

APPENDIX 11: WASTE DELIVERY PLAN

11.1 WASTE FACILITY REQUIREMENTS

As discussed previously, the preferred waste management option identified for Gwynedd is Option 1, which aspires to achieve 40% recycling and composting of source segregated waste with in-vessel composting of residual biodegradable waste. This option centres on use of the existing DANO drums owned by the Council. Should a Regional waste treatment facility be realised in the future, then Option 5 may also be a viable option, with residual waste being treated in an MBT facility.

Predicted tonnage requirements and facility capacities for Option 1, the preferred strategy and Option 5, the alternative option are outlined in Table 8.1 and Table 8.2 below:

	Household Waste Recycling Centres	Material Recycling Facilities	Composting (In-vessel and OW)	In-Vessel Composting Residual Waste	Landfill
2006	18,512	9,293	8,898	-	66,277
2009	20,497	15,026	14,641	-	58,122
2010	21,064	17,626	15,852	31,290	28,237
2013	22,401	18,744	16,858	32,939	29,726
2020	23,184	19,400	17,448	33,626	30,346

Table A11.1 – Predicted Waste Treatment Capacity (tonnes per annum) for Option 1 (Preferred Waste Management Option)

	Household Waste Recycling Centres	Material Recycling Facilities	Composting (In-vessel and OW)	Residual MBT	Landfill
2006	18,512	9,293	8,898	-	66,277
2009	20,497	15,026	14,641	-	58,122
2010	21,064	17,626	15,852	59,527	-
2013	22,401	18,744	16,858	62,665	-
2020	23,184	19,400	17,448	63,972	-

Table A11.2 – Predicted Waste Treatment Capacity (tonnes per annum) for Option 5 (Regional MBT Option)

Within Gwynedd, the number of facilities required will be dictated largely by the geography, of the area rather than the treatment capacity requirements. It will be necessary to provide a number of Household Waste Recycling Centres throughout the County, to ensure adequate access for all residents. Equally it will be sensible to provide a number of sites for composting of green waste derived from the Household Waste Recycling Centres to minimise distances that waste is transported.

An estimate of the likely number of facilities for Options 1 and 5 is given in the Tables below.

	Likely number of facilities				
	MRF	HWRC	OW Composting	In-Vessel Composting	Residual Treatment
Option 1	2	7	3	2	2 in county
Option 5	2	7	3	2	1 in county

Table A11.3 – Likely number of waste facilities for Options 1 and 5

These facilities can be potentially financed, built and operated through a number of different waste contract options which are discussed below.

11.2 WASTE CONTRACT OPTIONS

11.2.1 Integrated Waste Management Contract

Under this kind of arrangement all waste collection and disposal functions are operated (or managed) by a single private company (or consortium) under a single integrated waste management contract. Individual elements of the contract may be let to sub-contractors, for example local businesses or community groups. Typically, contracts are let over 15-20 year periods, and even longer depending on the capital investment(s) required. Depending on the nature of the Contract, this can result in limited flexibility for the Council as client.

These contracts are often referred to as DBFO, as the preferred contractor is usually required to Design, Build, Finance and Operate the necessary waste management facilities. The **DBFO** contract will generally include provision and management of civic amenity sites, **waste** transfer sites, recycling bulking and sorting facilities, transportation of materials to markets and to end disposal and the provision of green **waste** composting facilities.

11.2.2 Individual Contracts

Under this kind of arrangement waste collection and disposal contracts are let on a separate basis. Typically, relatively low capital cost contracts, for example waste collection, can be let on (say) a 5-year term. More capital intensive contracts, for example the construction and operation of waste treatment facilities, normally are let on a longer term basis of (say) 15 – 20 years. Table A11.1 provides an indication of the type of organization suited to each of the waste collection and disposal elements.

	Council (DSO)	Private	Community Sector
Collection			
Kerbside Dry Recyclables	✓	✓	✓
Kerbside Organics	✓	✓	
Bring Banks	✓	✓	
Residual Waste Collections	✓	✓	

Waste Haulage	✓	✓	
Facilities Operation			
CA sites	✓	✓	
MRF	✓	✓	✓
Transfer/ Bulking Station	✓	✓	
Green Waste Composting	✓	✓	✓
In-vessel composting		✓	
Residual Treatment Facility		✓	

Table A11.4 Waste Collection and Disposal Contract Elements

Individual contracts can allow a greater degree of flexibility to the Council however, they may result in the overall waste service being more expensive than for an Integrated Waste Contract. On the positive side, by issuing individual contracts it is somewhat easier to involve the community sector and hence attract external funding for recycling projects. In addition, the letting of individual contracts allows the possibility of farm-based composting, which can offer cost savings to the Authority.

11.3 OVERVIEW OF WASTE CONTRACTS

11.3.1 Waste Management Funding

There are a number of potential sources of funding for waste management projects in the UK. These are generally available in support of innovative waste management projects that contribute to the sustainable waste management and improvement in economic and social conditions.

A detailed review of funding sources is not included in this project; however these include:

- UK Government Initiatives, e.g. the Waste Resources Action Programme (WRAP) and the Remade programme — both of these are designed to develop the markets for recycled materials;
- Strategic Recycling Scheme - developed by the Wales Council for Voluntary Action (WCVA) and supported by the Environment Agency Wales. It will receive £6.8 million over three years to promote the reduction, recycling and composting of municipal waste by councils and community sector partnerships.
- Objective 1 Funding - primarily designated to projects that encourage business development and enterprise, infrastructure, community regeneration, promoting employability and lifelong learning, rural development and sustainable use of natural resources.

The majority of these funds are designed to support community based, not-for-profit organisations.

11.3.2 Best Value Regime

In England and Wales, the waste management services now come under the requirements of Best Value (Wales Improvement Programme). This duty was implemented through the Local Government Act 1999. Best Value requires Councils “to make arrangements to secure continuous improvements in the way they carry out their functions having regard to a combination of economy, efficiency and effectiveness.”

The Best Value regime allows Councils to much more easily let integrated waste management contracts through partnerships between neighbouring authorities.

Best Value moves local authorities to give contracts on the basis of efficiency and effectiveness as well as economy. Contracts under Best Value are longer term and performance indicators and standards are now set in contracts. Best Value also encourages Private Finance Initiatives (PFI).

11.3.3 Private Public Partnerships (PPP)

The UK Government is keen to encourage partnerships between the public and private sectors to combine the private capital and expertise of the private sector in the provision of public sector infrastructure and services. Two important mechanisms for implementing PPPs are the Private Finance Initiative (PFI) and the creation of Joint Venture Companies.

11.3.4 Private Finance Initiative (PFI)

The Private Finance Initiative was launched in 1992 as a mechanism through which the public sector could achieve value for money through partnership with the private sector. Traditionally public authorities would purchase capital assets such as waste management facilities and operate them themselves. Under PFI, public authorities are encouraged to enter into contracts with the private sector for the provision of a service. The private sector organisation then designs, builds, finances and operates (DBFO) the required assets.

A key element of the PFI process is the transfer of risk. Each PFI contract is unique and the level of risk assumed by each party is negotiated and finalised in the contract terms and conditions. The ideal set up from a Local Authority perspective will transfer risk associated with the design, build, operation and obsolescence of technologies to the private sector. The capital asset will then be recognised on the balance sheet of the operator and similarly will not count against the public sector capital spending limits. If the transfer of risks is not sufficient the PFI is simply a mechanism for providing the public authority with access to borrowed funds such as finance leases.

PFI contracts must take into account the level of service that the public authority is responsible to provide. Contracts are often set up such that facilities will revert to public sector ownership if the private sector seriously fails to meet its objectives. Contracts are also set up such that differing service charges will be applied on the basis of performance. For

example waste management contracts often contain requirements to recover or recycle certain volumes of waste.

Most PFI contracts in the waste management sector are long term contracts in the order of 15 to 25 years. Typically the concessionaire is responsible for securing the supply of waste through long-term contracts with Local Authorities and/or private industry, in order to obtain the support of funding organisations.

11.3.5 Joint Venture Companies (JVCs)

An alternative PPP mechanism is the Joint Venture Company. This is a company in which both the public sector and private sector have a stake.

Joint Venture Companies can be categorised as Controlled/Regulated, Influenced and Minority Interest.

In Minority Interest companies the public authority has less than 20% interest in the company and the company is therefore deemed to be in the private sector.

Companies in which the public authority has a greater than 50% share are Controlled or Regulated companies. These companies fall under the Companies Order.

Companies with between 20% and 50% public authority interests are termed Influenced companies. Influenced companies fall into two categories: those where the local authority has no effective control and the company is private-sector influenced and not regulated (i.e. not subject to the Companies Order) and those where there is effective control, the company is public-sector influenced and regulated (i.e. subject to the Companies Order).

The Local Authorities (Companies) Order 1995 (SI 1995/849 amended by SI 1996/621) regulates the way local authorities participate in companies. The broad effect of the Companies Order is that financial transactions by regulated companies are treated as if undertaken by the parent authority and thus brought within the scope of the Local Government Capital Finance System. Therefore, if a company borrows funds this will be accounted for as expenditure from the Local Authority's Capital Expenditure as if the Local Authority has spent the borrowed funds.

11.3.6 Waste Procurement Procedures

Under EC Public Procurement Rules, the Public Sector Procurement Regulations provide rules for the procurement of services by public bodies over certain threshold values. Different rules apply to services, supplies and works, and can be awarded using three different procedures: open, restricted and negotiated. The legislation is designed to avoid discrimination in the award of goods, services or works across the community.

11.3.6.1 Current EC Procedures

The EC have adopted a series of Directives setting out the procedures for the award of contracts by the public sector throughout the Community. The principal aims of these rules are to liberalise the market and ensure the free movement of goods and services within the European Union. The key concept behind the regulations is that the public sector obtains value for money through competition.

The Council Directives have been implemented in the UK through the following statutory instruments:

- The Public Works Contract Regulation 1991 (SI 1991/2680)
- The Public Services Contracts Regulation 1993 (SI 1993/3228)
- The Public Supply Contracts Regulation 1995 (SI 1995/201)
- The Utilities Contracts Regulations 1996 (SI 1996/2911)

The Regulations apply to all contracts above a set value. The threshold above which there must be competitive tendering is 200,000 ECU for public services and supply contracts and five million ECU for public works contracts. Almost all contracts above this threshold value must invite tenders by publishing a notice in the Official Journal of the EC (OJEC). Responses to the notice must usually be received after a specified minimum period. Rules are also given about the basis on which tenders are accepted or rejected.

Three different award procedures are set out. These are:

- The Open Procedure under which all interested persons may tender for the contract.
- The Restricted Procedure under which only selected persons may submit a tender for the contract; and
- The Negotiated Procedure under which a purchaser may negotiate the terms of the contract with one or more selected persons. A call for competition is usually required. Public authorities may only use this procedure in limited circumstances

Most waste management contracts are procured under the restricted procedure. However, PFI contracts are often awarded through the negotiated procedure as this allows partnership working through continuous dialogue throughout the procurement. The negotiated procedure particularly lends itself to the provision of Best Value contracts that require output based specifications and flexibility in service delivery. The negotiated procedure also supports the PFI process in that output based contracts using innovative technologies can be difficult to price. The negotiated procedure allows for an open book approach to procurement.

11.3.6.2 Proposed EC Procedures

It should be noted that the EC Council Directives will soon be stream-lined to address the problem that the current Directives are very complex and rigid. A Draft Directive has been produced which consolidates and rationalises the existing Directives into one Consolidated Directive. It was anticipated that this Directive would be formally adopted in August 2002

and that member states will have 18 months to implement it, however discussions at the European level are still being undertaken.

The Consolidated Directive will:

- Provide greater flexibility where the exact specification for the Tender is not known upfront. A new negotiated procedure, the 'competitive dialogue' will allow the contracting authority to consult with bidders up until bids are submitted;
- Prevent Authorities rejecting a tender because it doesn't meet a specific standard if the same objective has been achieved using a different solution;
- Limit framework agreements to 4 years unless a longer period can be justified on economic grounds;
- Simplify the thresholds and will use the Euro as the only accounting unit. The proposed thresholds are: 5,300,000 ECU for works contracts and 200,000 ECU or 130,000 ECU depending on whether the contracting authority is a non-central or central government authority respectively; and
- Encourage online procurement procedures.

11.4 PREFERRED CONTRACTUAL ARRANGEMENTS

Based on the information presented in this Chapter the preferred contractual arrangements for collection and disposal of municipal waste in Gwynedd are:-

- Short-Medium term contracts of up to 5 -10 years for:
 - Kerbside collection of dry recyclate and biodegradables
 - Bring site provision and servicing of bring sites
 - Operation of HWRC sites
 - Green-waste composting

Long-term contract of 10-15 years for residual waste treatment