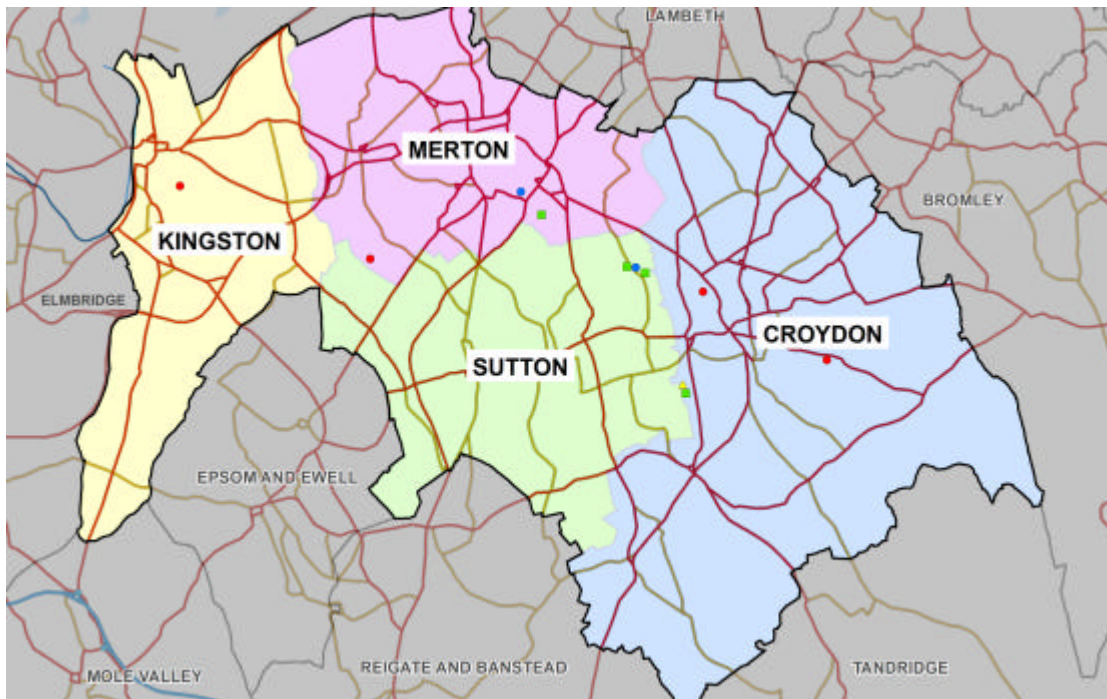


**SOUTH LONDON WASTE PARTNERSHIP**  
**TRANSFER, TRANSPORT AND DISPOSAL TO**  
**LANDFILL**

**INFORMATION MEMORANDUM**

**OJEU NUMBER (07/S69-84863/EN)**



**APRIL 2007**



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## 1. INTRODUCTION

The four London Boroughs (4LBs) of Croydon, Kingston, Merton and Sutton who are each Unitary Authorities have formed the South London Waste Partnership (the Partnership), a strong voluntary partnership to provide and deliver sustainable waste management services.

This Information Memorandum has been prepared to provide background to the waste management industry on the 4LBs and the project for management of its Transfer and Disposal services.

The Information Memorandum provides a description of the Partnership in Chapter 2, and a copy of current Joint Waste Statement is provided as Chapter 3. The Joint Waste Statement has recently been updated.

The Partnership has decided that Royal Borough of Kingston upon Thames will lead the procurement of contract(s) to deliver new waste management services on behalf of the Partnership. At present, the Transfer and Disposal contract(s) will be between the Royal Borough of Kingston and the Contractor, with back to back agreements between Kingston and Croydon, Merton and Sutton. However, dependent upon the statutory status of the Partnering Agreement, and/or an application by the Boroughs under the Local Government and Public Involvement in Health Act 2007 to form a Joint Waste Authority, the Contract could be between the Partnership and the Contractor.

The Joint Waste Statement provides details on the current waste services in the Partnership and plans for the delivery of improved services. The aims of the Partnership are detailed in Table 1 below.

**Table 1**  
**Aims of the 4LBs**

Aims	
1	Maximise diversion of BMW from landfill
2	Achieve the diversion targets specified by the Landfill Allowance Trading Scheme
3	Achieve statutory targets for recycling and composting
4	Establish shared infrastructure within the region
5	Address the key risk of sites and planning

The 4LBs have four parallel work streams, i.e:

- Procurement of waste services contract(s);
- Delivery of sites and planning;
- Development of a Joint Decision Making Body/the Partnership; and
- Assessment of affordability and funding.

The Partnership's Procurement Strategy for waste services is to award contracts in two phases:

1. Phase A: September 2008 commencement date
  - Transfer and Disposal (Open Procedure)

- HRRCs (Restricted Procedure)
  - MRF, Composting and Additional Treatment (Competitive Dialogue)
2. Phase B: 2012 commencement date
- Treatment and Recovery

The three sets of Phase A contracts are being procured at the same time. The Partnership will evaluate and award all Phase A contracts at the same time, to provide synergies and integration of services. Bidders will be invited to propose synergies and savings should they be awarded a number of contracts.

Procurement of the Waste Services Contract(s) is being progressed in parallel with delivery of sites and planning permission(s) for new facilities, development of a Joint Decision Making Body to award Contracts, and assessment of affordability and funding of the project.

Further information on the 4LBs waste arisings and management systems can be found at:

[www.croydon.gov.uk](http://www.croydon.gov.uk)

[www.merton.gov.uk](http://www.merton.gov.uk)

[www.kingston.gov.uk](http://www.kingston.gov.uk)

[www.sutton.gov.uk](http://www.sutton.gov.uk)

## **2. DESCRIPTION OF THE PARTNERSHIP**

### **2.1 Introduction**

At present, the majority of residual waste generated by the Partnership is disposed of to landfill, predominantly outwith the region. Current waste disposal contracts for three of the Boroughs (Croydon, Kingston and Merton) are due to terminate in 2008. Sutton has a current disposal contract which runs to 2014, with a break clause in 2009. These contractual arrangements, together with the impact of landfill diversion targets, drive the Partnership to provide an alternative solution which is both more sustainable and better value for money in the long term.

The Partnership has made significant progress in improving overall service management as well as demonstrating a proven ability to collaborate. A Memorandum of Understanding, Heads of Terms of Agreement, Joint Waste Statement and Joint Procurement Strategy have been jointly adopted. In addition, the Partnership has recently completed waste flow and financial modelling as well as a sites and planning study to strengthen the current procurement strategy.

The Councils have agreed how they will work together within existing legislation with constituent Boroughs taking leads on specific areas of expertise to procure and manage the contract most effectively and efficiently. The Member Board, whilst not yet formally constituted, is meeting on a regular basis to jointly agree decisions.

The Partnership has agreed a two phase procurement strategy, derived from an options appraisal undertaken by external consultants and taking account of the views of the waste management industry established through two separate Soft Market Testing (SMT) events in September 2006 and January 2007.

- Phase A will comprise three sets of contracts for transfer and disposal, Household Reuse and Recycling Centres (HRRCs) and treatment (MRF, Composting and Additional Treatment). Formal procurement for Phase A began with the publication of OJEU Notices in April 2007 and the contracts are expected to commence in September 2008. Phase A will treat waste to meet Landfill Allowance Trading Scheme (LATS) targets to 2012.
- Phase B will comprise procurement of facilities for the treatment of residual waste and it is for this phase that PFI Credits are being sought. It is anticipated that the Phase B facilities will become operational from 2012.

The Partnership routinely carries out an assessment of procurement risk, which has been used to identify and prioritise additional works streams.

In consultation with Defra and 4P's, the Partnership has developed a clear three stage framework for Governance, including an initial stage of informal joint working, formalisation of a Joint Committee structure and assessing the options for a new Joint Waste Authority.

### **2.2 Key Characteristics of the South London Waste Partnership**

The four Boroughs that comprise the South London Waste Partnership are Croydon (LBC), Kingston (RBK), Merton (LBM) and Sutton (LBS). All four are Unitary Authorities and therefore control and manage both waste collection and disposal services.

The combined population of the SLWP area is approximately 850,000 and municipal waste arisings in the area are currently in the order of 460,000 tonnes per annum.

The SLWP already has a track record of successful partnership working, having secured funding for a number of projects which are helping the Boroughs meet their landfill diversion, recycling and composting targets. The SLWP obtained £2 million from the London Recycling

Fund in 2002/3 to develop a 15,000 tonnes per annum green waste IVC plant which is now operational. In 2004, a further £2 million was secured to support the commissioning of a Mechanical Biological Treatment (MBT) facility in Sutton. The development of this facility, which uses Dano Drum technology to treat residual waste, was made possible by the four Boroughs successfully working together and in conjunction with two private sector companies and a funding group in order to deliver the project.

The Partnership has undertaken a study of joint working on the operation of HRRCs and has secured ongoing funding from Defra to provide consultancy support, in particular to aid the procurement process. A WIP project is currently ongoing to consider governance arrangements for the Partnership, including the benefits of forming a Joint Waste Authority under the Local Government Bill 2007. A second Defra (WIP) funded study aims to scope out the requirements for production of a Joint Development Plan Document. Both Defra projects are due for completion by the end of April 2007 and will provide even greater strength and clarity of purpose for the Partnership.

The SLWP Boroughs are also members of the South London Waste Disposal Group, and one (Sutton) became a Beacon Authority for Waste & Recycling in April 2006.

In recent months, a Memorandum of Understanding (MoU), Heads of Terms of Agreement (HoT), Joint Waste Statement (JWS) and Joint Procurement Strategy (JPS) have been jointly adopted and Waste Implementation Programme (WIP) funded projects are currently ongoing with respect to governance (including costs sharing) and a scoping study on joint strategic planning. A formal Agreement is being developed to pave the way for a Section 101 Local Government Act 1972 Joint Committee as an initial stage towards developing a Joint Waste Authority under new provisions proposed in the Local Government Bill 2007.

The key drivers for the Joint Waste Statement, which is based on the individual strategies of each of the Boroughs, are:

- to increase the amount of BMW diverted from landfill and ultimately exceed the LATS allocations;
- to achieve statutory performance standards for the recycling and composting of household waste; and
- to ensure compliance with the Mayor's Municipal Waste Strategy for London.

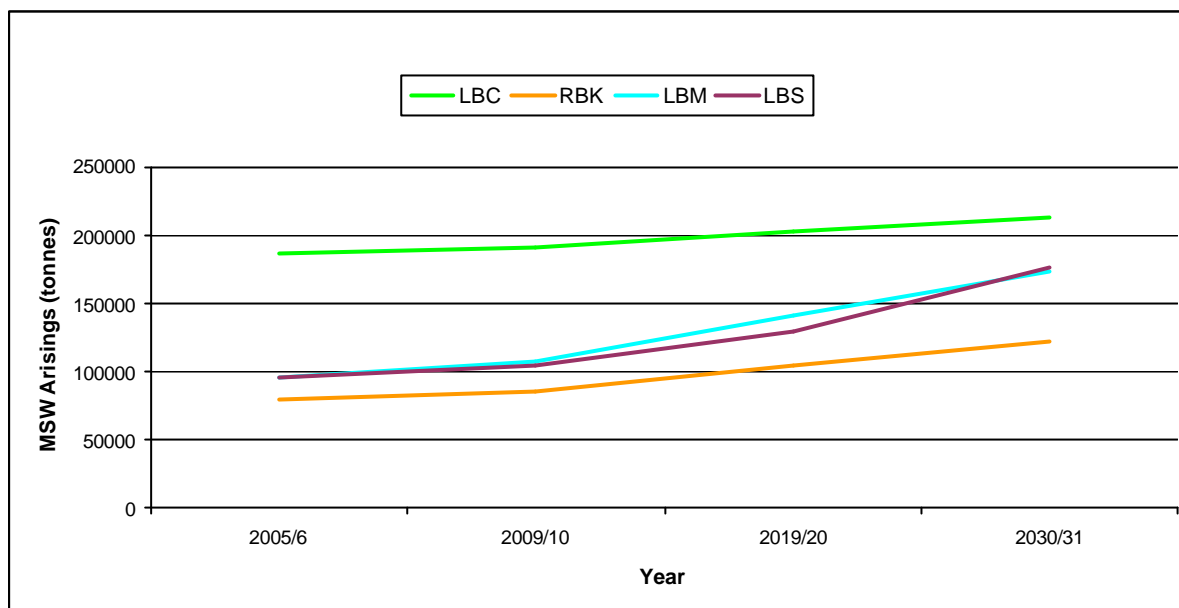
In order to implement the JPS, the SLWP has established a Management Group comprising Lead Officers and nominated deputies from each of the four Boroughs who meet on a monthly basis to review progress and set objectives for the coming month, that are contained within an overall project plan. Further input and support is provided by technical officers and external consultants as required. The Management Group is currently coordinating the process of recruiting a Project Manager who will be responsible for day to day management and monitoring of the procurement process, and will have specific responsibility for promotion of the SLWP and communications with stakeholders.

Pending completion of the Section 101 Joint Committee, the constituent Boroughs of the SLWP have agreed the formation of a Shadow Partnership Board which comprises two nominated Council Members from each of the four Boroughs and provides a clearly defined link between the Management Group and the Councils.

### **2.3 Waste Arisings and Expected Growth Rates**

Recorded Municipal Solid Waste (MSW) arisings in each of the four Boroughs for the year 2005/6 and the predicted figures for 2009/10, 2019/20 and 2030/31 are presented in Figure 1 below.

**Figure 1**  
**MSW Arisings Within the Partnership Boroughs**



Actual recorded figures for 2005/6 and the anticipated growth rates used in waste flow modelling for SLWP are as follows:

- Croydon – 186,535 tonnes (growth rate 0.5%);
- Kingston – 79,146 tonnes (growth rate 2.2%);
- Merton – 96,316 tonnes (waste tonnages have dropped in recent years but a growth rate of approximately 2.6% is anticipated); and
- Sutton – 96,263 tonnes (growth rate 2.2%).

It is predicted that the SLWP as a whole will generate approximately 490,000 tonnes of MSW in 2009/10, rising to 580,000 tonnes by 2019/20.

## 2.4 Details of Current Arrangements for Disposal

The SLWP currently dispose of the majority of their waste to landfill and consequently have historically had long term disposal contracts for landfill in place. The existing contracts are nearing their end in the cases of LBC, RBK and LBM, who will need to procure new disposal contracts in 2008. There is no potential to extend further these contracts and with the introduction of LATS, the new procured waste contracts will need to identify waste treatment solutions in order for the Partnership to meet their LATS targets. In the case of LBS, the existing disposal contract runs until 2014 but has a potential break clause in 2009.

The disposal contractor for all four Boroughs is SITA UK Ltd. Most of the residual waste arising is currently transported to landfills outside the SLWP area. The landfill facilities which are currently used by the SLWP are Brogborough, Bedfordshire (operated by Shanks), Warnham, West Sussex (operated by Biffa) and Beddington Lane, Sutton (operated by Viridor).

The SLWP also collectively utilise a Dano Drum MBT-type facility located at Beddington Farmlands Waste Management Centre situated within the LBS boundary and operated and managed by Viridor Waste Management Ltd for treatment of residual waste. The facility mechanically separates mixed municipal waste before carrying out aerobic biological

treatment through IVC. The technology is capable of recycling approximately 3-4% of its total waste inputs, and diverting 35%<sup>1</sup> of its BMW inputs from landfill. Viridor is contractually obliged to collect independent test data for the Dano Drum at agreed intervals and in accordance with Environment Agency guidance. Testing is currently in progress and these data will be validated by the EA to confirm the rate of actual BMW diversion achieved.

The existing Dano Drum has a capacity of 110,000 tonnes per annum. All four Boroughs have access to the facility until September 2008, at which point LBS retains a contract up to September 2014. Between 2008 and 2014, the other three Boroughs have first refusal on any spare capacity which remains after LBS's residual waste has been treated.

## **2.5 Full Range of Planned Procurement Activity**

The SLWP has developed a Joint Procurement Strategy (JPS) which comprises two phases of procurement (referred to as Phases A and B).

### **2.5.1 Phase A**

Phase A will comprise three sets of contracts for transfer and disposal, Household Reuse and Recycling Centres (HRRCs) and bulking and treatment (MRF, Composting and Additional Treatment).

#### **2.5.1.1 Transfer & Disposal**

There are currently three transfer stations within the SLWP area, located in Kingston, Merton and Croydon. The contract package may include continued usage of these existing sites and/or the provision of new sites in order to optimise service provision, considering the location of disposal facilities and transport of waste required.

The contract will be procured through the Open Procedure and will include transfer station operation, transport of waste to the disposal site(s) and disposal of waste. Potential for the use of landfill and other disposal options will be considered.

Consideration will be given to any alternative tender offered by the Bidders for the short term treatment of Contract Waste. Transfer and disposal costs will be applied on a bill of quantities basis to reflect potential fluctuations in waste tonnages.

#### **2.5.1.2 HRRC**

There are currently 7 HRRCs within the four Boroughs – 3 in Croydon, 2 in Merton and one each in Kingston and Sutton. All seven are owned by the respective Boroughs and are operated by a variety of contractors. Merton's HRRCs are operated by their Direct Labour Organisation (DLO).

The contract specification will include targets for improving the recycling performance of existing HRRCs to 50% overall by September 2009 and 60% overall by 2012.

The contract will be procured through the Restricted Procedure and is seeking to increase voluntary sector participation.

#### **2.5.1.3 MRF, Composting and Additional Treatment**

The procurement of MRF, Composting and Additional Treatment facilities will follow the Competitive Dialogue route. Statistical modelling suggests that MRF facilities will be required with capacities of 100,000 tonnes per annum (processing) and 60,000 tonnes per annum (reception, bulking and transfer) by 2009/10. At that time, composting facilities will be required with capacities of 40,000 tonnes per annum (open windrow) and 30,000 tonnes per annum (IVC). Prior to the commencement of Phase B, additional treatment of residual

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<sup>1</sup> Diversion rate is dependent on incoming BMW content.

wastes will need to be carried out by securing capacity at third party facilities. Current modelling suggests that up to 100,000 tonnes of capacity will be needed by 2009/10.

## **2.6 Project Governance Arrangements**

The Partnership, in consultation with Defra and 4P's, has agreed upon the following three stage approach to ensuring the governance arrangements are suitable both now and for the future. The three stage framework for governance includes:

- **Stage 1: Informal joint working**

This is the current situation and is likely to continue for the next 3-6 months. In this time the Partnership intends to enter the formal procurement stage for Phase A contracts. RBK is currently acting as lead authority for this governance stage.

- **Stage 2: Formalising a joint committee structure**

It is recognised that movement to a more legally binding Joint Committee structure will offer greater strength and certainty to the Partnership and industry during the formal procurement stage for Phase B and award and operation of Phase A contracts. In addition, development and enactment of the new Local Government Act 2007 and supporting guidance can occur, enabling the Partnership to consider options for the formation of a new Joint Waste Authority. It is envisaged this stage of governance will be reached within the next 6 months and continue for at least 12 months thereafter. Indeed, this structure will be developed to ensure that it can meet the long term needs of the Partnership if deemed desirable.

- **Stage3: Assessing the options for a new Joint Waste Authority**

The earliest that this governance structure could be introduced is 18 months from now and delays to enactment and supporting guidance may extend this period by a further 18 months. As guidance is developed setting out the detail of how Joint Waste Authorities can be formed under the Local Government Act 2007, the Partnership will evaluate possible future governance options that can provide an integrated and sustainable waste management service in the long term.



### **3. JOINT WASTE STATEMENT**

The Joint Waste Statement of the 4LBs is attached as a separate document.