



County Hall
Cardiff
CF10 4UW
Tel: (029) 2087 2000

Neuadd y Sir
Caerdydd
CF10 4UW
Ffôn: (029) 2087 2000

SUPPLEMENTARY PAPERS

Committee	ENVIRONMENTAL SCRUTINY COMMITTEE
Date and Time of Meeting	TUESDAY, 2 MARCH 2021, 4.30 PM
Venue	REMOTE VIA MS TEAMS
Membership	Councillor Patel (Chair) Councillors Derbyshire, Owen Jones, Lancaster, Jackie Parry, Parkhill, Owen, Sandrey and Wong

The following papers were marked 'to follow' on the agenda circulated previously

- 5 Contract & Lease for Green Electricity Generation from Landfill Gas & Landfill Gas Management at Lamby Way** (*Pages 3 - 8*)
- 6 Replacement of the Recycling & Refuse Collection Fleet** (*Pages 9 - 14*)

Davina Fiore

Director Governance & Legal Services

Date: Wednesday, 24 February 2021

Contact: Graham Porter, 02920 873401, g.porter@cardiff.gov.uk

This page is intentionally left blank

CYNGOR CAERDYDD

CARDIFF COUNCIL

ENVIRONMENTAL SCRUTINY COMMITTEE

02 MARCH 2021

**CONTRACT & LEASE FOR GREEN ELECTRICITY GENERATION FROM
LANDFILL GAS AND LANDFILL GAS MANAGEMENT AT LAMBY WAY**

Reason for the Report

1. To provide the Committee with an opportunity note and discuss the Cabinet paper titled 'Contract & Lease for Green Electricity Generation from Landfill Gas & Landfill Gas Management at Lamby Way' in advance of it being presented at the Cabinet meeting in March 2021.

Reason for the Cabinet Report

2. The Cabinet report titled 'Contract & Lease for Green Electricity Generation from Landfill Gas & Landfill Gas Management at Lamby Way' is being presented at Cabinet in March 2021 to:
 - Update Cabinet on the management of landfill gas at Lamby Way and Ferry Road;
 - Seek approval to conclude contract and lease agreements for the provision of electricity from landfill gas and landfill gas management at Lamby Way.

Background

3. The Council had a historical landfill gas lease with a company called Infinis at Lamby Way. This has been in place since December 1997, and was subsequently extended in December 2014.
4. Under the lease arrangement, Cardiff Council received 15% of the gross income from the generation and sale of electricity.

5. Should the landfill gas curve continue as forecast until 2040, it is anticipated the total value of the electricity generated from landfill gas will be in the region of £13.3 million between 2020 and 2040.
6. The Council intended to procure new arrangements via OJEU open procedure via 'Sell to Wales', and in doing this they were looking to utilise the SQUID pre-qualification document during the selection process.
7. The Council were seeking a percentage share of the royalty payments for the electricity that is transferred to the grid, this would include:
 - GDUoS income;
 - Triad income;
 - Traded Power (until 2021);
 - ROC and BSUoS; and,
 - All other associated income and savings from the process.
8. Prior to the lease finishing the Council with the support of specialist consultants engaged with OFGEM in an attempt to transfer the ROC accreditation to the Council; this accreditation represents 50% of total income and remains in place until 2027. OFGEM manages the ROC accreditation scheme, including payments and transfers.

Issues

9. Infinis did not support the transfer of ROC accreditation, and following the cessation of the lease they removed equipment from Ferry Road and wrote to OFGEM to cease the ROC accreditation for their equipment at the Ferry Road site.
10. Infinis kept their generating equipment at Lamby Way and lit the flare to burn the landfill gas as they had no lease arrangement to support electricity generation at the site.
11. The Council was not able to persuade OFGEM to transfer the ROC accreditation from Infinis to them or a new provider as rules stipulate that the ROC is attached to the specific generating equipment and, therefore, Infinis would need to support the transfer.

12. As the transfer of ROC accreditation was unable to take place without consent from Infinis it meant they potentially held have an exclusive right. This meant that the Council would be either in detriment by undertaking a competitive tender without ROC accreditation, or the tender would not be competitive or fair if Infinis were allowed to tender with their ROC accreditation.
13. In the light of the ROC transfer position, the Cabinet report set out the following points:
- The risk associated the ROC transfer meant the Council could not implement a competitive tender without being in detriment.
 - That the Council opened dialogue with Infinis to agree a new Contract and Lease for the generation of green electricity from landfill gas and landfill gas management at Lamby Way.
14. A Heads of Terms has been issued between Novera Energy Generation No.2 Limited (Infinis) and the Council for the renewal of gas management, generation rights and obligations of Infinis at the Lamby Way landfill site, with effect from 1 April 2021. The Heads of Terms agreed three main principle, these were:
- A transitional lease to enable electric generation and the receipt of royalty payments at 15% from the date of the Heads of Terms to the 1 April 2021.
 - A payment of £115,000 for the rights to gas during the Term prescribed by the Lamby Way Agreements. The Term being 1 April 2021 to 31 March 2028 unless terminated sooner.
 - Royalty payments of Gross Revenue Income of: 17% - Year 1 (commencing 1 April 2021); 16% - Year 2 (commencing 1 April 2022); 15% - Years 3, 4, 5 and 6 (commencing 1 April 2023, 1 April 2024, April 2025 and 1 April 2026 respectively); 14% - Year 7 (commencing 1 April 2027).

Report Recommendations

15. The Cabinet report will recommend:
- To approve the conclusion of contract and lease agreements for the provision of electricity from landfill gas and landfill gas management at Lamby Way as agreed in the Heads of Terms.
 - To delegate authority to the Director of Economic Development subject to consultation with the Cabinet Member Corporate Services & Performance and the Cabinet Member clean streets, recycling and environment, s.151 Officer and Director Governance and Legal Services, to deal with all aspects of the contract and lease agreements.

Way Forward

16. Members will be asked to note the content of this Member Briefing Note, and decide if any further scrutiny is required on the matter.

Legal Implications

17. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not making policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to the Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

18. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not making policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATIONS

The Committee is recommended to:

- (i) Consider the information in this report and the information presented at the meeting;
- (ii) Determine whether they would like to make any comments, observations or recommendations to the Cabinet on this matter; and,
- (iii) Decide the way forward for any future scrutiny of the issues discussed.

Davina Fiore

Director of Governance & Legal Services

24th February 2021

This page is intentionally left blank

**CYNGOR CAERDYDD
CARDIFF COUNCIL**

ENVIRONMENTAL SCRUTINY COMMITTEE

02 MARCH 2021

REPLACEMENT OF THE RECYCLING & REFUSE COLLECTION FLEET

Reason for the Report

1. To provide the Committee with an opportunity note and discuss the Cabinet paper titled 'Replacement of the Recycling & Refuse Collection Fleet' in advance of it being presented at the Cabinet meeting in March 2021.
2. The report will recommend that the Cabinet approve the phased purchasing of a new recycling and refuse collection fleet over a two-year period with a value estimated at £9.7 million.

Background

3. The current fleet of recycling and Refuse Collection Vehicles (RCVs) were procured in 2013/14 via a contract hire agreement. On conclusion of the agreement in 2018/19, the vehicle fleet was purchased and maintained by Central Transport Services.
4. The majority of the fleet is now at the end of its working life and at a point where maintenance costs have significantly increased and reliability reduced. A replacement program is required to provide resilience to maintain frontline operations, supporting the Councils objective to deliver a world-class waste collection service and high recycling performance.
5. The recycling and refuse collection service provided by the Council requires a vehicle fleet of approximately 70. These vehicles cover the following waste collection elements:
 - Domestic general waste;

- Recycling collections;
- Food waste;
- Garden waste;
- Commercial trade recycling & waste services.

Issues

6. An initial procurement exercise was carried out in 2020, and twelve recycling and refuse vehicles were purchased to replace a number of the existing fleet.
7. This exercise verified current market prices and confirmed the best value approach is to continue with purchasing of vehicles to replace the existing vehicle fleet, and to acquire interim hire vehicles to facilitate the change to four day working.
8. Based on current vehicle prices, the anticipated cost of the procurement of the replacement fleet will be £9.7 million. The procurement would be carried out as a direct award to the vehicle manufacturer via the Halton Housing Framework.
9. Halton Housing is a housing association in the North West with a fleet procurement framework designed to reduce fleet procurement costs. The framework covers nine separate types of vehicles, ranging from small cars to 26 tonne refuse and recycling vehicles. The framework results in a fixed rebate paid by supplier (£50 per vehicle) to framework, rather than a percentage of the overall cost resulting in a saving to the authority.
10. The procurement strategy must consider the service requirements over the next seven to nine years. A phased approach over a two-year period allows the Council to continue vehicle trials to determine recycling methodology in line with Welsh Government Waste Strategy for both domestic and trade waste collections.
11. Within the fleet, some fuel savings are possible by optimising routes and driving style, but this is limited. Fully electric vehicles are available and included in the vehicle replacement program. However, due to the increased cost of this vehicle type, consideration can only be given where additional funding for uplift vehicle costs and charging infrastructure is available. The two year phased approach will allow the

Council to continue to seek opportunities for additional funding in this area, and support reviewing the performance of electric RCV's and associated running costs.

12. All new vehicles will all be fitted with the latest Euro VI diesel engines, and will produce 90% less particulates and Nitrogen Oxide than the 2013/14 vehicle fleet being replaced. This helps to support the environmental objectives of the Council.
13. Vehicles will be fully supported by Central Transport Services. The preferred vehicle manufacturer will enable CTS to undertake and recharge remedial work under the vehicle warranty. The manufacturer will provide training, free of charge, to support this initiative.

Report Recommendations

14. The Cabinet report will recommend:
 - To approve the phased purchasing of a new recycling and refuse collection fleet over a two-year period with a value estimated at £9.7M.
 - To delegate authority to the Director of Economic Development subject to consultation with the Cabinet Member Corporate Services & Performance and the Cabinet Member clean streets, recycling and environment, s.151 Officer and Director Governance and Legal Services, to deal with all aspects of the procurement process (including approving the evaluation criteria to be used, commencing the procurement and authorising the award of the proposed contract) and all ancillary matters pertaining to the procurement.
15. The report also provides the explanation for these recommendations as:
 - To support the programme of service improvements in Recycling Services.
 - To support the Council meeting the statutory requirement to collect household waste and maintain a goods vehicle operator's licence.

Way Forward

16. Members will be asked to note the content of this Member Briefing Note, and decide if any further scrutiny is required on the matter.

Legal Implications

17. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not making policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to the Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

18. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not making policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATIONS

The Committee is recommended to:

- (i) Consider the information in this report and the information presented at the meeting;
- (ii) Determine whether they would like to make any comments, observations or recommendations to the Cabinet on this matter; and,
- (iii) Decide the way forward for any future scrutiny of the issues discussed.

Davina Fiore

Director of Governance & Legal Services

24th February 2021

This page is intentionally left blank