

**NORTH YORKSHIRE COUNTY COUNCIL  
and the CITY OF YORK COUNCIL**

**WASTE TREATMENT CONTRACT**

**DESCRIPTIVE DOCUMENT**

## **Glossary**

<b>BMW</b>	Biodegradable Municipal Waste
<b>BPEO</b>	Best Practicable Environmental Option
<b>BVPI</b>	Best Value Performance Indicator
<b>CD</b>	Competitive Dialogue
<b>City Council</b>	City of York Council
<b>Councils</b>	North Yorkshire County Council and the City of York Council
<b>County Council</b>	North Yorkshire County Council
<b>DEFRA</b>	Department of Environment, Food and Rural Affairs
<b>DSO</b>	Direct Services Organisation
<b>EPA</b>	Environmental Protection Act 1990
<b>HWRC</b>	Household Waste Recycling Centre
<b>ISDS</b>	Invitation to Submit Detailed Solutions
<b>ISOS</b>	Invitation to Submit Outline Solutions
<b>LATS</b>	Landfill Allowance Trading Scheme
<b>MRF</b>	Materials Recovery Facility
<b>MSW</b>	Municipal Solid Waste
<b>OBC</b>	Outline Business Case
<b>OJEU</b>	Official Journal of the European Union
<b>4Ps</b>	Public Private Partnerships Programme
<b>PFI</b>	Private Finance Initiative
<b>PPP</b>	Public Private Partnership
<b>PQQ</b>	Pre-qualification Questionnaire
<b>SoPC4</b>	Standardisation of PFI Contracts (Version 4)
<b>SU</b>	Strategy Unit
<b>TUPE</b>	Transfer of Undertakings (Protection of Employment) Regulations 2006 (as amended)
<b>WCA</b>	Waste Collection Authority
<b>WDA</b>	Waste Disposal Authority

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Participants shall not undertake (or permit to be undertaken) at any time, whether at this stage, during the CD, Call for Final Tenders or after financial close, any publicity activity with any section of the media in relation to this project other than with the prior written agreement of the Councils.

## **EXECUTIVE SUMMARY**

North Yorkshire County Council (County Council) and the City of York Council (City Council) are in the process of procuring a Waste Treatment Contract in order to deliver services which fulfil the statutory duties of both Councils.

The procurement of the Contract is being run by the County Council on behalf of the joint procurement partners of the County Council and the City Council. The County Council is the lead Authority (the Authority) in this procurement and is to be considered as the Client for the Contract.

It is intended that the Contract will be let as a Public Private Partnership (PPP) under the PFI and the Contractor will be required to develop and operate waste facilities for the Authority.

### **Procurement Strategy**

The County Council and City Council have targets for diversion of BMW and the recycling and composting of Municipal Solid Waste (MSW) arising in their administrative areas. In order to deliver the Joint Municipal Waste Management Strategy (JMWMS) the County Council and City Council have made the decision to adopt a three strand strategy to future service provision. These being:

- ◆ Front End Services (HWRCs, MRFs, Composting and Transfer);
- ◆ Landfill Provision – [already procured].
- ◆ Waste Treatment Provision – [this procurement];

Through the Front End Service Contract(s) the Councils have already procured or are in the process of procuring a number of partners for the provision of services for waste and recycle transfer, recycling, composting and HWRCs.

The Landfill Contracts will ensure that there is sufficient non-hazardous landfill capacity available to the Councils during the first years of the project. Non-hazardous landfill capacity is currently provided to the County Council through to 2015 through contracts with Yorwaste Limited, Waste Recycling Group and Todds Waste Management. The City Council have procured a landfill/composting contract through to 2022 with Yorwaste. The landfill contracts will be re-procured at the appropriate time either by the Waste Treatment Contractor or by the Authority (to be discussed during CD) to provide certainty of non-hazardous landfill capacity throughout the duration of the Waste Treatment contract. There is no contracted capacity for hazardous wastes produced through the Waste Treatment Contract and, as such, any requirement for hazardous waste landfill void for Waste Treatment Contract output/rejects/residues is to be procured by the Waste Treatment Contractor.

In addition to these contracts the Councils have issued a Prior Information Notice (PIN) through the Official Journal of the European Union with a view to procuring a short term 'Interim Contract' to divert BMW from landfill during the period before the long term Waste Treatment Contract plant(s) are operational. The Councils have a predicted shortfall of BMW Landfill Allowances in the period 2010 to 2013 and the Councils are interested in securing spare capacity for some or all of this period at existing or planned residual waste treatment facilities in the region.

The PIN refers to short term treatment of residual waste only and, depending on the response to this PIN, a further Contract Notice for short term residual waste treatment may be issued to commence the procurement process.

## **Waste Treatment Contract Scope**

The Waste Treatment Contract will include the following elements:

- Leasing of land in the ownership or control of the Councils for Waste Treatment Plant(s) or provision of land in the Contractor's ownership for Waste Treatment Plant(s);
- Detailed design of Waste Treatment Plant(s);
- Preparation, finalisation and submission of Planning Applications for Waste Treatment Plant(s) and progress through to planning permission award;
- Application for PPC Permit(s) for Treatment Plant(s) and progress through to Permit award;
- Construction and commissioning of Treatment Plant(s);
- Operation and maintenance of the Treatment Plant(s) for the period of the Contract;
- Acceptance of residual MSW delivered to the Treatment Plant(s);
- Treatment of residual MSW to achieve the Contractual BMW and landfill Diversion targets;
- Transfer of Treatment rejects, residues and outputs to further treatment, processing, market and/or disposal;
- Provision of hazardous landfill capacity for process rejects/residues and outputs;
- Marketing of any process outputs; and
- Handover or decommissioning of the Treatment Plant(s) at the end of the Contract Period.

The Contractor will be responsible for all costs associated with the above services including any disposal costs including landfill tax. In addition, the Contractor will be responsible for costs associated with Landfill Allowance penalties or trading costs and expenses in line with the Payment Mechanism, where the Contractor does not achieve the BMW diversion performance criteria specified in the Output Specification.

### **Yorwaste Holdings Ltd**

Yorwaste Limited is a jointly wholly owned Local Authority Waste Disposal Company (LAWDC), created by the County Council and City Council to fulfil the requirements of the Environmental Protection Act 1990.

The County Council and City Council have resolved that Yorwaste will not bid for the waste treatment contract.

## Procurement Process

In view of the fact that the Waste Treatment Contract is considered to be particularly complex it has been decided to use the CD procurement procedure for the Contract. The process will commence with the issue of a Pre-Qualification Questionnaire ("PQQ") from which the Authority will select a number of Participants to participate in the Dialogue Phase.

The Dialogue Phase begins with an Invitation to Submit Outline Solutions ("ISOS"). The Authority will apply their pre-determined evaluation criteria to those outline solutions and will proceed into further, detailed stages of the dialogue with a more limited number of participants. The detailed stages of the dialogue will consider technical means of satisfying the Authority's requirements, the financial make-up of the project and the legal and contractual terms to govern the contract. Participants will be invited to submit a detailed solution ("ISDS") which is likely to result in a shortlist of two or three bidders who will be invited to submit a Final Tender, at which point the dialogue will close.

Participants must recognise the extremely limited scope available to the Authority to discuss bids post final tender. A process of "fine-tuning" may be undertaken post bid-submission, but prior to contract award. Post-contract award, only clarification of bids will be permitted. There is no scope legally for extensive negotiation, associated with the preferred bidder stage in the negotiated procedure.

## Contract Period

It is anticipated that the Contract Award Date for services under the Waste Treatment Contract will be December 2010. The likely contract duration will be for a period of between 25 and 30 years with an option to extend in annual increments as required for a period of no greater than 5 years (i.e. the maximum possible duration of the contract being 35 years). The Authority would consider a contract duration which accommodates the operational commencement of the facility. The contract period will be confirmed during the CD period. The Authority will require Participants to develop solutions for delivery of the Contract which demonstrate optimum value for money within this timeframe.

## Timetable

The Authority has defined the following timetable for the project, subject to achievement of planning approval(s):

Stage	Date
Notice in the Official Journal of the European Union published	August 2007
PQQ Return date	September 2007
Invitation to submit outline solutions	October 2007
Invitation to submit detail solutions for short listed Participants	January 2008
End of Dialogue Phase and Call for final tenders <sup>1</sup>	October 2008
Appoint preferred bidder	December 2008
Contract award notice	December 2010

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<sup>1</sup> Date constrained by the requirement for the County Council to have secured Planning Consents before calling for Final Tenders

## **Participants' Day**

The Authority would welcome an open dialogue with all participants. To initiate this process, a Participants' Day has been arranged for **21<sup>st</sup> September 2007** and an invitation to attend is included. Participants are requested to confirm their attendance at this event as soon as possible.

## **Procurement Queries**

The Councils have established a joint dedicated procurement team with responsibility to manage the overall process. Any queries regarding the process or contract should be addressed to:

**Assistant Director Waste Management  
North Yorkshire County Council  
County Hall  
Northallerton  
North Yorkshire  
DL7 8AH**

or by email to [waste@northyorks.gov.uk](mailto:waste@northyorks.gov.uk)

# 1. INTRODUCTION

## 1.1 General

North Yorkshire County Council (County Council) and the City of York Council (City Council) have targets for diversion of biodegradable municipal waste (BMW) and the recycling and composting of Municipal Solid Waste (MSW) arising in their administrative area. The County Council is in the process of procuring a Waste Treatment Contract (the "Contract") in order to achieve these targets, and deliver services which fulfil the statutory duties of both Councils.

Procurement of the Contract is being run by the County Council on behalf of the County Council and City Council (together the Councils). The County Council is the lead Authority (the Authority) in this procurement and is to be considered as the Client for the Contract.

It is intended that the Contract will be let as a Public Private Partnership (PPP) under the PFI and the Contractor will be required to develop and operate waste facilities for the Authority.

## 1.2 Purpose of this Descriptive Document

The purpose of this document is to:

- Provide some background information on the procuring authorities (section 1);
- Outline the drivers for the project (section 2);
- Set out the Contract objectives and scope of the service (sections 3 and 4);
- Identify the Councils' affordability constraints and proposed payment arrangements;
- Detail the approach to sites and existing waste management arrangements (sections 6 and 7); and
- Outline the procurement arrangements.

It is to be used as an initial general reference document for Contractors who have expressed an interest in bidding for the Contract. Further detail and scope definition of the Contract will be developed during the procurement process and it is intended that this document will be superseded by formal dialogue/tender documentation in due course.

## 1.3 Profile of York and North Yorkshire

### North Yorkshire

North Yorkshire is England's largest County and is home to around 576,000 people in an area covering about 3,100 square miles. The population is growing – it increased by 0.5 per cent per year between 1991 and 2001. At only 0.7 persons per hectare, the County is one of the most sparsely populated areas in England (average 1.4 persons per hectare by comparison).

The area is largely rural, with Harrogate and Scarborough being the only towns above 20,000 in population. The County includes the North York Moors and the

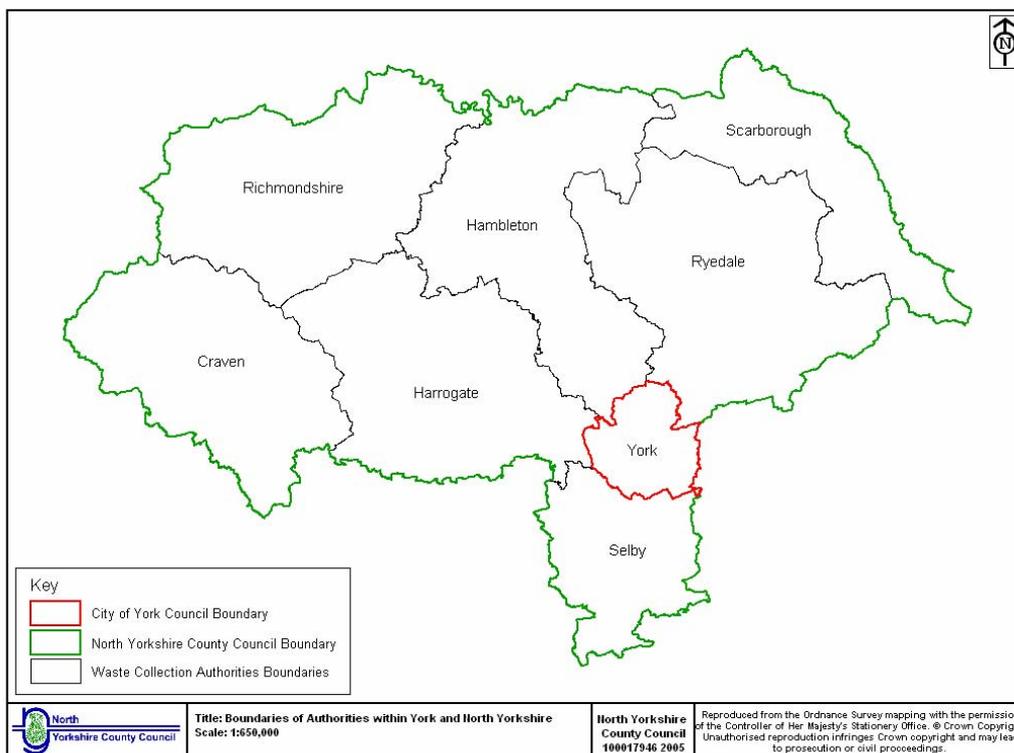
Yorkshire Dales National Parks and has 45 miles of coastline which forms its eastern boundary.

The County area is a two tier administrative area with five Districts – Craven, Hambleton, Richmondshire, Ryedale and Selby, and two Boroughs – Harrogate and Scarborough. Waste is collected by these seven District and Borough councils in their capacity as the Waste Collection Authorities (WCAs).

A map of the North Yorkshire Districts and Boroughs and the City Council is shown in Figure 1.

The County Council was responsible for the management of 388,409 tonnes of municipal waste in 2006/07, achieving a recycling rate of 31.8; 75% of the municipal waste is dealt with by the WCAs with 25% through the HWRCs %.

**Figure 1 Map of North Yorkshire and City of York**



### City of York

The City Council is a Unitary Authority ('UA') covering approximately 105 square miles with a population of around 185,000 (rising by 9.1% between 1991–2001 and expected to rise further by 4.2% between 2001 – 2011). The population density in York averages 2.5 people per hectare, which is greater than the averages for the region (1.2 persons per hectare) and for England.

York is identified as part of the Leeds City Region and also is part of a wider 'York sub area' which covers the City of York and its wider hinterland. This includes up to Malton, some of the East Ridings, west to the A1 and south to Selby. The City has good rail and road communications and is situated close to the M1/M62 motorway network.

The City Council area is made up of the historic city centre and the surrounding urban area along with a number of villages, semi-rural settlements and surrounding

countryside. The majority of the population resides within the urban area, the remaining being located in the numerous villages surrounding the City.

As a UA, the City Council has responsibility for both the collection and disposal of waste, and in 2006/07 managed 122,380 tonnes of municipal waste and achieved 39% recycling, providing services to 81,600 households in the City of York area.

#### **1.4 The York and North Yorkshire Waste Partnership**

The County Council, City Council and the seven District and Borough Councils have now been working together on waste management issues under the banner of the York and North Yorkshire Waste Partnership (“the Partnership”) since 1999. The Partnership has a track record of achievement, for example developing and adopting a Joint Municipal Waste Management Strategy (JMWMS) containing a range of targets and commitments for the Partnership. The JMWMS was adopted in 2002 following a joint consultation with residents. The JMWMS has been revised in accordance with the latest Defra municipal waste management strategy guidance; this updated version was adopted by all authorities in July 2006.

It is fully recognised by the Councils that whilst the District Councils would not be formal partners to the contracts being procured by the County Council and City Council to deliver the waste treatment services, they nevertheless have a vital role in its successful delivery and operation. In 2004, the North Yorkshire authorities began to formalise their partnering arrangements through the adoption of a Statement of Agreed Principles (“SOAP”); which defines the principles that will guide future joint working between the partners.

To this end, much work has been carried out to build on the existing SOAP and to develop the details of the Service Level Agreements (SLAs) between the County Council and each WCA. Representatives of the WCAs are fully engaged with the overall procurement process.

Relationships with all the North Yorkshire authorities are managed through the following structure:

- **Association of North Yorkshire Councils:** Meeting of Chief Executives and Leaders of Local Authorities in York and North Yorkshire. Role includes that of ultimate decision making body in respect of waste partnership issues.
- **York and North Yorkshire Waste Partnership (Members):** Chaired by the County Council’s Executive Member for Environmental Services with Portfolio for Waste, this is a joint panel of elected members from all nine authorities (including the City Council). It meets quarterly and receives proposals from the Officers group (see below).
- **York and North Yorkshire Waste Partnership (Officers):** Chaired by Harrogate Borough Council’s Head of Environment, this is the grouping of all Directors or Head of Service at each of the nine authorities with responsibility for waste in North Yorkshire and York. It meets bi-monthly and identifies all issues, finds solutions and implements change for the Partnership.
- **Waste Minimisation and Recycling and Campaigns Group:** Chaired by the County Council’s Waste Minimisation and Outreach Manager, this is a group of recycling and waste minimisation officers from each authority. It meets quarterly and takes on the practical implementation of all minimisation, reuse, and recycling initiatives and campaigns.

- **Waste Operations Group:** Chaired by the County Council's Waste Contracts Manager, this is a group of officers responsible for waste operations from each authority (including the City Council). It meets quarterly and responds to policy or legislative drivers which result in a need to change operational methods across the County.
- **PFI Project Team:** Chaired by the Project Manager, the group consists of the core project team including North Yorkshire officers, City of York Officers, advisors to the project and representation from the Partnership/Districts. The group meets monthly and is responsible for the day-to-day management of the project. Its activities are directed and controlled by the Project Board which (through the chairmanship of the Project Owner) provides a link to the Strategic Steering Board.
- **Project Board:** Responsible for the management and direction of the Core Project Team, production of all approval papers, overall management of risk and authorisation of changes. Consists of the senior officers of both NYCC and CYC.
- **Strategic Steering Board:** This group consists of the Chief Executives and Financial Directors of the County Council and the City Council and is responsible for the overall strategic direction of the project.

### 1.5 Local Authority Waste Disposal Company – Yorwaste Limited

The County Council and City Council jointly own a Local Authority Waste Disposal Company (LAWDC) - Yorwaste Limited. Yorwaste was established in 1993 as a response to the requirements of the Environmental Protection Act 1990 which required WDAs to divest provision of waste disposal services. Currently Yorwaste deals with approximately 75% of the County Council's waste for disposal and 100% of the City Council's waste. These services include the provision, operation and management of some HWRCs, operation of transfer stations, haulage of wastes, windrow composting operations and operating landfill sites. Yorwaste also provides services to a number of private sector companies.

In addition, Yorwaste is involved in a new technology demonstrator project (in partnership with other companies) under Defra's New Technologies Demonstrator Programme (NTDP).

The Councils have considered the position of Yorwaste in relation to the PFI Waste Treatment Contract and have concluded that the company will not bid for the Contract.

## **2. STRATEGIC CONTEXT**

### **2.1 European Union (EU) Landfill Directive 1999**

The European Union (“EU”) Landfill Directive 1999 set challenging targets aimed at reducing the amount of biodegradable waste that can be sent to landfill in all member states. These European targets, as set out below, have acted as the catalyst for a series of initiatives from the UK Government.

- ◆ By 2010\* to reduce Biodegradable Municipal Waste (BMW) landfill to 75% of that produced in 1995:
- ◆ By 2013\* to reduce BMW landfill to 50% of that produced in 1995; and
- ◆ By 2020\* to reduce BMW landfill to 35% of that produced in 1995.

(\* Includes a four-year extension for the UK)

### **2.2 Waste Strategy 2000**

Waste Strategy 2000 (WS 2000), which had the intent of achieving a sustainable and integrated approach to meeting the Landfill Directive, was the first of these initiatives. Within WS 2000 the Government established national waste recovery and recycling and composting targets. These have been supplemented by statutory Best Value Performance Indicators (BVPIs) for recycling and composting (BVPI 82a and BVPI 82b) for each local authority.

### **2.3 Waste Emissions and Trading Act 2003**

In 2003, the UK Government enacted the Waste Emissions and Trading Act 2003 (“WET Act”) which is now viewed as the key driver for change in national waste management practice. The WET Act has set allowances for each authority for the amount of BMW that can be sent to landfill by each WDA for every year up to 2020, based on the levels of reduction outlined in the EU Landfill Directive. The allowances for most authorities reduce annually from 2005/06 to reflect the national targets. Allowances can be traded between WDAs to provide flexibility in the way the obligations are met in accordance with the LATS. Authorities who landfill more waste than they have allowances for will have the option of buying allowances at the market price (subject to their availability) or incurring a penalty of £150 for each tonne in excess of their allowance. If the Country as a whole exceeds the amount permitted to be landfilled, it is the intention of Government that failing authorities also have to pay their share of the penalty that will be applied to the UK by the EU. Coupled with the implications of escalating Landfill Tax rates the risks of failing to reduce the Councils’ reliance on landfill in accordance with the provisions of the WET Act are therefore extreme.

**Table 2.1 County and City Councils' LATS Allowances**

<b>Year</b>	<b>NYCC (t of BMW)</b>	<b>CYC (t of BMW)</b>
2005/6	219,053	67,289
2006/7	206,538	63,454
2007/8	189,850	58,341
2008/9	168,991	51,950
2009/10	143,960	44,281
2010/11	127,936	39,352
2011/12	111,912	34,423
2012/13	95,888.	29,494
2013/14	91,775	28,229
2014/15	87,662	26,964
2015/16	83,548	25,699
2016/17	79,435	24,434
2017/18	75,322	23,168
2018/19	71,209	21,903
2019/20	67,096	20,638

Landfill tax rates per tonne for active waste were £21 in 2006/07, representing a cost of circa £5.2 million to the County Council and £1.56 million to the City Council. Landfill tax is currently (i.e. 2007/08) £24/tonne and will increase by £8/tonne each year up to £48/tonne in 2010/11. The provisions of the WET Act together with landfill tax should make options such as recycling, composting and residual waste treatment more cost effective than landfill disposal.

#### **2.4 Waste Strategy for England 2007 (“WSE 2007”)**

A review of the National Waste Strategy (Waste Strategy for England 2007) has recently been completed and the Government's key objectives are to:

- ◆ decouple waste growth (in all sectors) from economic growth and put more emphasis on waste prevention and re-use;
- ◆ meet and exceed the Landfill Directive diversion targets for biodegradable municipal waste in 2010, 2013 and 2020;
- ◆ increase diversion from landfill of non-municipal waste and secure better integration of treatment for municipal and non-municipal waste;
- ◆ secure the investment in infrastructure needed to divert waste from landfill and for the management of hazardous waste; and

- ◆ get the most environmental benefit from that investment, through increased recycling of resources and recovery of energy from residual waste using a mix of technologies.

The overall impact of this strategy is expected to be an annual net reduction in global greenhouse gas emissions from waste management of at least 9.3 million tonnes of carbon dioxide equivalent per year compared to 2006. The additional greenhouse gas emissions reductions result from an increase in diversion of waste from landfill of around 25 million tonnes of waste per annum.

Revised National targets have been set for:

- ◆ Reduction in Residual Household Waste from 2000 levels: 29% reduction by 2010, 35% reduction by 2015, 45% reduction by 2020 - any potential impact on currently modelled residual waste flows will be discussed in the CD;
- ◆ recycling and composting of household waste – at least 40% by 2010, 45% by 2015 and 50% by 2020 - the impact of these increased recycling rates against those agreed in the JMWMS will be discussed in the CD; and
- ◆ recovery of municipal waste – 53% by 2010, 67% by 2015 and 75% by 2020.

## **2.5 National Sustainable Development Strategy**

The Government's sustainable development strategy "Securing the Future" contains five principles:

- Living within environmental limits;
- Ensuring a strong, healthy and just society;
- Achieving a sustainable economy;
- Promoting good governance; and
- Using sound science responsibly.

Living within environmental limits means respecting the planet's natural resources and making sure we manage and protect them for future generations. The Partnership authorities are implementing waste minimisation, recycling and composting initiatives and have a common objective of achieving an overall recycling rate of 50% by 2020. For the remaining waste, treatment technologies will be required to ensure the LATS targets are met and energy recovery is optimised. These combined efforts will reduce the burden of waste on the environment, recovering material resources & energy and reducing carbon emissions.

## **2.6 Household Waste Recycling Act**

In addition to the WET Act which principally affects WDAs, the Household Waste Recycling Act was introduced in 2003 as a measure aimed at improving WCA recycling performance and requires WCAs to provide kerbside collections to all householders for a minimum of two materials by 2010. The two materials must be collected separately at the kerbside and not separated later from residual waste.

The JMWMS identifies the intention of the Councils, together with the District and Borough Councils, to collect paper, magazines, card, plastic bottles, glass and cans from all suitable households by 2010. The SLAs between the County Council and the WCAs commits all parties to meeting minimum performance obligations.

## **2.7 Clean Neighbourhoods and Environment Act 2005**

The Clean Neighbourhoods and Environment Act (“CNEA”) 2005 has also impacted on both collection and disposal authorities in a number of different ways. Most pertinently, the 2005 Act repeals the requirement in section 32 of the EPA 1990 for WDAs to divest their waste disposal function. The Authority has not yet made any decision about how it will respond to the repeal of this legislation. Section 47 of the CNEA 2005 commenced on 18 October 2005 and has specific interest to the Councils in terms of their relationship with and the future role of the jointly-owned LAWDC, Yorwaste. The Councils have decided that Yorwaste will not bid for residual waste treatment services. However Yorwaste will not be prevented from bidding for the Front End Services Contract(s) for waste reception, material recovery and disposal services, or other services that may arise from time to time.

## **2.8 Energy Policy**

There is now overwhelming scientific opinion that greenhouse gas emissions from human activities are raising the Earth’s temperature. In the White Paper 'Our Energy Future - Creating a Low Carbon Economy' (2003), the Government set out a long-term strategic vision for energy policy combining environmental, security of supply, competitiveness and social goals. The incineration of RDF and residual MSW offer considerable climate change benefits, principally by avoiding methane emissions from landfill, a significant greenhouse gas. This will also displace the use of fossil fuels used in conventional power generation. Should a facility be located near suitable industrial and commercial premises then there will be opportunities to further increase overall energy efficiency by supplying heat as well as electricity directly to end-users.

## **2.9 Joint Municipal Waste Management Strategy**

The original JMWMS entitled “Let’s Talk Rubbish!” was agreed by all York and North Yorkshire authorities in 2002 and was based on encouraging waste reduction and maximising recycling. However, with increasing integration of waste service across the County and in response to impending national and European legislation the Partnership expressed a collective desire, in 2004, to review, update and revise the JMWMS to cover the period to 2026. Various pieces of work were undertaken to inform a common set of objectives and targets which form the basis of the revised strategy. This included a BPEO appraisal for residual waste management, wide stakeholder dialogue and public consultation, all of which were incorporated into the revised JMWMS which was adopted in July 2006. The main key objectives and targets being:

### *Objectives*

- To reduce the amount of waste produced in York and North Yorkshire so as to make us one of the best performing areas in the country by 2013 – (currently York and North Yorkshire residents produce more waste per person than in most other areas). By 2008, we aim to produce less per person than the average for England and Wales;
- To promote the value of waste as a natural and viable resource, by:
  - Re-using, recycling and composting the maximum practicable amount of household waste;

- Maximising opportunities for re-use of unwanted items and waste by working closely with community and other groups; and
- Maximising the recovery of materials and/or energy from waste that is not re-used, recycled or composted so as to further reduce the amount of waste sent to landfill.

#### *Waste Reduction Targets*

- Contain average household waste arisings so that residents of the Partnership area generate less per head than the average for Shire counties by 2008;
- To be amongst the lowest 25% of these by 2013; and
- Specifically, annual average growth per head is to be reduced to zero % by 2008. These targets are supported by a revised Waste Minimisation Strategy developed in parallel with this Strategy, to help to tackle the problem of waste growth.

#### *Recycling and Composting Target*

- To recycle or compost 40% of household waste by 2010, and 45% by 2013 and 50% by 2020.

#### *Diversion target and technology*

- To divert 75% of municipal waste from landfill by 2013.

Table 2.2 below sets out the Partnership's JMWMS targets to aid comparison of how these relate to the national waste strategy targets as set out in Table 2.3 (there are no statutory targets for the County Council or City Council in partnership):

**Table 2.2 Partnership waste targets (July 2006)**

Local	2005/06	2009/10	2012/13	2019/20
Household waste recycling and composting (BV82a + BV82b)	N/A	40%	45%	50%
Landfill allowances (tonnes of BMW)	286,342	188,241	125,382	87,734

**Table 2.3 Waste Strategy for England 2007 targets**

National	2010	2015	2020
Recovery of MSW <sup>2</sup>	53%	67%	75%
Household waste recycling	40%	45%	50%

<sup>2</sup> Municipal Solid Waste, in this context recovery includes recycling, composting, other material recovery (e.g. anaerobic digestion) and energy recovery.

### **3. CONTRACT OBJECTIVES**

#### **3.1 Procurement Strategy**

The County Council and City Council have targets for diversion of BMW and the recycling and composting of Municipal Solid Waste (MSW) arising in their administrative areas. In order to deliver the JMWMS the County Council and City Council have made the decision to adopt a three strand strategy to future service provision. These being:

- ◆ Front End Services (HWRCs, MRFs, Composting and Transfer);
- ◆ Landfill Provision – [already procured].
- ◆ Waste Treatment Provision – [this procurement];

Through the Front End Service Contract(s) the Councils have already procured or are in the process of procuring a number of partners for the provision of services for waste and recyclate transfer, recycling, composting and HWRCs.

The Landfill Contracts will ensure that there is sufficient non-hazardous landfill capacity available to the Councils during the first years of the project. Non-hazardous landfill capacity is currently provided to the County Council through to 2015 through contracts with Yorwaste Limited, Waste Recycling Group Limited and Todds Waste Management. The City Council has procured a landfill/composting contract through to 2022 with Yorwaste. The landfill contracts will be re-procured at the appropriate time either by the Waste Treatment Contractor or by the Authority (to be discussed during CD) to provide certainty of non-hazardous landfill capacity throughout the duration of the Waste Treatment Contract. There is no contracted capacity for hazardous wastes produced through the Waste Treatment Contract and, as such, any requirement for hazardous waste landfill void for Waste Treatment Contract output/rejects/residues is to be procured by the Waste Treatment Contractor.

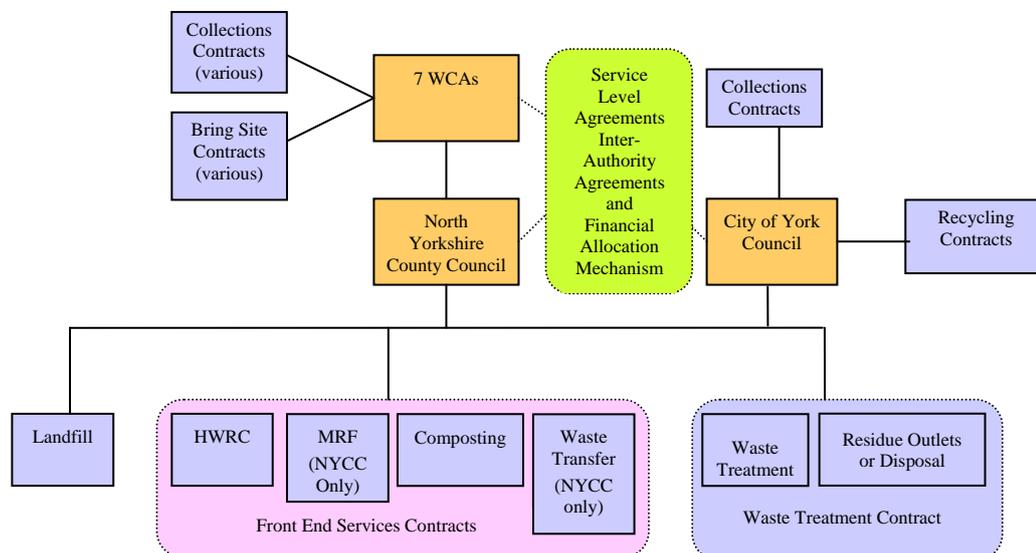
In addition to these contracts the Councils have issued a Prior Information Notice (PIN) through the Official Journal of the European Union with a view to procuring a short term 'Interim Contract' to divert BMW from landfill during the period before the long term Waste Treatment Contract plant(s) are operational. The Councils have a predicted shortfall of BMW Landfill Allowances in the period 2008 to 2013 and the Councils are interested in securing spare capacity for some or all of this period at existing or planned residual waste treatment facilities in the region.

The PIN refers to short term treatment of residual waste only and, depending on the response to this PIN, a further Contract Notice for short term residual waste treatment may be issued to commence the procurement process.

#### **3.2 Contract Structures**

Implementation of the new contracts will result in a significant change to the Councils' current contract arrangements, as shown in the figure below:

**Figure 2 Post-Procurement Contract Structure**



During the CD process potential contractors will be required to demonstrate how their plans will ensure continuity of service during the change in contract structures and how they will work with the Councils' other contractors to ensure an efficient integrated waste service is ensured throughout the duration of the contracts. Contract interfaces are described in Section 7 of this document.

### 3.3 Waste Treatment Contract Objectives

The Councils wish to provide an efficient, integrated waste management system within North Yorkshire and the City of York that will ensure the delivery of the JMWMS. The aim is to procure services and infrastructure required to achieve this in a manner which is sustainable.

The objectives of the Waste Treatment Contract are as follows:

- i. To provide services and facilities that directly contribute to the implementation of the JMWMS and achieve the targets set in the JMWMS, in particular to secure capacity for dealing with the residual waste arising and thereby reducing the amount of waste sent to landfill (i.e. meet diversion target);
- ii. To develop optimal solutions which are environmentally, economically and socially sustainable and in particular to realise the value of waste as a natural resource and therefore ensuring that any residual waste is sustainably managed and limits its contribution to climate change;
- iii. To develop an efficient and integrated waste treatment service(s) across North Yorkshire which supports effective collaborative working arrangements between all North Yorkshire Waste Authorities and the service provider;
- iv. To carry out the relevant statutory duties under the Environmental Protection Act and other applicable legislation; and

- v. To develop a flexible service that can accommodate changes in waste arisings and composition and respond to changes in technology and the requirements of future technology.

## 4. DESCRIPTION OF THE WASTE TREATMENT CONTRACT

### 4.1 Key Services

The Waste Treatment Contract will include the following elements:

- Leasing of land in the ownership or control of the Councils for Waste Treatment Plant(s) or provision of land in the Contractor's ownership or control for Waste Treatment Plant(s);
- Detailed design of Waste Treatment Plant(s);
- Preparation, finalisation and submission of Planning Applications for Waste Treatment Plant(s) and progress through to planning permission award;
- Application for PPC Permit(s) for Treatment Plant(s) and progress through to Permit award;
- Construction and commissioning of Treatment Plant(s);
- Operation and maintenance of the Treatment Plant(s) for the period of the Contract;
- Acceptance of residual MSW delivered to the Treatment Plant(s);
- Treatment of residual MSW to achieve the Contractual BMW and landfill Diversion targets;
- Transfer of Treatment rejects, residues and outputs to further treatment, processing, market and/or disposal;
- Provision of hazardous landfill capacity for process rejects/residues and outputs;
- Marketing of any process outputs; and
- Handover or decommissioning of the Treatment Plant(s) at the end of the Contract Period.

Contract waste may include residual MSW arising from any or all of the following sources and be delivered either directly or via transfer stations where it may be mixed with other residual MSW:

- WCA kerbside collections of residual waste
- WCA collections of bulky waste
- Street sweepings:
- WCA collected trade waste;
- WCA collected road kills;
- WCA beach cleansing waste;

- HWRC residual waste;
- Fly tipping waste;
- Composting Plant rejects and residues;
- MRF rejects and residues; and
- other undefined sources of MSW

The potential to accept these waste streams through the Waste Treatment Contract will be explored through the CD process.

The Contractor will be responsible for all costs associated with the above services and wastes including any disposal costs including landfill tax. In addition, the Contractor will be responsible for costs associated with Landfill Allowance penalties or trading costs and expenses in line with the Payment Mechanism, where the Contractor does not achieve the BMW diversion performance criteria specified in the Output Specification.

The Waste Treatment Contractor will be required to work closely with the Councils' other contractor(s) to achieve an efficient and effective overall waste management service and to minimise potential conflicts with respect to contract interfaces. The residual MSW will be delivered to the Treatment Plant(s) by the Councils' nominated or approved contractors. Nominated or approved waste delivery contractors will include WCAs collection contractors/Direct Service Organisations (DSOs) and the Councils' other Waste Management Contractor(s).

The services within the Waste Treatment Contract will be developed with the objectives and standards set out in the Draft Output Specification. This specification will be developed and refined throughout the CD process, in consultation with participants.

#### **4.2 Exclusions from Service**

Collection activities will continue to be undertaken directly by the WCAs under separate arrangements and are not included in the scope of this project.

Recycling activities (except for recycling carried out through the treatment plants) and the provision of non hazardous landfill services will be provided under separate arrangements through the Councils' other waste management contracts.

The management and treatment of source segregated garden wastes from HWRCs and/or collected by the WCAs will be undertaken under separate arrangements and are not included in the scope of this contract.

#### **4.3 General Service Requirements**

In addition to the specific service elements it is important that the Waste Treatment Contractor shall also ensure the provision of;

- ◆ a flexible service that can accommodate changes in waste amounts and composition and respond to changes in technology and the requirements of future legislation at minimum cost to the Partnership;

- ◆ compliance with all relevant Legislation;
- ◆ an effective interface with the public and other Service users and stakeholders including consultation, user feedback, complaints, education, communication and promotion of waste minimisation, reuse and recycling activities;
- ◆ adequate contingency arrangements in the event of non-availability of any aspects of the Service; and
- ◆ all necessary measures for an effective management control system including the preparation and maintenance of Service Delivery Plans, quality assurance and environmental management systems, partnering arrangements, performance tests, monitoring and reporting of performance and other management information.

#### **4.4 Contract Area**

The Contract Area shall be the administrative boundaries of the County Council and City Council, which includes the waste collection areas of:

- ◆ Craven District Council
- ◆ Hambleton District Council
- ◆ Harrogate Borough Council
- ◆ Richmondshire District Council
- ◆ Ryedale District Council
- ◆ Scarborough Borough Council
- ◆ Selby District Council
- ◆ City of York Council

and any other area advised during the Competitive Dialogue period

#### **4.5 Contract Period**

It is anticipated that the Contract Award Date for services under the Waste Treatment Contract will be December 2010. The likely contract duration will be for a period of between 25 and 30 years with an option to extend in annual increments as required for a period of no greater than 5 years (i.e. the maximum possible duration of the contract being 35 years). The Authority would consider a contract duration which accommodates the operational commencement of the facility. The contract period will be confirmed during the CD period. The Authority will require Participants to develop solutions for delivery of the Contract which demonstrate optimum value for money within this timeframe.

#### **4.6 Staffing Issues**

The Councils believe that no Council or Council contractor employees will be transferred to the Waste Treatment Contractor.

#### **4.7 Transferable Assets**

In cases where the Councils already controls or acquires sites which are subsequently used by the contractor for the provision of services under this contract appropriate leasing arrangements will be required. This may include sites owned or leased by the Councils and currently operated by other contractors.

#### **4.8 Approach to Key Risks**

The Councils appreciate the importance of recognising and managing key risks within the project. The Project Team have developed an initial risk register as an approach to managing these risks. A "Proposed Allocation of Risk" is attached as Appendix 1 and provides an assessment of the risks associated with the project.

The register will be reviewed regularly by the project team to reflect changes and will develop as the project proceeds. The key high-level risks associated with this project include:- planning, design, construction, commissioning, operational, performance and regulatory issues.

The contractor's ability and willingness to accept risks which it is better placed to manage than the Authority is a key goal of the CD process. As part of the ISOS evaluation process the Authority would like to establish the Participants' understanding of, and attitude towards, the risks involved.

#### **4.9 Commercial Terms**

The Waste Treatment Contract is being procured under the PFI and therefore the Authority proposes to adopt the Standardisation of PFI Contracts (SoPC4), including the Addendum to SoPC4, the revised Insurance chapter and Defra's Waste Specific Derogations as the basis for the contract.

#### **4.10 Specific Service Requirements**

The Outline Output Specification below is the Authority's current approach for Service Requirements. The scope of the Service Outputs will be refined through the CD process. Participants should be aware the 4Ps are in the process of developing a new procurement pack and the Output Specification from this new pack may be incorporated into these Service Requirements.

##### **4.10.1 Service Output 1: Service Management**

The Contractor shall develop, implement and operate an effective Service management system as detailed in comprehensive Service Delivery Plans agreed with the County Council. In particular, the Contractor shall:

- i. Submit and maintain a Service Delivery Plan (SDP) including Overall Project Plan, Project Programme, Works Development Plan, Method Statements and Contingency Plan that detail how the Detailed Specification of Contract Work will be delivered.
- ii. Submit and maintain a Best Value Method Statement
- iii. Obtain and maintain relevant Quality Assurance standards for the Service

- iv. Obtain and maintain relevant Environmental Management System (EMS) standards for the Service
- v. Develop, operate and maintain monitoring and reporting systems for the performance of the Service
- vi. Provide the County Council with all access, information and assistance necessary to monitor the Service.

#### **4.10.2 Service Output 2: Stakeholder and Community Liaison**

The Contractor shall develop, implement and operate a service that ensures effective Stakeholder and community liaison including consultation, promotional activities to raise waste awareness, and procedures for handling complaints in relation to the Service provided by the Contractor. In particular, the Contractor shall:

- i. Develop and implement a Stakeholder and Community Liaison Plan in partnership with the Councils.
- ii. Facilitate an independent Advisory Panel for the Service
- iii. Provide systems for dealing with all Stakeholder and public queries, complaints and comments.

#### **4.10.3 Service Output 3: Waste Reception and Transfer Services**

The Contractor shall be responsible for receiving Contract Waste at the waste treatment facilities from; the WCAs; from Household Waste Recycling Centres and other Council controlled waste sites; and from the Councils' other contractor(s) responsible for waste transfer. The Service requirement shall be for the Contractor to accept all Contract Waste delivered. The Contractor shall also be responsible for the transfer of any treatment products, residues or rejects to further treatment, processing, final disposal points, or markets. Landfill disposal points shall be nominated by the County Council. In particular, the Contractor shall:

- i. Receive Contract Waste delivered by the WCAs and the Councils' waste transfer contractor(s).
- ii. Provide Contract Waste reception facilities at the waste treatment facilities that are compatible with the delivery systems, quantities and types of Contract Waste from the waste collection and transfer operations.
- iii. Make arrangements for the transfer of products, residues or rejects between waste treatment facilities and/or to end processors and users of products recovered from waste, and to final disposal points.
- iv. Develop, implement and operate a Transport Plan in consultation with the Authority.

#### **4.10.4 Service Output 4: Waste Treatment and Disposal**

The Contractor shall develop, implement and operate a network of facilities and services for the treatment of Contract Waste. The Councils have existing contracts for non hazardous landfill disposal. The Contractor may dispose of Contract Waste under these existing landfill contracts provided performance targets are met and with the prior approval of the Councils. In particular, the Contractor shall:

- i. Provide waste treatment operations for Contract Waste, which are environmentally sustainable and meet or exceed stated targets.
- ii. Comply with all applicable regulations, Environment Agency guidance and industry good practice.
- iii. Make arrangements for the recovery of value from Contract Waste in order to meet or exceed Contract targets.
- iv. Manage all recycled, composted and recovered products derived from the Service.
- v. Make provision for landfill disposal of all Contract waste not recycled, composted or recovered including any process residues or reject fractions.

#### **4.10.5 Service Output 5: Mobilisation, Contingency and Expiry Arrangements**

The Authority will require a seamless transition between existing services, the new Service that the Contractor provides and manages and the hand over of these on contract expiry. In particular, the Contractor shall:

- i. Produce and implement a Mobilisation Plan that details the transition of all Contract Waste from the existing disposal routes to the new facilities once operational as detailed by the Contractors Service Delivery Plans.
- ii. Produce and implement a Contingency Plan that makes arrangements for the continuation of the service, or any part thereof, in the event of the unavailability of a key facility
- iii. Produce and implement an Expiry Plan for the hand back of the service at contract expiry or any earlier termination of the service.

#### **4.10.6 Service Output 6: Health, Safety and Welfare**

The Contractor shall be responsible for all aspects of the health, safety and welfare requirements necessary for the safe operation of the service. In particular, the Contractor shall:

- i. Conduct the service in accordance with health and safety requirements.
- ii. Provide a Health, Safety and Welfare Method Statement, detailing the arrangements that will be implemented and maintained.
- iii. Produce a regular health and safety report.

#### **4.10.7 Key Performance Indicators**

This will be a performance based Contract. The Contractor will be responsible for monitoring and reporting its own performance against Contract Key Performance Indicators (KPIs) and the Authority will have the right to carry out its own processes to audit the performance. The KPIs shall be incorporated into the Contract and thus any failure of the Contractor to meet the agreed KPI targets in its performance of the Service shall constitute a Default.

The KPIs will include the Statutory Best Value Performance Indicators (BVPIs), targets for BMW Landfill Diversion, and performance criteria detailed in Service Outputs of this Specification.

KPIs shall be agreed between the Authority and the Contractor prior to the commencement of the Contract and relating to the Service Delivery Plan (SDP).

The KPIs shall be reported monthly and reviewed annually and may also be revised from time to time by agreement by the Contractor and the Authority to ensure continuity of data collection and to establish performance trends.

Indicative KPIs to be developed for each Service Output are as follows:

#### **General Performance Criteria**

- ◆ Divert a minimum of 70% of Contract Waste from landfill
- ◆ Divert 80% of BMW (required to meet LATS targets) in Contract Waste from landfill. Proposals to out perform in this area are welcome.
- ◆ Recycle a minimum of 5% of Contract Waste
- ◆ Provide nominated Authority Representative(s) with access in accordance with the Project Agreement (subject to health and safety) to all facilities and operations utilised by the Contractor in providing the service.
- ◆ Obtain certification for the provision of the Service in accordance with ISO9001 or equivalent standard within 18 months of the Full Service Commencement Date and to maintain certification
- ◆ Obtain certification for the provision of the Service in accordance with ISO14001 or equivalent standard within 18 months of the Full Service Commencement Date and to maintain certification.
- ◆ Inform or report breaches under the contract or performance criterion to the Authority at the earliest practicable opportunity for each and every breach, where the Contractor is aware or has reason to be aware of breach.

#### **Service Output 1: Service Management Performance Criteria**

- ◆ Produce, agree, update and comply with the Service Delivery Plan, as updated and agreed annually with the Authority.
- ◆ Provide an independently certified annual summary report of all tonnage data, as set out in the Contract Requirements.
- ◆ Furnish the Authority with results of audits and inspections by relevant authorities and internal Contractor audits within 10 Working Days of receipt of results by the Contractor.
- ◆ Consult, agree, produce, update and implement an Annual Service Performance and Improvement Plan

**Service Output 2: Stakeholder and Community Consultation Performance Criteria**

- ◆ Produce, agree, update and comply with the Stakeholder and Community Liaison Plan, as updated and agreed annually with the Authority.
- ◆ Notify and brief the Authority on any material disputes or complaints by the following business day.

**Service Output 3: Waste Reception and Transfer**

- ◆ Provide an average daily turnaround time of 20 minutes or less (subject to a maximum turnaround time of 30 minutes) for all Council nominated vehicles at *each* Reception Facility.

**Service Output 4: Waste Treatment and Disposal**

- ◆ Maintain facilities in a clean and orderly manner.
- ◆ Remove debris from all facilities and within 100m of facility boundary if requested by the Authority's Authorised Officer during normal working hours.

**Service Output 5: Mobilisation, Contingency and Expiry Arrangements Performance Criteria**

- ◆ Produce, agree, update and implement contingencies in accordance with the Contingency Plan during the Contract Period.
- ◆ Produce and agree the Expiry Plan within the first twelve months of Contract Commencement.

**Service Output 6: Health, Safety and Welfare Performance Criteria**

- ◆ Comply with the Health, Safety and Welfare Plan (including a schedule of service risk assessments), as updated and agreed annually with the Authority.

## **5. AFFORDABILITY AND PAYMENT**

### **5.1 Affordability Assessment**

Funding for the Waste Treatment Contract shall comprise future waste management budgets and the additional revenue support made available to the Councils through PFI credits. Further to the submission of an Outline Business Case (OBC) to Defra in 2006, the Councils have been provisionally awarded PFI Credits of £65 million. The release of such funding will be subject to the submission of a Final Business Case to Defra at the preferred bidder stage and subsequent satisfaction of the PFI award criteria.

One of Defra's requirements is a contract that facilitates an off-balance sheet transaction for the Councils under FRS 5 (Reporting the Substance of Transactions). Participants should structure their proposals to achieve this requirement.

The Councils' estimated cost of contract, based on the Reference Project, is in the region of £850m.

### **5.2 Payment Mechanism**

A Payment Mechanism will be proposed that is both a method for payment and a method of providing an incentive to achieve high performance. As such, the Payment Mechanism will be linked to the service outputs defined in the Output Specification with deductions applied when Output Specification standards are not achieved. It is intended that the contract should be self-monitoring as far as possible so as to reduce the burden on the Councils, whereby the Authority's Authorised Officer should be simply responsible for confirming the monitoring/payment reports derived by the Contractor.

It is proposed to generally adopt the 4ps Payment Mechanism as a basis for this contract which will incorporate a Unitary Charge adjusted for tonnage variations or performance related criteria through the following elements:

- Tonnage adjustment - This allows for adjustments to be made to the Unitary Charge where actual tonnages arising differ from that contracted and the adjustment will only be for the marginal cost of processing additional tonnage or the marginal saving of processing less.
- Landfill diversion and LATS adjustment - Whilst it is not proposed that payment for landfill services will be included in this contract, the Councils are intending to incorporate a landfill diversion adjustment (including BMW diversion) that will pass the risk of achieving a certain level of landfill diversion to the Contractor. Where the Contractor under-performs the adjustment will make a deduction to the Unitary Charge based on the additional landfill gate fee, Landfill Tax and LATS costs incurred by the Councils. In addition, and to act as an incentive to the Contractor, where there is over-performance that generates real savings in landfill costs for the Councils, the adjustment will make a bonus payment to the Contractor.
- Compensation payment - Where the actions or inactions of the Councils impact on the ability of the Contractor to achieve its contract targets the Contractor may have relief from any deductions arising and/or may have some form of compensation where the actions or inactions cause additional costs to

be incurred. The details of this mechanism will be developed in conjunction with the Participants and will be specific to the solution proposed.

- Non-key services - Payment for certain types of waste, the volumes of which are very difficult to predict, such as bulky items or white goods.
- Excess profit share – If third party income is accrued some equitable profit sharing mechanism will be incorporated based on auditable financial information.
- Deductions - Deductions will be made for both unavailability of the contract facilities and for poor performance of the services. The details of this regime and the list of performance criteria and/or KPIs will be developed during the dialogue process.

The above is provided as a guide only to Participants at this stage and therefore may be subject to change during the CD process to reflect the nature and dynamics of Participants' proposals for the Waste Treatment Contract.

## **6. SITES & PLANNING**

### **6.1 Sites Currently in Use**

A number of sites are owned or leased by the Councils and are currently used for the delivery of HWRC, Transfer Station, MRF, and composting services. The management of these sites is the responsibility of other contractors. Therefore these sites will not be available to the Waste Treatment Contractor.

### **6.2 Sites Provision in the Future**

The County Council and City Council have identified and secured a number of suitable sites that could be used to deliver the project. Whilst all the sites have been judged as potentially technically feasible and deliverable in planning terms, the suitability of all sites is being formally assessed as part of the emerging DPD site allocations consultation process. The Councils will continue to input to this process at the various formal consultative stages of the plan to ensure the best possible policy basis for its waste facility proposals.

Options have been agreed in principle with landowners for sites sufficient to deliver the reference project (this is a theoretical model on which the business case has been developed and comprises of 1 MBT and 1 EfW plant). The options will be exercised subject to preferred bidders identifying the need for the site(s) and subject to planning consent being granted.

The site acquisition work is on-going and therefore due to the confidential nature of this work sites cannot be divulged at this stage. However, it is expected that at the time the Participant is required to enter into CD, details of these sites including locations, size and access will be made available to the Participants.

### **6.3 Approach to Planning**

The County Council and City Council propose that planning applications for residual waste treatment facilities will be made by the preferred bidder, NOT by the Councils. It is envisaged that these applications will be made after adoption of the Waste Site Allocation Development Plan Document (DPD) (scheduled May 2009) so ensuring that the applications are fully in line with this plan and the Waste Core Strategy DPD which is also expected to be adopted by this time. Planning applications for the minor facilities (waste transfer stations) are currently being prepared by consultants and will be submitted by the Authority.

The proposed planning strategy has been subject to a rigorous review as part of the process for gaining PFI credits. The relevant government agencies involved in this process support the proposed approach to planning which is also seen as being consistent with the recent planning systems guidance (planning health framework) issued by WIDP in August 2007.

#### **6.3.1 Planning Studies**

The Councils have tested the robustness of their planning strategy in a number of ways. Firstly, an assessment of alternative sites was undertaken by Land Use Consultants in 2006 which assessed the potential for use of a number of sites using a sieve process and applying established planning and environmental criteria. Secondly, the Councils are involving their own in-house Planning Officers to test out assumptions over the suitability of sites and the applications strategy and fit

with the emerging new development plans. Thirdly, the Councils commissioned Enviro Consulting Ltd to prepare a Review of Planning Risks for the sites to provide a renewed focus to the work already undertaken, a supplementary analysis of additional sites brought forward and a sound planning rationale for proceeding with the shortlisted sites. Enviro are continuing to provide advice on these aspects. Finally, Jacobs Ltd have been commissioned to provide pre-feasibility reports to identify the potential nature and severity of basic constraints which may affect the shortlisted sites.

It is the intention that the Councils will continue to test out the deliverability of the shortlisted sites as the procurement process progresses. This will take the form of more in-depth environmental baseline surveys and assessments as a precursor to the formal planning applications EIA process which will be the principal responsibility of the successful bidder. The existing site reports and any subsequent relevant information will be provided to the bidders as part of a 'planning pack' to assist bidders in framing their proposals to the Councils.

### **6.3.2 Planning Pack**

The proposed planning pack will provide relevant planning and environmental information to the bidders on the preferred waste treatment sites. It is intended that this should assist the bidders in making their own assessments on the planning case and deliverability and framing their proposals accordingly. It is hoped that this will avoid potential duplication of effort and unnecessary cost expenditure on the part of bidders. It is likely that the planning pack will be released to bidders in stages. The list below is not intended to be exhaustive but provides an indication of the likely contents of the pack:

- ◆ A schedule of relevant information relating to the Minerals and Waste Development Framework (MWDF);
- ◆ Submissions made by the Councils as part of the MWDF sites consultation process;
- ◆ Site search reports undertaken by consultants;
- ◆ Site condition reports;
- ◆ EIA Scoping Reports and responses from the planning authority;
- ◆ Baseline Survey Information;
- ◆ Design Guidelines; and
- ◆ Information on the Councils communications strategy.



**Table 7.1 Historic waste arisings**

Description	Authority	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Total amount of household waste (tonnes)	City Council	93,020	96,860	98,870	98,610	100,670	97,560	100,600
	County Council	311,942	327,537	327,821	327,448	335,911	328,750	333,362
	TOTAL	404,962	424,397	426,691	426,058	436,581	426,310	433,962
Growth in total household waste (%)	City Council	(0.94)	4.13	2.08	(0.26)	2.09	(3.09)	3.1
	County Council	4.46	5.00	0.09	(0.11)	2.58	(0.83)	0.8
	TOTAL	3.17	4.80	0.54	(0.15)	2.47	(2.35)	1.79
Household waste collected per head (kg/head)	City Council	523	540	545	541	547	527	536
	County Council	543	570	575	571	583	571	573
	AVERAGE	538	563	567	564	574	560	566
Growth in household waste collected per head (%)	City Council	Not known	3.27	0.94	(0.85)	1.09	(3.61)	1.71
	County Council	3.59	4.99	0.88	(0.61)	2.03	(0.12)	0.31

From this it can be seen that waste growth for North Yorkshire and the City of York between 2000 and 2006 was variable, but on average circa 1% per annum. Although the figure for 2005/06 shows negative waste growth, the Councils do not view this as being sustainable, particularly given the Councils' assessment of population growth. This reflects waste growth assumptions incorporated in the regional waste strategy. The variations in waste growth have been as a result of a number of factors including seasonal variations, introduction of waste initiatives and improved recycling and composting performance (e.g. home composting take-up).

It is anticipated that future waste figures will be influenced by changes in population, changes in waste generation per household as well as the increased effectiveness of waste minimisation measures at a national and local level. Taking these factors into account and having regard to planned investment in waste minimisation and education programmes over the next 3 years, it is considered that growth rates over the contract period are likely to be 2% p.a. to 2007/8. As national and sub-regional waste minimisation initiatives and also measures as part of this contract begin to take effect, waste growth will fall to 1% in the period to 2010/11 with a further decrease to 0% p.a. from 2012/13 onwards. Whilst the JMWMS includes an aspirational target of 0% waste growth by 2007/08, this figure does not take into account population growth and is for household waste only, thus is broadly

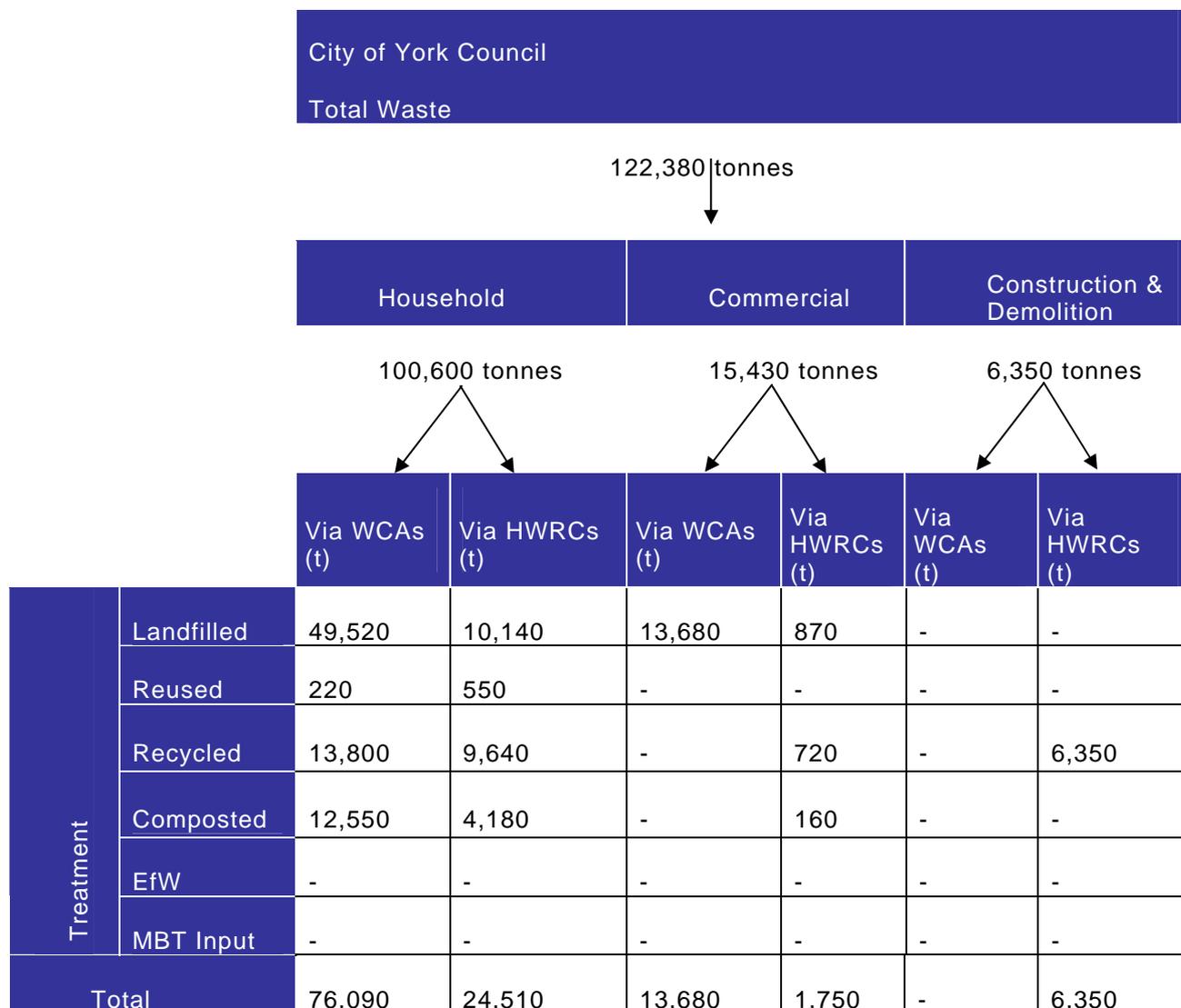
consistent with the predicted MSW growth rate of 2%. Population and waste growth per head of population have been rolled into the overall waste growth projections. Therefore 0% waste growth in 2013 will in effect mean a waste reduction per head of population if the population continues to rise. This fits with the objective of reducing waste arisings per head of population to achieve the lowest quartile of Shire counties by 2013.

Set out below is a summary of the tonnages handled by the Councils in 2006/07:

**Table 7.2 Summary of waste tonnages handled in 2006/07 by North Yorkshire County Council**

		North Yorkshire County Council					
		Total Waste					
		388,409 tonnes					
		Household		Commercial		Construction & Demolition	
		333,362 tonnes		33,841 tonnes		21,020 tonnes	
		Via WCAs (t)	Via HWRCs (t)	Via WCAs (t)	Via HWRC (t)	Via WCAs (t)	Via HWRCs (t)
Treatment	Landfilled	178,381	30,039	33,544	-	-	14,601
	Reused	1,292	691	-	-	-	559
	Recycled	37,030	23,812	297	-	-	5,861
	Composted	37,703	18,063	-	-	-	-
	EfW	-	1,263	-	-	-	-
	MBT Input	5,086	-	-	-	-	-
Total		259,493	73,869	33,841	0	0	21,020

**Table 7.3 Summary of waste tonnages handled in 2006/07 by City of York Council**



### 7.3 Waste Composition

The waste composition for North Yorkshire is based upon the outcome of a county specific composition analysis carried out in 2006/07.

The waste composition used for the City of York is as per the National Waste Composition.

### 7.4 Current Waste Management Arrangements

#### Collection Service

The collection of residual waste on behalf of WCAs and the City Council is by Direct Labour Organisations/Direct Service Organisations (“DLO/DSOs”), with the exception of Selby DC who contract out their service. Recycling collections are carried out either by the DLO/DSOs or by a private sector provider. The City

Council utilises kerbside sorting with the WCAs opting for a co-mingled collection to a greater or lesser degree. Further information on each WCA's collection arrangements will be available in the data room.

## 7.5 Recycling Performance

In 2006/07, 116,608 tonnes of material was collected for recycling and composting in North Yorkshire, with a further 40,170 tonnes in York. Of the total for North Yorkshire, 41,875 came from HWRCs in North Yorkshire and 74,733 from the WCAs and third parties. In the City of York, 13,820 tonnes arose from HWRCs and 26,350 tonnes were collected by the WCA and from third parties. This represents a recycling rate of 35.1% in North Yorkshire and 39.9% in York compared to 29.5% and 24.1% respectively in 2005/06.

Recycling performance for the City and County Councils and each of the District and Borough Councils is summarised in the table below.

**Table 7.4 Recycling and composting performance – BVPI 82 a + b**

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Craven	8.2%	10.4%	18.0%	20.1%	25.0%	28.1%
Hambleton	9.6%	15.1%	23.7%	34.4%	38.2%	43.9%
Harrogate	6.7%	9.6%	15.0%	15.9%	22.1%	20.8%
Richmondshire	6.9%	7.04%	10.1%	12.0%	22.4%	31.6%
Ryedale	9.0%	10.0%	14.7%	25.4%	43.2%	51.0%
Scarborough	8.6%	9.3%	12.4%	14.9%	17.5%	18.7%
Selby	10.2%	11.4%	12.2%	14.7%	25.5%	29.7%
North Yorkshire County Council	12.8%	13.7%	17.7%	21.7%	29.5%	35.1%
City of York	10.3	12.3%	15.4%	17.8%	24.1%	39.9%

The data set out in the table above shows the steady improvement the Partnership authorities have made in improving their recycling and composting performance over the past 5 years. The tonnage collected for recycling across the Partnership has increased substantially in the last 6 years, as shown in the table below.

**Table 7.5 Partnership recycling tonnages**

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Craven	2,177	2,302	2,532	4,527	5,585	6,637	7,000
Hambleton	2,784	3,050	4,749	6,997	11,158	13,655	14,907
Harrogate	3,491	3,629	5,025	8,187	8,939	12,193	12,363
Richmondshire	1,038	1,103	1,302	1,906	2,403	4,323	4,417
Ryedale	1,417	1,559	2,080	2,933	5,411	10,054	10,155
Scarborough	3,789	4,593	4,287	4,702	6,396	10,217	11,100
Selby	1,893	3,473	4,384	4,345	5,352	9,794	11,900
North Yorkshire County Council	10,324	15,550	19,935	24,494	28,341	29,943	33,128
City of York	9,120	10,010	12,180	15,210	17,890	23,490	35,740
Total	36,033	45,269	56,474	73,301	91,475	120,306	140,710

Defra have announced further statutory performance standards for 2007/8. The 2007/8 targets are equal to the level of the target in 2005/6 with the exception of authorities who had a target of 18% in 2005/06, who are required to raise their performance to 20%. The 2007/8 statutory performance standards for the Partnership authorities are therefore:

Authority (2007/8)	Target
Craven	27%
Hambleton	24%
Harrogate	21%
Richmondshire	20%
Ryedale	30%
Scarborough	20%
Selby	20%
North Yorkshire County Council	21%
City of York	20%

The Councils have also set a long-term recycling target of 50% within the JMWMS. As such Partnership members are working closely together to develop coordinated and integrated plans for the future including proposals to consolidate collection systems. Much work has been carried out to determine the most cost effective collection methodology that will realise the high levels of recycling that the Partnership aspires to. The WCAs have indicated that they are committed to providing new collection arrangements required to meet the recycling performance

targets. Decisions on methods and frequency of collection will be made locally by each collection authority but there will be quality standards and minimum tonnages that must be achieved in each case. These are set out in the Service Level Agreements (“SLAs”) that will be binding between the WDA and each WCA in the County area. Within the City Council, a similar SLA shall be in operation between the two City Council functions.

Proposed collection arrangements comprise a three stream collection system for green waste, dry recyclables and residual waste. As a minimum it is intended that paper/card, cans, glass and plastic bottles will be collected from every household where practical. This will not only facilitate the achievement of the 50% recycling targets across the Partnership, but also assist the WCAs with their responsibilities under the Household Waste Recycling Act 2003 (which provides that by 2010 at least two materials are to be collected for recycling from every household in England and Wales).

As WDAs, the City and County Councils also plan improvements to their respective HWRCs to significantly increase the recycling rate achieved at each site. The County Council has a contractual recycling target of a minimum of 50% by 2006/07. In York, the contract for the management of HWRCs has recently been awarded to Yorwaste for the period up to March 2015. The output specification sets minimum recycling performance targets to be achieved aiming for 60% by 2007/08.

## **7.6 Waste Minimisation and Re-use**

The JMWMS makes a number of commitments with regards to waste minimisation activities across the Partnership area. The Partnership developed and adopted a Waste Minimisation Strategy in July 2004, which set out a number of aims and measurable targets and each authority has co-funded a full time post to work on waste minimisation issues on behalf of the Partnership. The County Council also funded two new posts (a Waste Minimisation and Outreach Manager and a Waste Campaigns Officer) to support these activities. The Partnership:

- commissioned research to establish the composition of household waste in its area so that campaigns and waste streams could be targeted most effectively;
- promoted the use of ‘real’ washable and reusable nappies, instead of disposable ones;
- promoted the use of the Mailing Preference Service as a way of reducing junk mail;
- provided home compost bins at cost; and
- conducted campaigns through a variety of channels to inform the public of the importance of and the methods to reduce waste.

Following the inspection of the County Council’s waste management services, the Audit Commission praised the County Council for adopting a sound approach to realising the targets contained within the 2004 Waste Minimisation Strategy.

The Partnership has a waste communications strategy which identifies target audiences and coordinates efforts to influence public behaviour with regard to waste.

A revised Waste Minimisation Strategy was adopted in July 2006 to meet the waste minimisation targets set out in the JMWMS. The revised Waste Minimisation

Strategy has an accompanying action plan which sets out a detailed programme of activities and the 2006/07 action plan focuses on eight key areas. They are:

- i. Garden Waste
- ii. Kitchen Waste
- iii. Real Nappies
- iv. Junk Mail
- v. Packaging
- vi. Internal policy
- vii. Continuous and ongoing awareness and promotion
- viii. Policy initiatives

Campaigns focussed on each of these key areas will be carried out across the partnership area. It is planned that best practice guidelines will be produced and rolled out to all partners over time. The City Council has also developed a series of short term action plans on recycling, composting, HWRCs, waste minimisation issues and re-use, and awareness raising within the City. The City Council is considering the viability of its commercial waste service. As well as fully participating in the Partnership waste minimisation campaigns and activities, the City Council has also committed to continue to support the York Rotters project (a master composter scheme) and to set up a community re-paint scheme to reduce the amount of unwanted paint that is disposed of.

### **7.7 Waste Flow Model**

A waste flow model has been prepared to provide an estimate of projected waste quantities and waste management performance from the present to 2033. The waste flow model will be available in the Data Room as supporting information for participants.

The model is built upon and calibrated to baseline waste data for 2006/7. A set of assumptions for waste growth, composition, material capture rates and roll out of individual WCA collections are applied to the baseline waste data to project tonnages of recyclable and compostable materials and residual waste.

During the bidding process participants shall be required to develop their own waste flow forecasts as part of their proposed solutions.

### **7.8 Contract Interfaces**

#### **General**

Front End Services and Waste Treatment Contractors will be required to plan and manage the integration between all service providers, WCAs and other contractors. In addition interface management is to be defined within each individual Service Delivery Plan and corresponding Contingency Plan. A mechanism for contract interface management will be confirmed through the CD process.

The contract interfaces are represented in Figure 4 below.

### **Front end services**

The front end services contractor(s) will accept all collected waste and materials for recycling from Waste Collection Contractors and provide delivery points and contingency delivery points. The Waste Treatment contractor must accept contract residual waste, rejects and residues from the Front End Service Contractor. The main interface will be the receipt of residual waste for treatment.

The Waste Treatment Contract will include performance targets set in respect to delivery point opening times and turnaround times in respect to waste deliveries from the Front End Services contractor.

### **City of York Council waste collection contract**

The Waste Treatment contractor must accept residual waste, rejects and residues from the City Council Waste Collection Service. The main interface will be the receipt of collected residual waste at delivery point(s).

The Waste treatment contract includes performance targets set in respect to delivery point opening times and turnaround requirements in respect to City Council deliveries.

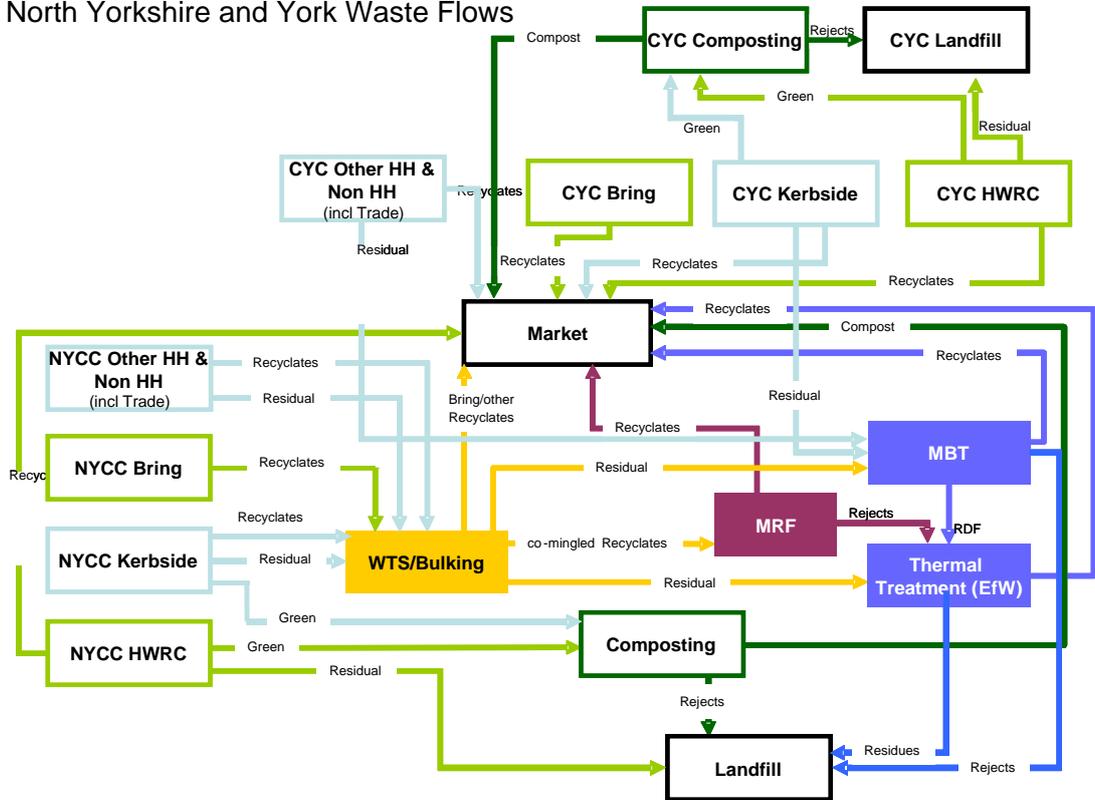
### **Landfill contractor**

The location and opening times of County Council nominated landfill delivery points will be defined in the contract. The landfill contractor will be required to accept all treatment residues except hazardous waste. The Waste Treatment Contractor will be required to procure suitable hazardous waste landfill disposal routes as part of the Waste Treatment Contract.

The Landfill Contract will include performance targets set in respect to delivery point opening times and turnaround requirements in respect to the Waste Treatment Contract waste deliveries.

Figure 4 Interfaces and material flows, York and North Yorkshire

North Yorkshire and York Waste Flows



## **8. PROCUREMENT ARRANGEMENTS**

### **8.1 Competitive Dialogue Process**

The Councils are under a duty to demonstrate that their waste services deliver Best Value and achieve effective performance management and continuous improvement in line with their duties under the Local Government Act 1999. As a consequence, all of the waste contracts to be let will be procured through a competitive tendering regime that complies with the EU Procurement rules as specifically now set out in the Public Contracts Regulations 2006.

The Councils will follow the CD procedure for the Waste Treatment Contract in view of the fact that this contract is considered to be particularly complex. Whilst the County Council will be the contracting authority for the purposes of the procurement, it is also procuring on behalf of the City of York which will enter into a 'back-to-back' sub-contract with the County Council. For that reason, although not the 'contracting authority', officers from City of York will take part in the dialogue and evaluation. Whilst the Councils are clear about their needs and requirements they also believe that the market is best placed to propose the most suitable means to meet those needs and therefore, that a constructive process of dialogue will provide it with the best outcome to the procurement.

The Councils recognise the resource implications of conducting a CD with a greater call on time in the earlier stages of the project and will endeavour to produce a short-list of Participants going through to the final tender stage as quickly as possible in the dialogue process.

The process will commence with the issue of a Pre-Qualification Questionnaire ("PQQ") from which the County Council, as the lead Authority, will select a number of Participants to participate in the dialogue. The County Council has not determined yet the number of Participants to be selected, but it should be recognised that the numbers will be greater than those typically invited to tender or negotiate in other procedures. The purpose behind this is to enable the Dialogue Phase to begin with an Invitation to Submit Outline Solutions ("ISOS"). The County Council will apply the evaluation criteria to those outline solutions and will proceed into further, detailed stages of the dialogue with a more limited number of participants. The detailed stages of the dialogue will consider technical means of satisfying the Councils' requirements, the financial make-up of the project and the legal and contractual terms to govern the contract. The County Council may conduct these detailed dialogues in successive stages and may eliminate from the dialogue participants at the conclusion of the stage. The County Council makes no commitment to the number of participants who will, at the end of the dialogue, be invited to submit a tender. However, it will abide by its obligations in the Public Contracts Regulations 2006 to ensure that there is sufficient and genuine competition in the tender.

Participants should be assured that the County Council will respect confidentiality of their solutions during the dialogue phase. The aim of the dialogue is to develop Participants' individual solutions, rather than an exercise in which the County Council seeks to arrive at a consensual agreement on all the outstanding matters. Each Participant's solution may be different and the County Council encourages this. Participants should feel free, therefore, to develop fully their own solutions, without fear of cross-fertilisation of bids. The County Council will not disclose the contents of dialogue submissions to other Participants without explicit consent.

The dialogue will conclude with an invitation to tender. Participants must recognise the extremely limited scope available to the County Council to discuss bids post tender. A process of “fine-tuning” may be undertaken post bid-submission, but prior to evaluation and contract award. Post-contract award, only clarification of bids will be permitted. There is no scope legally for extensive negotiation, associated with the preferred bidder stage in the negotiated procedure.

## 8.2 Participants’ Day

The County Council would welcome an open dialogue with all participants. To initiate this process, a Participants’ Day has been arranged for **21<sup>st</sup> September 2007** and an invitation to attend is included. Participants are requested to confirm their attendance at this event as soon as possible.

## 8.3 Evaluation

Due to the significant scale and value of the project, the assessment of returned bids will be split into smaller, specialist teams to concentrate on the key criteria areas of the contract as indicated below. Each specialist team will be made up from personnel within the Councils, utilising input from advisors as necessary. The key areas of evaluation will be covered under four broad criteria headings:-

- Financial (including economic testing)
- Technical (including deliverability)
- Environmental (including sustainability)
- Commercial/Legal (to include contractual)

Key Criteria	Technical, sustainability and added value (60%)	Financial and Commercial (40%)
<b>Sub Criteria</b>	Proposals and Targets Planning and Regulatory Issues Environmental Impacts Project and Service Management Service Quality and Enhanced Performance Partnership Working and Community Sector Integration Internal Business Process	Economic Cost Affordability Financial Robustness Deliverability Compliance with Payment Mechanism

Assessment of the acceptability of the legal proposals will be solely on a pass/fail basis against SOPC4 requirements.

Further detail on the evaluation methodology and criteria weighting is to be provided in due course. Details of the PQQ evaluation approach are contained with the PQQ documentation issued to applicants.

## 8.4 Key Dates

Participants should note the key dates shown in the table below are indicative to the project and subject to the achievement of planning approval(s).

**Table 8.1 Key Dates in the procurement programme**

Stage	Date
Notice in the official journal of the European Union published	September 2007
PQQ Return date	October 2007
Invitation to submit outline solutions	October 2007
Invitation to submit detail solutions for short listed Participants	January 2008
End of Dialogue Phase and Call for final tenders <sup>3</sup>	October 2008
Appoint preferred bidder	December 2008
Contract award notice	December 2010

## 8.5 Media and Information Protocol

In order that communications are delivered effectively for the proposed contract a strict information management and media protocol will be adhered to and controlled by the Councils as follows:

- i. Specific information enquiries from the media will be responded to with a standard agreed statement/briefing that will have sign off from the Councils.
- ii. This is a key document which will be reviewed at each stage of the development of the contract.
- iii. A communications timetable will be agreed by the Councils with further deadlines and responsibilities in terms of immediate communications and information, in line with the Procurement Process Timetable.
- iv. All potential Participants must contact the Authority in advance of ANY proposed communication activity in order to gain full approval. This includes all or any proactive or reactive media activity.
- v. A detailed Media and Information Protocol will be issued to all Participants at ISOS stage.

## 8.6 Contract Queries

Any queries regarding the procurement process should be addressed to:

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<sup>3</sup> Date constrained by the requirement for the County Council to have secured Planning Consents before calling for Final Tenders

**Assistant Director Waste Management  
North Yorkshire County Council  
County Hall  
Northallerton  
North Yorkshire  
DL7 8AH**

or by email to [waste@northyorks.gov.uk](mailto:waste@northyorks.gov.uk)

## APPENDICES

## PROPOSED RISK ALLOCATION MATRIX

Risk	Risk Transfer and allocation	
	County Council	Contractor
<b>1. PLANNING RISK</b>		
Site acquisition delays (where site is supplied by the County Council)	✓	
Site acquisition delays (where site is supplied by the contractor)		✓
On-going site assessment work reveals issues with site deliverability and additional planning risk	✓	✓
Cost and timing of planning determination (dependent on proposal and site issues)		✓
Obtaining the necessary licenses and consents		✓
<b>2. DESIGN RISKS</b>		
Compliance with technical specification		✓
Variations (required by the County Council after design fixed)	✓	
Change in design required due to external influences (regulatory)	✓	✓
<b>3. CONSTRUCTION RISKS</b>		
Time And cost over-run including unforeseen ground/site conditions, utility connections, 3 <sup>rd</sup> party consents, contractor, sub-contractor default, 3 <sup>rd</sup> party claims, protestor action (subject to DEFRA guidance)		✓
<b>4. COMMISSIONING RISKS</b>		
Delays and cost over-run attributable to commissioning		✓
<b>5. OPERATIONAL RISKS</b>		
Remedy to defects		✓
Unavailability/breakdown		✓
Compliance with environmental regulations (other than those resulting from a qualifying change in law), and discharges to air, water and land		✓
Compliance with and availability to perform service contract		✓
Lifecycle replacement cost estimation		✓
Operating cost estimation and differential inflation		✓
Proposed new or alternative facilities by Contractor		✓
Benefits of pursuing alternative technology on agreement with the County Council (initiated by the Contractor)		✓

Value of sites and buildings at the end of the Contract		✓
Changes in waste arising (quantity and/or composition) due to trends in waste production – impact on cost and performance		✓
Variations in quantity and/or composition of the waste delivered to the Contractor resulting from the actions of the Councils or the WCAs (outside of agreed contractual parameters')	✓	
Contract interface risk	✓	✓
Payment of any annual guaranteed service payment, equivalent to a minimum annual throughput tonnage, which is yet to be agreed	✓	
<b>6. PERFORMANCE RISKS</b>		
Achieving base income levels for recycling and treatment/ disposal of third party waste /Electricity or Power and Heat Sales		✓
Securing end markets for disposals residues/recyclables and process residues (including SRF)		✓
Excess income levels	✓	✓
Achieving the contracted diversion rates by contracted dates		✓
Achieving other operational performance standards		✓
<b>7. REGULATORY RISKS</b>		
Compliance with existing and foreseeable legislation, including taxation		✓
Landfill tax (where service provider not in default)	✓	
Change in law - general	✓	✓