Conwy, Denbighshire, Flintshire, Gwynedd and Isle of Anglesey) that will assist with the reduction in greenhouse gas emissions from landfill and will minimise the tonnage of waste residue sent to landfill thus ensuring that the authorities avoid Landfill Allowance Scheme (LAS) infringement penalties and meet National Waste Strategy targets.

PROJECT STATUS

Overall Project Status	
Red	<p>WTI were bought out by an American private equity firm called Energy Capital Partners (ECP) during the latter half of 2014 (the process took several months and was complete just prior to Christmas 2014). As part of the buyout, EC undertook a review of all WTI's projects outside the US, and as a result of the review discussions have continued with WTI with a resultant delay in the timetable (see agenda item 8).</p> <p>The Project Board have been updated and met regularly to discuss the implications of the this and provide a steer to the Lead Chief Executive and project team in discussions with WTI.</p>

Budget status	
Amber	Project expenditure to date and estimated future expenditure will be verbally reported at the meeting.



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North Wales Residual Waste Treatment Project

Status	Meaning
Green	There are no problems; all is progressing well and to plan
Amber	There are some minor/ less significant problems. Action is needed in some areas but other parts are progressing satisfactory.
Red	There are significant problems and urgent and decisive action is needed.

PROJECT UPDATE – Activities due for completion 31st July 2014 to 22nd January 2015 (and highlighted longer term actions).

ID	Activity	RAG status	Comments	Forecast	Actual
110					
111					
112					
113	Site visit to Energy from Waste facility by partner authority Members	Green	Some site visits already taken place as part of the Planning process	Summer / Autumn 2014	Complete
114					
115	Completion of fine tuning and clarification with WTI	Red	See item 8 (part 2 item) on agenda.	To be clarified, WTI proposed timetable May 2015	
116	Develop contract management structure for post financial close	Amber	This workstream will dovetail with 115 above.	See 115 above	
117	IAA2 to be completed	Green	IAA2 complete, ready for signing just prior to reaching Financial Close.	See 115 and 116 above	Complete
118	Finalise Community Benefit Fund (CBF) governance arrangements	Green	This work to be completed by FCC prior to IAA2 signing (IAA2 makes provision for the CBF as previously reported to the Joint Committee)	September 2014	
119	Consider options for further partnership working	Green	The Project Board has considered a paper by the Project Director on possible areas for future collaborative working that may provide savings or additional income to the partner authorities. Such areas include markets for	On going	



NWRWTP

North Wales Residual Waste Treatment Project

			recyclates etc to be investigated further by the technical officers and additional income from electricity and / or heat sales to be investigated further by the Project Board.		
120	Planning Application to be submitted by WTI	Green	Planning application is now submitted and now under consultation and under consideration	September 2014	Complete
121	Further discussions with WG over capital funding options for the required new transfer station in the Conwy / Denbighshire area.	Green	Conwy currently looking at site options, will report to Technical Officer Group with findings, who will lead the workstream.	On going, required prior to contract commencement	
122	Work through new mark up of Project Agreement (PA) (contract)	Green	Legal meeting held on 19 January 2015 with WTI's legal team to go through PA	Jan / Feb 2015	Complete
123	Work through financial model of WTI's bid	Amber	Partnership are in ongoing discussion with WTI (see agenda item 8).	January 2015	
124	Ensure WTI provide a response to a paper from Friends of the Earth objecting to the Parc Adfer planning application.	Amber	Mon a Gwynedd Friends of the Earth have distributed their paper objecting to the Parc Adfer planning application to Members of all partner authorities, WTI will provide a written rebuttal of the paper.	January 2015	

KEY RISKS – See item 7 on this agenda.

Recommendation – Note the content of this report