

APSE Northern Ireland one day seminar Incorporating the APSE Northern Ireland AGM

Monday 15 June 2009



Waste and recycling services; Context and practice



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**APSE –
Waste & Recycling Services;
Context and Practice**

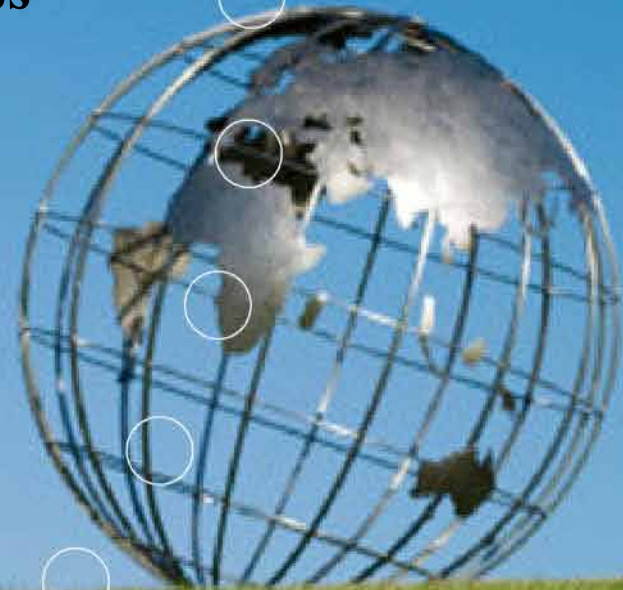
15 June 2009

Session 1 – Strategic Issues

Lessons from the Procurement Process

John Quinn – Chief Executive

arc21



Northern Ireland Public Procurement Policy

- “ Public procurement is the process of the acquisition, usually by means of a contractual arrangement after public competition of goods, services, works and other supplies by the public service.”
- “ Best Value for Money” – “the optimum combination of whole life cost and quality (or fitness for purpose) to meet the customer’s requirements.”



Litigation

NI Assembly Committee For Finance & Personnel

Public Procurement Practice in NI –

Evidence from Carson McDowell Feb 09 –

“Q – Is there more procurement litigation in NI than the rest of the UK or the ROI.

A – Yes; unfortunately we are a market leader.”



Litigation –

NI Public Procurements Recent Cases

- Sheridan Millennium Ltd v/s Dept of Social Development & Laganside Corp
- NWP v/s arc21
- Partenaire Ltd v/s Dept. of Finance & Personnel
- McLaughlin & Harvey v/s Dept. of Finance & Personnel
- Henry Bros v/s Dept. of Education

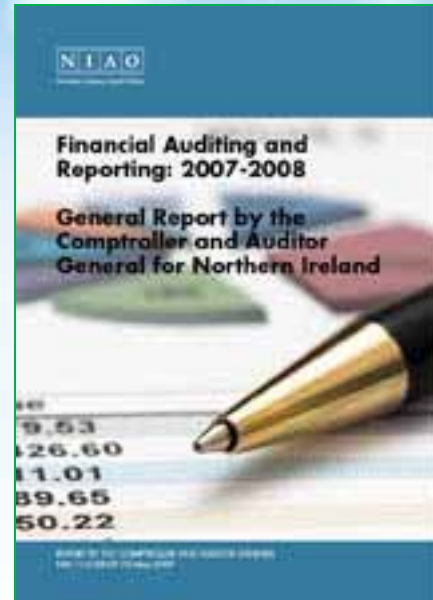


NIAO

Press Release - 20th May 2009

“ Weakness in the process of procurement is a theme which has emerged in the report in relation to different topic areas.”

“In this current economic climate it is more important than ever to ensure that taxpayers get best value for money.”



Public Procurement – Principles

- **Accountability**
- **Competitive Supply**
- **Consistency**
- **Effectiveness**
- **Efficiency**
- **Fair Dealing**
- **Integration**
- **Integrity**
- **Informed Decision Making**
- **Legality**
- **Responsiveness**
- **Transparency**



Elements For Successful Delivery

- **Project/Programme**
- **Contracting Authority/Governance/Internal Partnerships**
- **Business Justification/Policy Context/Cross Cutting Issues/Opportunities For Integration**
- **Funding/Affordability**
- **Technical Strategy**
- **Procurement Strategy – Risk, Packaging, Partnering, Bankability, Finance, Deliverability**



Elements For Successful Delivery

- **Delivery Strategy – DBO, DBFO, EPC**
- **Competition Strategy, Competition & Procurement**
- **Provider**
- **Agreement**
- **Approvals**
- **Delivery & Commissioning**
- **Competence, Quality Assurance, Resourcing, Support Structures**
- **Confidence**
- **Best Value**



Contracting Authority

Procurement Approach to Date

- **Procurement & Contract Management**
- **Single Waste Stream Contracts**
- **Early Market Engagement**
- **Encouragement of Strategic Alliances**
- **Service Contracts / Gate Fees/ PPPs**
- **Prescribed Contract Delivery Commencement Date**
- **Lead-in to Provide Site Specific Facilities**
- **Prescribed Contract Period with Extension Clauses**
- **Encouragement of Shared Risk & Reward e.g. Recycling Revenue/Gain Share**
- **Shared Planning Risk**
- **Sites Offered for Use**
- **Minimum Guaranteed Tonnage**



Markets – Fundamentals

- **Competent Contracting Authority**
- **Project Package**
- **Market Confidence**



Quality Assurance

- **Internal Scrutiny**
- **External Scrutiny**
- **Peer review – OGC & Internal Gateways**
- **Accreditation**
- **Performance Indicators**
- **Benchmark Networks**



Project Package

- **Undertake Transparent Stakeholder & Market Engagement**
- **Clarity in Requirements with “In Built” Flexibility**
- **Optimum Risk Balance**



Market Confidence

Macro – Infrastructure:

- **European/ UK Market**
- **Limited Suppliers**
- **High Bid Costs for Suppliers**
- **Market Intelligence**
- **Market Capacity**



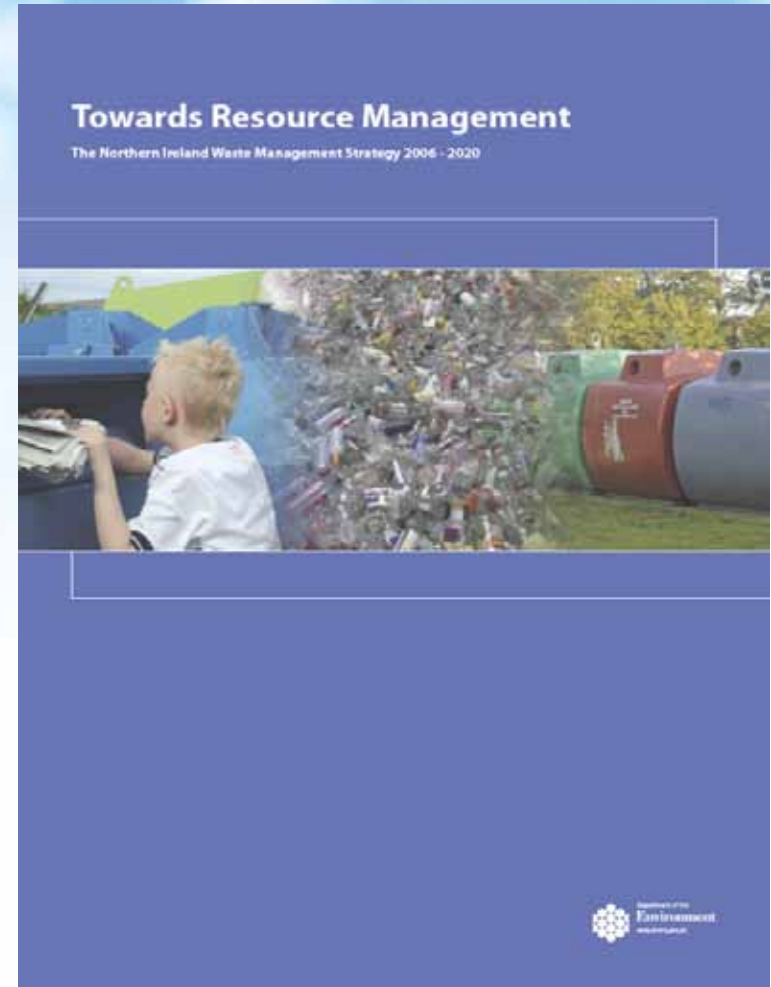
Market Capacity

- **PFI Credit Scheme – £2,000m to 2010/11**
- **Waste Infrastructure Capital Grant - £185m to 2010/11**
- **DEFRA Managing Deal Flow: PFI Credit Scheme – as of 22 May 09**
 - **16 Projects in Procurement**
 - **8 Projects Under Consideration**



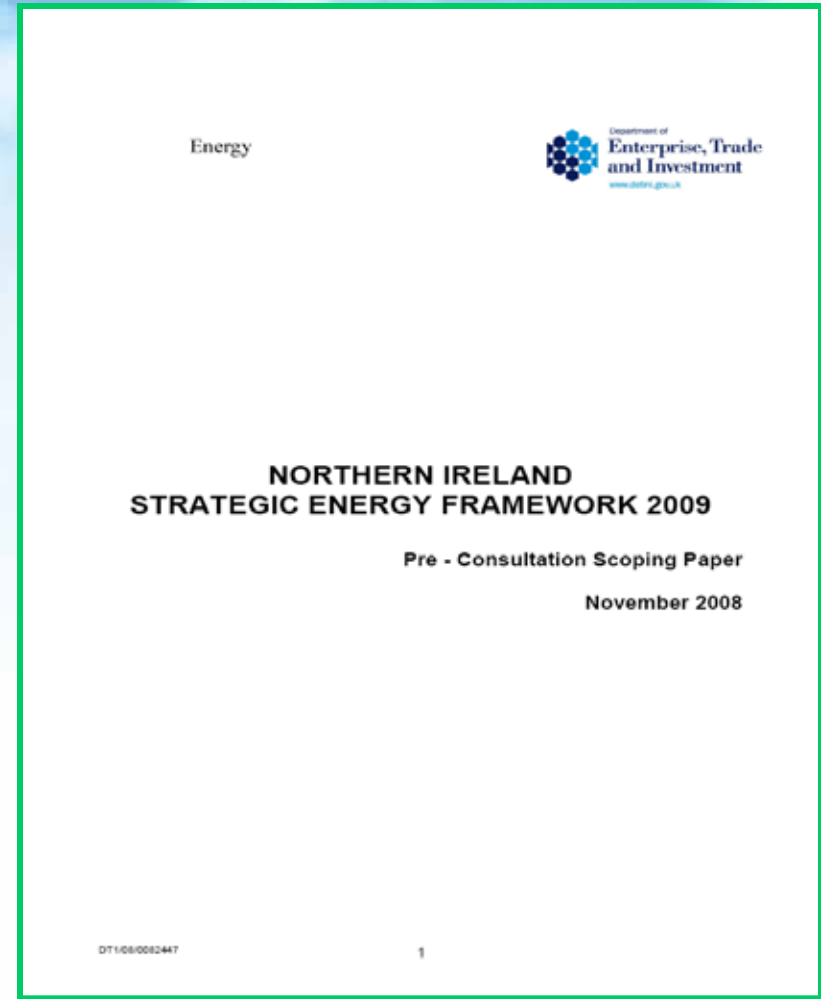
Leadership

- **Political Engagement**
- **NI Waste Strategy**
- **Public Endorsement**
- **Project Management Approach**
- **Collective Delivery**
- **Partnership Mentality**
- **Minimum Bureaucracy**
- **Legislative Powers**
- **Policy Integration**



Policy Integration

- **Programme for Government / CSR**
- **ISNI, Economic Vision / Strategy**
- **Regional Development Strategy**
- **Waste**
- **Sustainable Development**
- **Climate Change**
 - **Hunter Report**
 - **Carbon Budgets**
 - **Carbon Reduction Commitment**
- **Strategic Planning**
- **Energy**
 - **Pre Consultation Scoping Paper Strategic Energy Framework**
 - **NIROC's Consultation**



Planning

- **Recognition of Impact on Delivery & Investor Confidence**
- **Political Initiatives in:**
 - **Scotland**
 - **England**
 - **Republic of Ireland**

ESA Chief Executive to Parliamentary Select Committee - November 2008

“There are Real Difficulties in Getting Infrastructure On-Stream”



Planning

- **Need Similar Political Imperative**
- **Fast-Tracking of Critical Infrastructure**
- **Implementing PADs**
- **Integration of Land-Use & Waste Management Planning**
- **Review of PPS11**
- **Move to SEA Away From BPEO**
- **Presumption in Favour in PPS18**
- **New Regional Development Strategy**
- **Consultation Anticipated in 2009**



Resources

Central Government:

- **Need to Prioritise Compliance Issues**
- **Recognise Public Interest e.g.**
 - **Money**
 - **Environmental Protection**
- **Planning - Infrastructure**
- **EPG - Strategy / Policy**
- **NIEA - Licensing**

Local Government:

- **Competitive Dialogue Process - Relatively New**
- **Periods of Intense Activity**
- **Client - Sufficient Manpower**
- **Specialist Support Team**
- **Document Management System**



Communications

Incineration met by chorus of nimbyism

Newton
EMERSON
EYE OF NEWT



AS A resident of north Belfast, I am staggered that anyone could object to an incinerator on the North Foreshore. I am staggered because until last year the view of that shore down the leafy avenues off the Antrim Road comprised acres of rotting rubbish. The Lagan landfill site has now been top-soiled over, turning this former environmental abomination into an almost bucolic scene. From a distance, at any rate. Up close it continues to whiff and leak toxic heavy metal-laden leachate into the gully beside the Jordanstown cycle path. Methane, a greenhouse gas 25 times more potent than carbon dioxide, will continue to belch out for decades.

But the improvement is still remarkable. An onshore breeze on a summer's day no longer stinks like a broken sewer. The annual and almost biblical plague of flies has disappeared as if commanded by Moses.

This is what landfill means and incineration remains the only practical alternative. Nobody in north Belfast can be unaware of the impact of landfill so objecting to an incinerator simply wishes our former misery on someone else. It is particularly despicable nimbyism to damn another's back yard after only just re-claiming your own. Yet that is what campaigners and political representatives in north Belfast are gearing up to do in response to the Arc21 incinerator proposal.

Arc21 is a group of 11 eastern seaboard councils set up in 1999 to combine their waste management policies. The Arc21 area produces one million tonnes of waste a year and it has only a few years to find new ways of dealing with it before huge EU fines kick in.

Belfast is escaping those fines next year only because it has promised to build the

North Foreshore Incinerator by 2014. It is scientifically illiterate to describe anything as "completely safe". However, science can show that modern city-scale incinerators produce no measurable danger. Countries such as Austria, Germany and Sweden consider these plants safe enough to build in city centres, where they can supply both electricity and domestic heating. They emit fewer toxins in a year than a half-hour fireworks display, as Belfast DUP councillor Seb Stoker reminded his colleagues this weekend.

Then again, Mr Stoker represents south Belfast. If he represented north Belfast he might very well be joining the all-party chorus of indignation.

"Nothing should be done which would put the regeneration of the area at risk," DUP MP Nigel Dodds said. Does innovative waste management not count as development?

"North Belfast is a dumping ground for everybody else's rubbish," DUP councillor Ian Croder said. Where does he want our rubbish dumped instead?

"Sinn Féin are opposed to an incinerator on that site," Sinn Féin councillor Danny Lavery said. What alternative site does he suggest?

Perhaps the most telling comment came from SDLP councillor Alban Maginness. "The public have to be properly consulted in a balanced way and their fears and worries must be taken into consideration," he said.

Must they, though? What if their fears and worries are hysterical and ignorant?

Does this vital and progressive project really have to be held up for years by the green Biao brigade?

There are rational objections to incineration that do deserve to be heard. Incinerators produce large volumes of ash and this still requires disposal, although the ash is inert and can be used as a

- NIMBY Syndrome
- Attitudinal Change
- Behavioural Change
- Build Confidence
- Remove Mystique
- Counter Perceptions



Communications

- **Integrated approach:**
 - Political Leaders
 - DOE
 - PEPG/NIEA/WRAP
 - SIB
 - PDSU
 - Groups
 - Councils
- **Audience:**
 - Public Most Important
 - Other Stakeholders

Why our waste doesn't always have to be rubbish

Good infrastructure and effective management key to NI catching up with Europe



JOHN SIMPSON
AT LARGE

NORTHERN Ireland cannot too much rubbish. Much separate rubbish is simply thrown away in black bins for district councils to

take to landfill sites where it can be buried.

Friday, October 16, was a landmark date. For the Belfast region, this was the closing date for pre-qualification bids to build large capacity plants for mechanical biological treatment of waste MBT and a large energy from waste plant EFW.

Keen competition from potential international suppliers has been demonstrated.

The bids will be narrowed down to between three and six companies (or consortia) who will then be asked to simplify their bids and, ultimately, a preferred bidder will emerge.

The combined projects could mean a commitment of over £250m.

For the Minister for the Environment, Sammy Wilson, this is an important commitment.

The recycling processes for paper related products (in blue bins) and garden compostable waste (in brown bins) have already made progress.

For black bins, the inherited habits are now unacceptable, but not simply because some remote authority is imposing higher standards.

They are unacceptable because, first, rubbish dumps can become chemically dangerous and, second, approved suitable dumps are now

harder to find.

A third argument is that the (so-called) rubbish, better described as waste materials, should be used, re-used, or processed in ways that combine respect for sustainability principles and seek economically helpful outcomes.

This calls for the introduction of new techniques and new waste management targets.

Northern Ireland is in danger of being unable to meet the statutory obligations imposed by European Directives.

Indeed, the targets have already been adjusted to allow Northern Ireland to catch up with the higher levels of waste management already operating in major EU countries.

Before this becomes another blame game, with political comments passing the blame to Eurocrats, there should be an acknowledgement that the EU Directives are simply measures of good-housekeeping for the overall safety of the public and were endorsed by the British and Irish Governments, even though they bring obligations along with the threat of fines for non-performance.

The three waste management

80%

what landfill disposal in Northern Ireland must be reduced by for 2020

agencies in Northern Ireland MUST ensure that landfill disposal comes down by about 80% by 2020 and, to do that, must find sustainable methods which minimise the cost or maximise the revenue from the new techniques. Northern Ireland's district councils are in three groups working in co-operation for three areas: the north west, the south west, and ARC 21 for the 11 councils around Belfast.

ARC 21 has a waste management plan and the MBT and EFW plants are critical to meeting the targets. The plans for the other two regions have not yet been finalised.

The proposed contract to be allocated by ARC 21 should attract a broadly based public welcome. It is designed as a PFP (public private partnership) the logic of which is compelling for councils who would otherwise face borrowing and interest costs.

It is also designed to generate electricity from the waste, possibly equivalent to enough for over

Conclusions

- **Sufficient Capacity & Resources**
- **Cohesive Client**
- **Good Governance**
- **Robust Partnerships**
- **Transparent Engagement**
- **Strong Supporting Procedures**
- **Affordable Solutions**
- **Leadership & Commitment**
- **Remember Post Procurement –
Contract Management**



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