



# Clyde Valley Review

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## Shared Services Contract for Residual Waste Treatment

**Ian Telford**

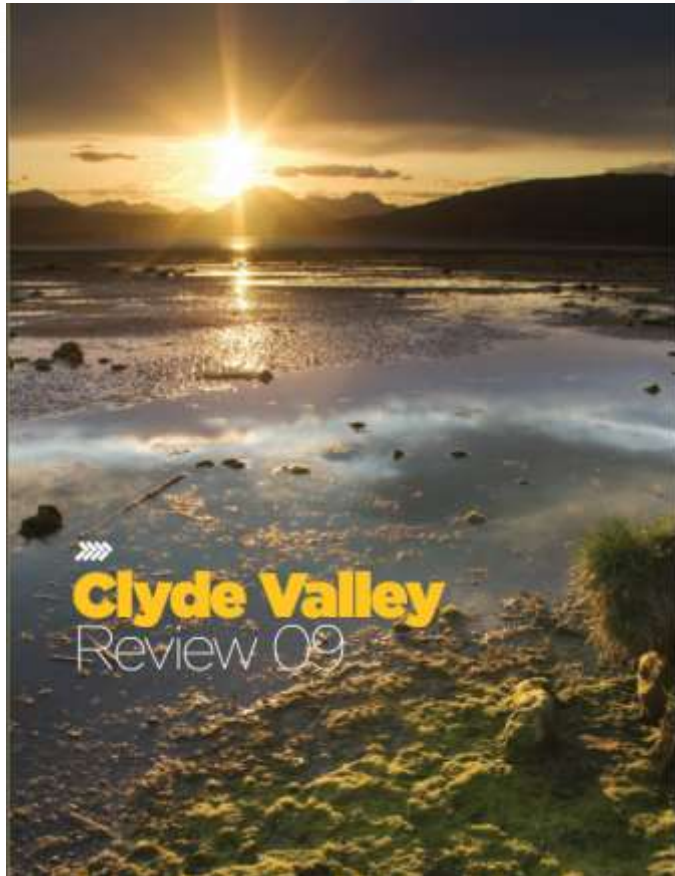
**Clyde Valley Residual Waste  
Project**



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**Sir John Arbuthnott**



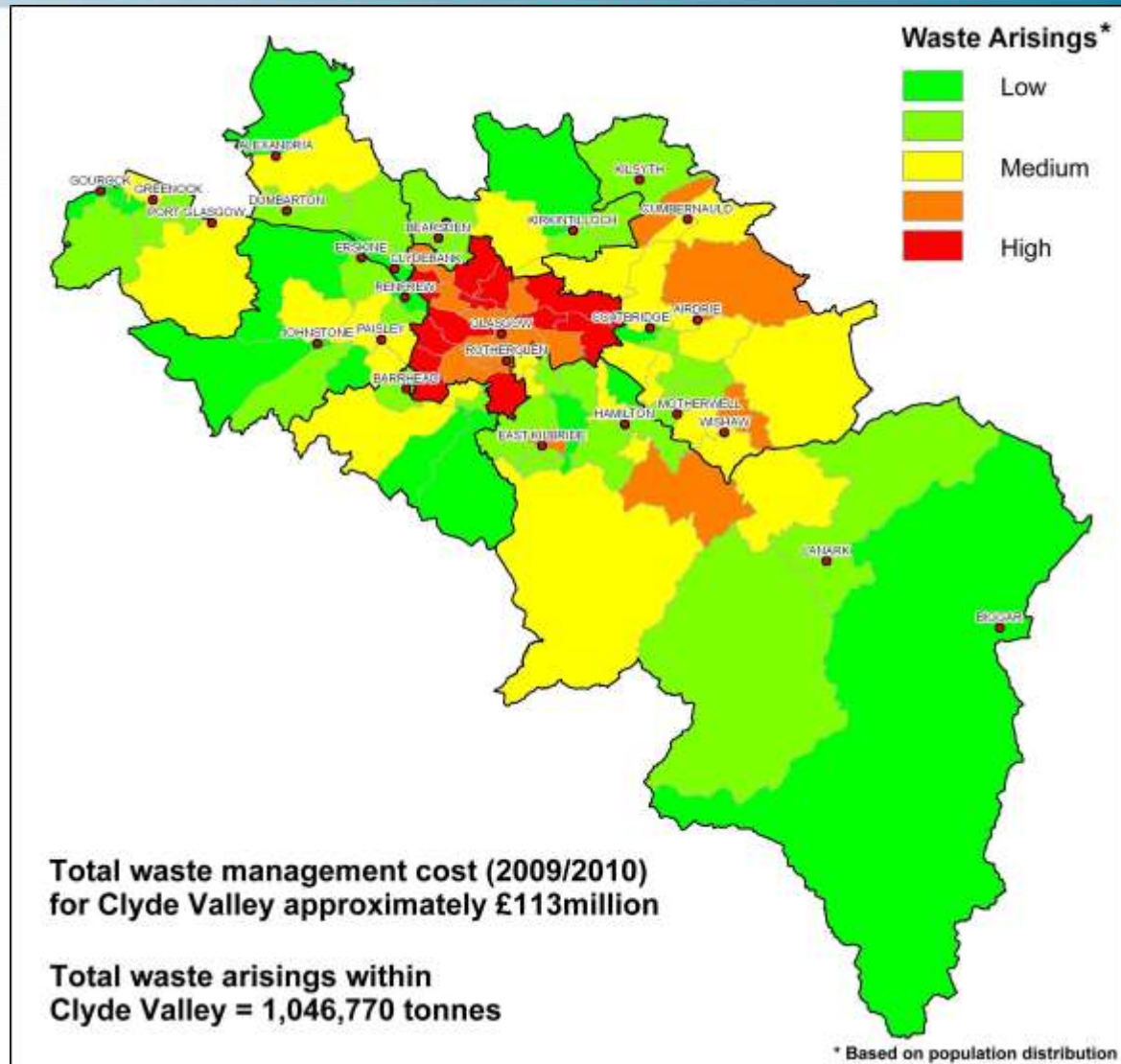
- **Integrated Waste Management**
- **Integrated Health & Social Care**
- **Social Transport & Fleet Management**
- **Property Sharing & Management**
- **Back Office**
- **Common Charging Framework**
- **Joint Economic Strategy**

## Waste Management

- North Lanarkshire Lead Authority
- Core Team established September 2010
- Outline BC produced in November 2010
  - Identify cost savings
  - Treatment and Disposal Entity

# Clyde Valley Review

## Clyde Valley Waste Arisings



## Waste Management Project Deliverables

Delivered were:

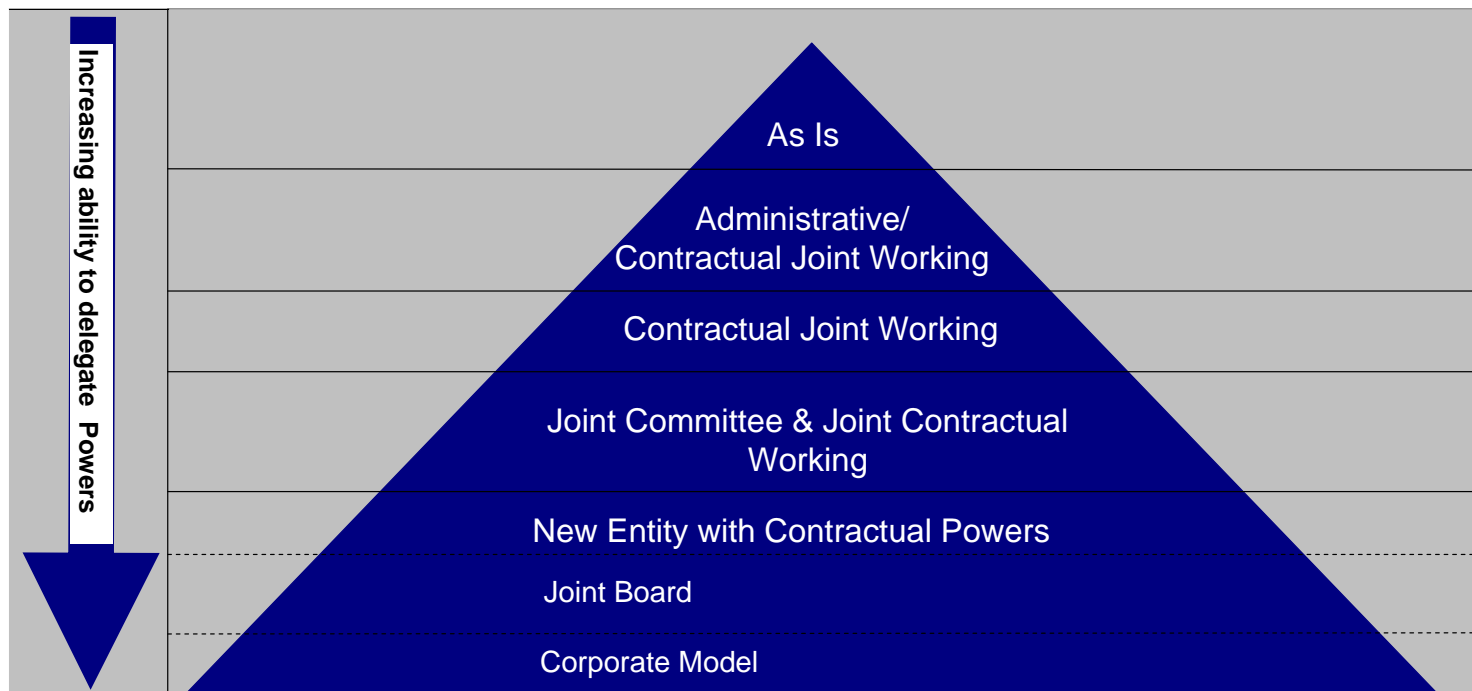
- Detailed Business Case
  - Delivery Vehicle Options
    - Business plan, service review, benchmarking
- Collections Best Practice



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## Entity Options

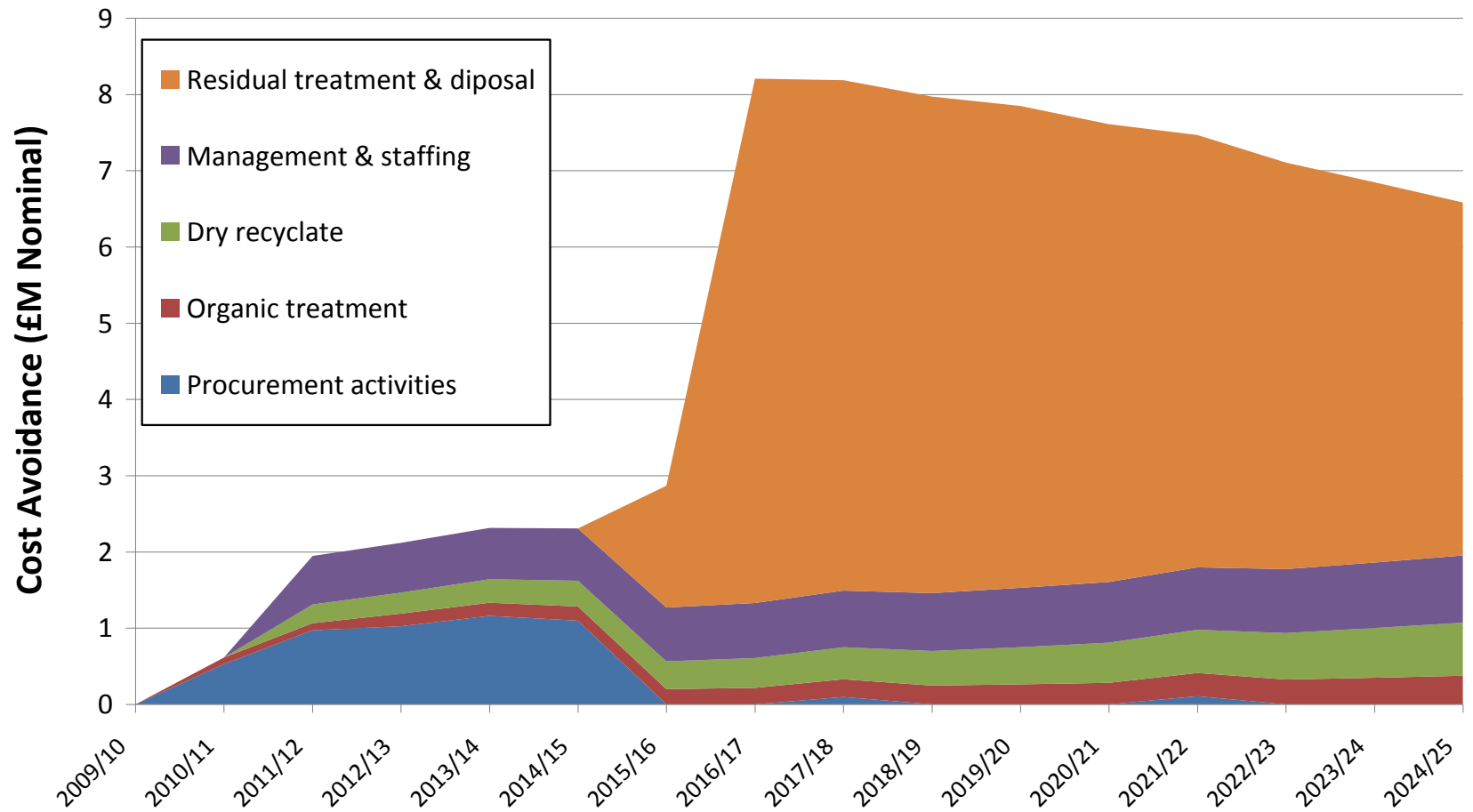




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## Cost Avoidance - Joint Treatment & Disposal





## Challenges

- Councils at **various stages** for development of their own plans
- **Zero Waste Plan** and Carbon Metric Implications
- **Composition** of Waste (collection systems)
- **Flexibility** to develop and enhance recycling to fit Government policy
- **Interdependency** of all Projects being progressed under Waste Management
- **Timelines** (internal and legislative)
- **Resources** and Funding
- **Commitment** of Partner Councils



# Clyde Valley

residual waste project



Four of the Eight Authorities signed up  
Outline Business Case.

Inter Authority Agreement

Legally Binding Document

North Ayrshire asked to join

Re run Business case

# Background

- Five Partner Councils
- 25 year Residual Waste treatment contract for 190,000 tpa from December 2019
- £700m contract

Partner Councils	Tonnage
North Lanarkshire	71,000
Renfrewshire	41,000
North Ayrshire	34,000
East Dunbartonshire	24,000
East Renfrewshire	20,000
<b>Total</b>	<b>190,000</b>



# Partner Councils



# Policy Context

- - Zero Waste Plan
  - Recycling Targets (70%)
  - Landfill Diversion Target (95%)
  - Landfill Ban biodegradable material (2020)
- SEPA
  - Thermal Treatment Guidelines



# Main Drivers

- Sir John Arbuthnott report (2009)
- Waste (Scotland) Regulations (2012) – ban on landfill of biodegradable municipal waste by 2020



- Inter Authority Agreement
- Clyde Valley Chief Exec. and Leaders forum
- Steering group
  - Chair Gavin Whitefield
  - Project Sponsors
- Dedicated Project Team
- Project Group
  - Financial, Legal, Technical and Planning sub groups



- Technical SLR Consulting
- Legal Pinsent Masons
- Financial Grant Thornton
- Insurance Willis

- Meet the Buyer
- PIN released to ensure there was a market
- Survey Monkey Questionnaire
- Industry Day held over 2 days
  - 31 companies came along
  - 21 one to one sessions

## KEY OUTCOMES

- Useful data gathering for IDD and ITPD production
- Market Awareness (on both sides)

# Project Concept

- No Site offered to Bidders
  - Evaluation favours bidders with sites which have planning consent
- Transfer station offered by each authority
- Primary treatment should be local
- No restriction on secondary treatment location

# Form of Contract

- Standard Contract based on WIDP
  - Waste Industry Delivery Programme
  - PFI based (SoPC4)
- Amended for Scots Law by  
Scottish Futures Trust (kilted WIPD)
- Procured using the Competitive Dialogue Process

## OJEU Contract Notice

### PQQ

Pre Qualification Questionnaire

### ISOS

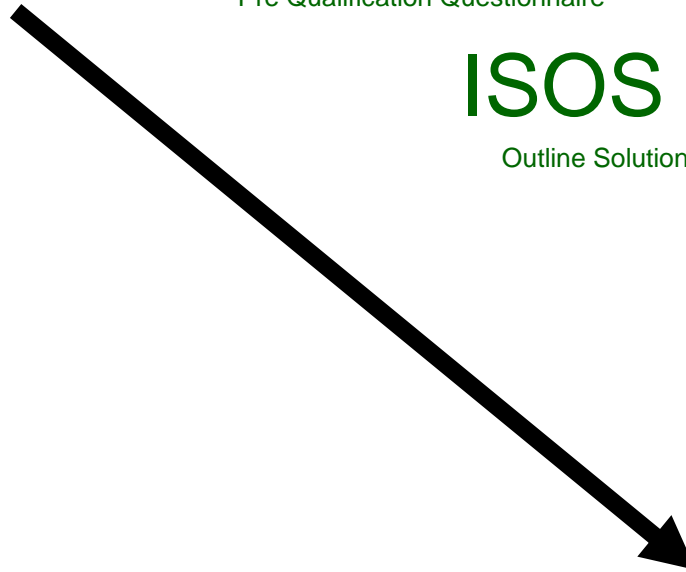
Outline Solutions

### ISDS

Detailed Solutions

### ISFT

Final Tenders



# Project Timetable

- OJEU notice January 2013
- Issued ISOS to six bidders June 2013
- Issued ITPDD to four bidders Oct 2014
- Final tenders invited June 2015
- Preferred Bidder appointed October 2015
- Financial Close 11 May 2016.
- Service Commencement December 2019

# Viridor's Solution

- Viridor manage Transfer Station sites (exception NL)
- Transport to Primary Treatment Facility at Bargeddie
- Extract Recyclate at Bargeddie
- Transport RDF to Dunbar
- Energy Recovery at Dunbar



- Tonnage related
- Guaranteed minimum tonnage
  - All Scottish Councils Associated Councils
- Recycling initiatives funded separately
- Other Waste initiatives funded separately
- 25 year contract
- Opex index linked
  - Percentage index linked is bid specific

# Contractual Risks

- Inflation (basket of indices)
- Qualifying Change in Law
- Foreign Exchange rates (FC)



# Benefits

- Low GMT and no exclusivity
- Guaranteed additional recycling
- Guaranteed diversion from landfill
- Composition risk with Viridor
- Year on year carbon reduction
- Community benefits
- Carbon Impact
- Economies of scale (procurement and CM costs)

# Contract Management

- Dedicated Contract Management Team
- Project Agreement, Authority's Requirements, Payment Mechanism,
- Post Contract IAA
- KPI Model (92 KPIs), Payment Mechanism Model, IAA Model
- Annual and Monthly reports, review of KPIs, monitoring Waste Law list, forecasting tonnages,
- Relationship Management

# Success Factors for Shared Services

- High Level Commitment (All Levels)
- Strong Business case
- Binding Agreement
- Build good relationships with Partners
- Project Champion
- Enthusiastic Project Team
- Effective information sharing
- Open and honest communication

# Thanks