

NORTH LONDON WASTE AUTHORITY

REPORT TITLE:

NORTH LONDON HEAT AND POWER PROJECT - UPDATE

REPORT OF:

MANAGING DIRECTOR

FOR SUBMISSION TO:

AUTHORITY MEETING

DATE:

8 FEBRUARY 2018

SUMMARY OF REPORT:

This report contains an update on the North London Heat and Power Project, and includes an update on project resources, works and risk.

RECOMMENDATIONS:

The Authority is recommended to note this report.

SIGNED:Managing Director

DATE 29 January 2018

1 INTRODUCTION

- 1.1 In February 2017 the Secretary of State granted the Authority's application for a Development Consent Order (DCO) for a replacement Energy Recovery Facility (ERF), with associated works, including a Resource Recovery Facility (RRF) with a new Reuse and Recycling Centre (RRC), and EcoPark House, a visitor reception centre, on the Edmonton EcoPark, the project known as the North London Heat and Power Project (NLHPP).
- 1.2 As part of the process of implementing the North London Heat and Power Project, the Authority will engage with local businesses and residents so that they have information about the works being carried out at the EcoPark, and any potential impact on them. In addition, there are requirements to continue engagement with those with land interests at the site, and with other interested parties, including through the community liaison group provided for in the Code of Construction Practice.
- 1.3 Since the grant of the DCO in February 2017, officers have prepared a schedule for the works required, considered in more detail the packaging of the various works for the purposes of procuring the contracts, and made an initial risk register for implementation of the DCO.
- 1.4 Members have authorised the procurement of some early works which are essential for the development of the ERF, and preparation is underway for a notice in the summer.

2 PROJECT RESOURCES

- 2.1 The Managing Director is reviewing the project team to ensure that sufficient internal resources are in place to take forward the programme of works, including the management of the external advisory team and programme managers. The first, immediate step is to appoint a Programme Director, who can demonstrate established skills in managing a major civil engineering project from development consent to construction, and is familiar with working with an intended operator of the project to ensure that it achieves operational requirements.
- 2.2 Further priorities – building on on the strong work of the team hitherto - are to ensure that we have capacity for effective programme management as the project becomes more complex, and that we have resources to provide focussed planning to secure funds for capital spend.
- 2.3 On the procurement of programme management support, we are consulting Members as mandated at the December Authority meeting. This consultation is supporting us in designing a procurement process which will secure partners who have a strong track record and especially can reassure us about their ability to provide continuity over the length of the project. Our aim is to have a decision on the tender award by the first week of July.
- 2.4 The procurement of the communications consultants is progressing, with a timetable for which aims to secure the communications consultants by June 2018. Members will be engaged in the process as agreed at the December Authority Meeting.

3 PROGRESS ON WORKS

- 3.1 There has been investigatory work carried out on site during the last few months in order to (a) identify the line of the main sewer which must be diverted to allow for the RRF to be constructed; and (b) with UKPN, to identify the route of power cables along Salmon's Brook to the Tottenham substation. Further investigatory work is proposed during 2018.
- 3.2 The first works to be carried out, in line with the programme supporting the DCO application, are the setting up of the Laydown Area on the Lee Valley Regional Park, and improving the access road into the EcoPark, providing for cyclists and pedestrians to have ongoing safe access; the upgrading of Deephams Farm Road; the sewer diversion (with the approval of Thames Water, which is being progressed); and works on the utilities on site. These works will be procured through a notice in the summer this year, and it is intended to hold a half day awareness raising event to provide information to the Market in advance of this notice.

4 RISK

- 4.1 Officers review risks associated with the programme of works and its delivery on a regular basis. A detailed risk register will be required to cover the construction phase, and this will be developed by the Programme Director together with the programme managers, once appointed.
- 4.2 The risks identified as giving the greatest concern at this preparatory stage, and before the work starts in detail on procurement of the ERF, relate to:
 - 4.2.1 Robustness of Authority project team and its activities, including programme management and preparation of documentation. This is being addressed through detailed consideration of the documentation being prepared, and advice from external lawyers, together with a more detailed approach to scheduling of activities. Comments on resources are included in this report above.
 - 4.2.2 Site constraints becoming problematic as design work progresses, and potential inadequate management of the interfaces between the various contracts to be let; these are being addressed through the scope of the contracts, and ensuring that a sufficient understanding of site conditions is made available as part of pre-contract information.
 - 4.2.3 Costs exceeding those anticipated; the value of each contract will be reviewed prior to procurement. The benchmark supplied as part of the procurement documentation should be set at a realistic level to encourage bids in line with the Authority's expectations, with clarity about what risks are transferred under contracts and what remain with the Authority.

5 AMENDMENT TO DEVELOPMENT CONSENT ORDER

- 5.1 The application for an amendment to the Development Consent Order (DCO) to provide for export of up to 78MWe of energy from the Energy Recovery Facility authorised by the DCO is expected to be submitted in early February. Once submitted, it will be available through the National Infrastructure Planning (PINS) website.

5.2 The application will make it clear that the purpose behind the request is to allow the efficient treatment of waste and maximise the export of energy from the facility from the waste volumes authorised (up to 700,000 tonnes per annum). The change would not lead to any change in the environmental impacts of the project, as all the factors which were assessed will remain unchanged, including air quality.

6 CONCLUSION

6.1 The NLHPP programme is being progressed in line with the critical path. The appointment of a Programme Director and programme management firm will further strengthen our drive to manage the project effectively and keep to timetable.

7 COMMENTS OF THE LEGAL ADVISER

7.1 The Legal Adviser has been consulted in the preparation of this report and comments have been incorporated.

8 COMMENTS OF THE FINANCIAL ADVISER

8.1 The Managing Director is reviewing the resourcing requirement for the project team. No specific additional budget provision has been made at this stage. It is anticipated that these costs will be capitalised as part of the project costs and should not impact the levy in future years.

Local Government Act 1972 - Access to Information

Documents used: Development Consent Order and Application Documents including Sustainability Statement; Decision letter. Available through infrastructure.planninginspectorate.gov.uk/projects/london/north-london-heat-and-power-project/?ipcsection=docs.

Contact Officer:
Ursula Taylor
Head of Legal and Governance
Unit 1B, Berol House
25 Ashley Road
Tottenham Hale
N17 9LJ
Tel: 020 8489 4306

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