

WIDP**TRANSACTORS MONTHLY REPORT**

Please ensure that this report is updated on a monthly basis.

Please refer to the Transactors Monthly Report Guidance for details on how to complete this report.

Local Authority: Norfolk County Council

Reporting Period (month): October 2011

Transactor: [REDACTED]

No updates to report this month
(please mark 'x' in box)

☐

Project: Waste Treatment PFI
Approved WI Credits: £91m

Date report submitted
(dd/mm/yy): 02/11/2011

Project / Authority Contact Details

Name: [REDACTED]
Email: [REDACTED]
Phone: [REDACTED]

Advisors (Firm and Individual)

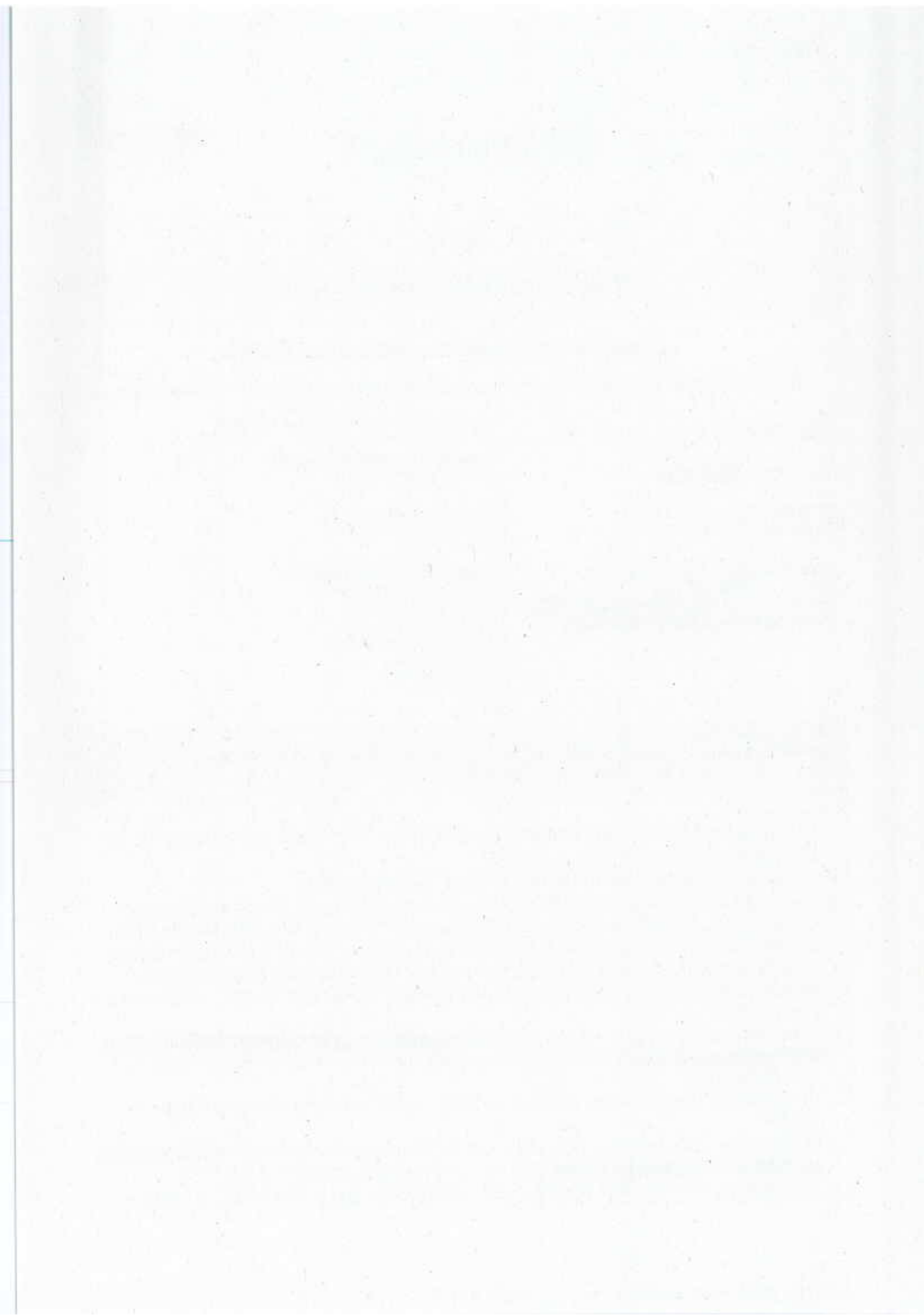
Financial: Ernst and Young
Legal: Sharpe Pritchard
Technical: SKM Enviro
Planning: Mott MacDonald
Comms: Internal
Insurance: Marsh
Other:

Overall Assessment

Overall Assessment - Delivery Confidence 'W' - Not known, B - Achieved, G - Highly likely, AG - Probable, A - Feasible, AR - Doubtful, R - Unachievable

AR

- Following the CSR Announcement on the 20 October, Norfolk CC has retained the full WI Credit allocation of £91m.
- Widp approved pre-Preferred Bidder FBC 06 December 2010.
- Contract Award recommendation approved by Project Board on the 04 January and Overview and Scrutiny on 12 January; Cabinet made the decision on 07 March. This decision was called in by Cabinet Scrutiny on 19 April and the original decision stands
- Meeting between SoS and local MPs has resulted in letter to NCC Leader Derrick Murphy asking for an attempt at consensus between District and County – a response was provided.
- Planning application date was 10 June [REDACTED]
[REDACTED] Planning public consultation commenced on 22 June and runs until 03 August
- Permit application submitted on 22 June 2011. Validation and public consultation to follow.
- Ongoing meetings between NCC, CW and WIDP during July to discuss [REDACTED]
[REDACTED] This has held up the submission of the FBC.
- Treatment of this has been agreed in principle by NCC and bidder, WIDP is engaging



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further with HMT to seek approval of proposed treatment. **Sch 16 has been agreed.**

- FBC submitted July 22, and clarifications have been received. Ministerial submission has been made. **Awaiting result of ministerial decision prior to submission to HMT.**
- Funder TA report received on 30 September with impact on timetable pushing financial close to the end of November. **Financial close currently arranged for 14 November.**
- Funding club has lost [REDACTED] but capital requirement still covered by remaining members. Some updates to hold levels to be done to assure NCC that facility oversizing is covered. [REDACTED]
- JR decision has received 24 June found in favour of NCC, rejecting the PCO and only giving the claimant 14 days to submit grounds. This expired on 8 July 2011 and claimants have responded. The permission hearing has been scheduled for 5 December. The appellant is now self-representing having dispensed with the services of Mr Buxton.

More accurate timetable has been reflected in section 10 following receipt of funder TA report, although this allows for some delay in bank credit process.

1. Background

No updates this month - x ☐

G

[REDACTED]

A suitable site with very strong CHP potential has been secured and effective market testing and consultation with stakeholders has been completed. The Pin, OJEU notice, all contract documents and the bid evaluation model have all made clear reference to the County Council's keenness to explore CHP and electricity off take.

Landfill Allowance Implication

The most recent (**October 2010**) projected shortfall of landfill allowances for Biodegradable Municipal Waste (BMW) is:

Year	Landfill Allowance Deficit
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]


The Authority does not expect to fail its Landfill Allowance before the PFI facility starts in 2015 due to mitigation measures implemented:

- Procured surplus treatment capacity elsewhere until the PFI facility is built. [REDACTED]
- Cory Wheelabrator has offered to deliver interim treatment services.



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- Adherence to PFI procurement programme, encouraging early planning application and co-terminus Contract Award and Financial Close.

Kitchen waste collections – supporting the Waste Collection Authorities approach with a  per tonne subsidy (credit) rolled out.



2 Strategic Waste Management ObjectivesNo updates this month - x ☐

AG

Objectives for the PFI are to maximise landfill diversion. There are minimum contract requirements of [REDACTED] treatment and [REDACTED] residue diversion. Cory Wheelabrator is proposing [REDACTED] and [REDACTED] performance against these targets.

The overall strategy in the OBC delivers approximately 55.35% recycling target by 2020 including benefits from the PFI (excluding bottom ash recycling).

Cory Wheelabrator is proposing a 268,000 tonne facility to treat 170,000tpa of Authority waste and in addition 98,000tpa of Commercial and Industrial waste and/or the opportunity to take up the additional WDA waste above 170,000tpa by a separate Ojeu procurement.

The Authority is well engaged with WIDP's CHP programme. Cory Wheelabrator's bid is set up for CHP – and the project has very good prospects for CHP off take, the scoping documents submitted to the planning authority showing a link with Palm Paper.

Kings Lynn and West Norfolk have withdrawn their support for the JMWMS.

2 Strategic Waste Management ObjectivesNo updates this month - x ☐

W



on record	on record	correct capacity (only enter if on record capacity is incorrect)	on record
Facility 1: EFW	Capacity (kTpa): 170	268	Year of operation: 2015
Facility 2:	Capacity (kTpa):		Year of operation:
Facility 3:	Capacity (kTpa):		Year of operation:
Facility 4:	Capacity (kTpa):		Year of operation:
Facility 5:	Capacity (kTpa):		Year of operation:
Facility 6:	Capacity (kTpa):		Year of operation:

Pre-qualified bidders	Date of Exit	Stage of exit	Reason for exit
Shanks	14 Sep 09	Not on shortlist after PQQ	
Donarbon / Viridor	14 Sep 09	Not on shortlist after PQQ	
Urbaser	14 Sep 09	Not on shortlist after PQQ	
WRG	14 Sep 09	Not on shortlist after PQQ	
Biffa	14 Sep 09	Not on shortlist after PQQ	
Sustainable Solutions for Norfolk	14 Sep 09	Not on shortlist after PQQ	
MVV	06 Apr 10	Not on shortlist after ISDS	
Resources From Waste	06 Apr 10	Not on shortlist after ISDS	
Amey/Cespa	08 Nov 10	Not selected as Preferred Bidder	Ranked 2 nd on CFT submission
Cory Wheelabrator			

Nb Capacity data only from this section will be shared with the Government Offices and the EA.

Key points:

- Costs are below the approved OBC affordability range at this stage even though the plant sizes and MSW treated are higher than that proposed within the OBC.
- Cory/Wheelabrator intends to use the reference site at King's Lynn for the EFW facility.
- CHP is fully enabled with good off take potential though the benefits are not incorporated into proposals [REDACTED]
- Bidder and funder mark ups of the PA and Paymech were complete and accepted by WIDP Commercial as part of the WIDP Commercial Review completed in September 2010 with the exception of the [REDACTED] issues.

The Cory Wheelabrator consortium consists of a joint venture between Cory Environmental Management Limited and Wheelabrator Technologies Inc. Recent waste experience can be seen in the Riverside Energy From Waste project.

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Wheelabrator would provide the Engineer, Procure and Construct contract - providing the guarantees for this role. Hitachi Zosen Inova (previously AE&E Inova) would act as a subcontractor to the Engineer, Procure and Construct company to provide the technology.

[REDACTED] An entity would be formed to provide the Operations and Maintenance contract.

The project resolved outstanding derogation type issues ([REDACTED]) and dialogue was closed on 16 September 2010 after WIDP Commercial approval.

No updates this month
(Please mark 'x' in box)

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4 Risk Management Monitoring, Reporting and Contractual Structures

No updates this month - x

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Risk management processes strong, established and embedded in the corporate risk management structure including monthly updates as routine and reporting at Board meetings. Key current project risks include the potential for bid cost increases, the possibility of planning and permitting delays, delays at the FBC and delayed FC.

The proposed risk transfer profile follows WIDP SF and Bidder and funder mark ups of the PA are on market and approved by WIDP Commercial. The Authority has provided a flat tonnage guarantee (GMT) of 170,000tpa throughout the 25 year term.

Following the CSR announcement on the 20 October, Norfolk CC has retained its full WI Credit allocation. WIDP approved the pre-preferred bidder FBC on 06 December 2010.

5 Governance

No updates this month - x

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A Project Board, with appropriate constitution, lead member representation, cross party representation and WCA involvement and reporting regime has been in place during the procurement of a PPP and is well established and organised. It is chaired by Ann Steward (Cabinet member for Economic Development, Planning, Waste Management and the Environment). Adequate ownership and leadership of functional responsibility is evident and the Project Board is well run and focussed.

The Board primarily meets at decision points or stage boundaries and met on 04 January 2011 to recommend contract award to Cory/Wheelabrator, the same recommendation was made by an Overview and Scrutiny Committee on 12 January; and Cabinet made the decision to award a contract on 07 March which was also considered by Cabinet Scrutiny on 19 April.

A Project Assurance Team meets fortnightly to scrutinise the project and discuss risk, communications, lessons learnt, finance, planning and strategy for the project.

The project team currently consists of Mark Allen (Project Sponsor – 40%), [REDACTED] – Project Director (100%) and [REDACTED] – Project Manager (100%) with additional dedicated resources (finance, technical, communications and admin) and ad hoc support from members of the waste management team as and when required. The SRO is Mike Jackson as Director of Environment, Transport and Development.

The Authority as part of an internal scrutiny process led by members does not consider that further training and/or gateway reviews are required.

Financial (EY), Legal (Sharpe Pritchard) and Technical (SKM Enviros), Insurance (Marsh) and Planning (Mott MacDonald) advisors already appointed for the complete procurement stages and working well.

Post Close project team positioning has already been considered with existing procurement positions to continue after post close.

Project management, direction and CD negotiation has been exemplary to date and the project demonstrates many areas of best practice through the dedication, commitment and experience of the project team.

7 Sites, Design & Planning

WIDP Only version

Information shared version

The Authority purchased a freehold 11.93 acre / 4.38 hectare site on the Willows Business Park on the Saddlebow Industrial Estate to the south of King's Lynn. Cory Wheelabrator intends to use the site.

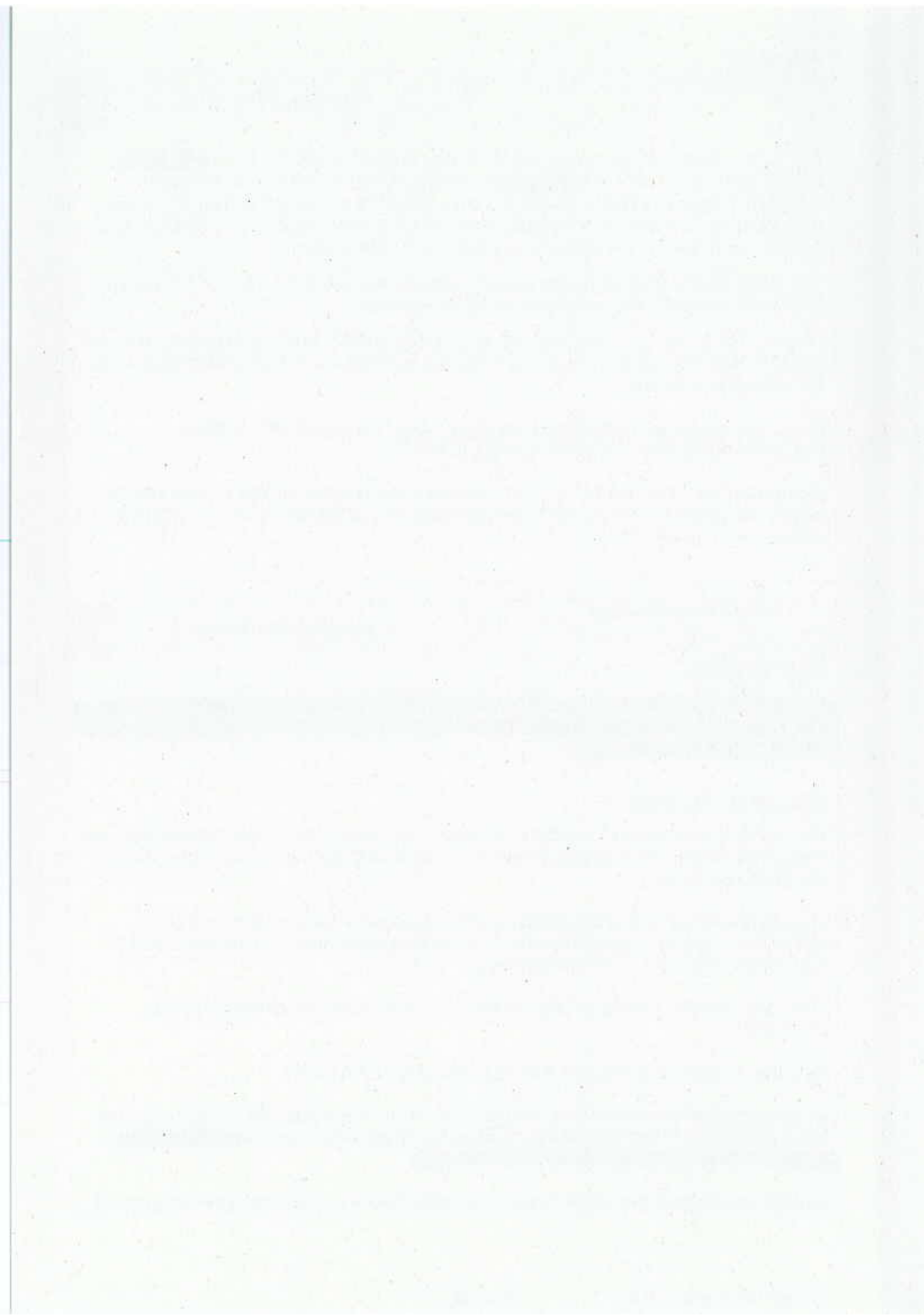
The site has very strong CHP potential and is adjacent to a Centrica gas fired power station that is due to expand in size and a newly built newsprint paper mill operated by Palm Paper with plans for further expansion.

The site is included in the LDF process which has completed two phases of public consultation.

Defra has received EoI requests relating to the King's Lynn facility.

Planning application was made by the bidder on 10 June and possible JR has been built into the projected timescales. The application for a permit was made on [REDACTED]

An updated planning framework health check document was submitted to Widp on the 25



TMR V 2.5

August 2010 and was further reviewed as part of the pre-PB FBC Submission.

The Information shared version only will be shared with the Government Offices and the EA so be mindful that unnecessary information not circulated here. Also mark-up if any data is confidential or commercially sensitive.

8 Costs, Budget & Finance

No updates this month - x ☐

W

Baseline	Nominal	Current Status	Nominal	Mark 'x' if change
Capex	£142m	Capex		
Contract Value	£525.1m	Contract Value		

Capex – figures should be extracted from either Authority's OBC or Bidder's final mode at FBCI. This should include construction costs, construction insurance, bid development costs, planning costs, finance costs but excluding rolled up interest.

DOES PROJECT POSSESS A COMMITTED STREAM OF PAYMENTS BY THE PUBLIC SECTOR OVER THE LONG TERM? (Y/N)	Y
IS PROJECT SCORED ON OR OFF The LOCAL AUTHORITY's BALANCE SHEET?	ONE
IS PROJECT BOND OR BANK FINANCED? (BOND/BANK/ Corporate)	

Year	Capital spend in each year (actual/ expected) £m	Unitary Charge Payments (Actual / Estimated (£ millions))
Actual and Projected Capital expenditure for the project by financial year		Enter the unitary charge payment (UP) in nominal terms including VAT for each year of the contract. For example, actual UP should be stated using actual cost when paid (excluding deductions, if any). Future UP should be expressed in nominal terms using the inflation mechanism set out the contract which will probably require an estimate of future indexation (i.e. RPI)
2010/11		
2011/12		
2012/13		
2012/13		
2013/14		
2014/15		
2015/16		
2016/17		
2017/18		
2018/19		
2019/20		
2020/21		
2021/22		
2022/23		
2023/24		
2024/25		
2025/26		
2026/27		
2027/28		



TMR V 2.5

2028/29			
2029/30			
2030/31			
2031/32			
2032/33			
2033/34			
2034/35			
2035/36			
2036/37			
2037/38			
2038/39			
2039/40			
Total:			

Additional Notes:

Cost of procurement for the WI project is in line with internal forecasts and is frugally managed by the PD. [REDACTED]

[REDACTED] This table will be updated at financial close once final positions following indexation and FX sterling equivalents are established.

9 Stakeholder Management

No updates this month - x



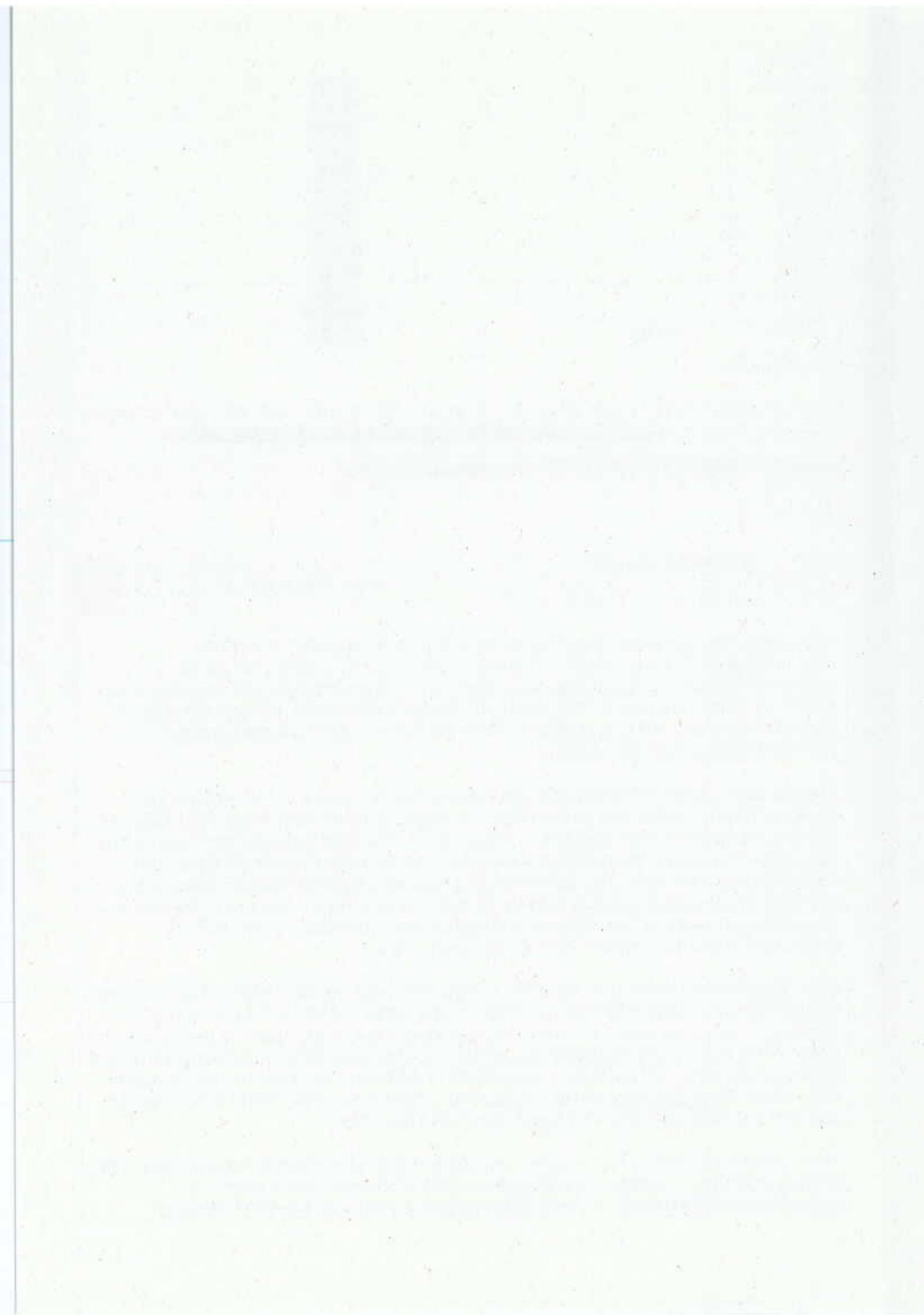
AG

Local press and media coverage has increased since the appointment of Cory Wheelabrator as Preferred Bidder. Themes of focus include: breakage costs, the appropriateness of planning being determined by the county council, land issues and the need for a public referendum. The local Lynn News (twice weekly) has adopted a stance against the project, the regional Eastern Daily Press has a very balanced approach. National coverage has been minimal.

The Borough Council of King's Lynn and West Norfolk held a poll in February on the question 'Do you support the construction of a Mass Burn Municipal Waste Incinerator on the Willows Business Park, Saddlebow, King's Lynn.' The case against was made by local objectors – no case for the proposal was made in the Borough Council literature. This received a 93% "No" vote. This has been used to prompt regional news coverage and a further round of correspondence from local MPs and concerned locals into Defra and other Central Departments. A ComRes poll at the same time, conducted for the bidder established support countywide as 65% and locally 26%.

Other stakeholders continue to be briefed individually including MPs, MEPs, local industry, local employees and special interest groups. A programme of Parish Council and other meetings / shows has been delivered and the engagement by the Authority via the letters pages of the local media has been very strong. Cory Wheelabrator started a programme of local exhibitions on the proposals in January 2011 and launched a community newsletter and website (www.willowsprc.co.uk) in December 2010. This engagement has increased now that the planning and permit applications have been made.

There have been multiple FOI requests and many pieces of correspondence relating to the project, including chain letters and separate letters of objection and a petition of approximately 2,500 signatures against the proposal. There are two local campaign



TMR V 2.5

groups: KLWIN and A Farmer's Campaign.

A Communications Strategy is in place with a dedicated (100%) resource available to manage communications during procurement and after financial close.

Your Norfolk and other magazines, pamphlets and leaflets for residents are being used to actively promoting the project across the county, and a website for the project www.norfolk.gov.uk/futureofwaste is well established.

Configuration Management is managed by the use of a project extranet.

10. Timetable: Delivery Confidence 'RAG' W - Not known, B - Achieved, G - Highly likely, AG - Probable, A - Feasible, AR - Doubtful, R - Unachievable (see TMR guide for full definitions)					
Milestone	Baseline Date	Last month f'cast date	This month f'cast date	R A G	Comments
Submission of EoI					
Approval of EoI					
Business Case Approved by Council					
Submission of OBC					
Mayoral Approval					
Defra Approval of OBC					
PRG Approval of OBC					
OJEU Published					
Descriptive Document Issued					
ISOS Issued					
ISOS Returned					
ISDS Issued					
ISDS Returned					
ISRS Issued					
ISRS Returned					
Derogations Review					
CFT					
Preferred Bidder Identified					
FBC Pre Preferred Bidder Report					
Preferred Bidder Confirmed					
Submission of Final FBC					
Contract Signed/Financial Close					
Planning Application Submitted					
Planning Application Granted					
Long Stop Date					
Permitting Application Submitted					
Permitting Application granted					
Construction Commencement					

TMR V 2.5

Construction Completion	██████	██████	██████	██	
Start of Hot Commissioning	██████	██████	██████	██	
Operational Commencement Scenarios					
Earliest Operational Commencement Date	██████	██████	██████	██	
Most Likely Operational Commencement Date	██████	██████	██████	██	
Worst Case Operational Commencement Date	██████	██████	██████	██	
Further Timetable notes					
<i>Information from this section may be shared with the EA and other Government Departments, mark-up any data that is confidential or commercially sensitive</i>					
11. Transactor Involvement In the last month					
<p><i>Please confirm:</i></p> <p><i>Which meetings you have attended during the past month:</i></p> <p>Several internal WIDP/HMT meetings over the █████ issues</p> <p><i>Details of any WIDP documents, guidance or advice you have provided to the Authority:</i></p> <p>MOU for operational phase</p> <p><i>Any other actions which have been undertaken in the past month:</i></p> <p><i>Any follow up actions required in the next month:</i></p> <p><i>Any good practice to highlight to other Transactors:</i></p> <p><i>Any requests for support from any part of WIDP on any particular issue:</i></p> <p><i>Any issues which have you feel should be escalated to programme level:</i></p>					

