

**REPORT TO THE SOUTH TYNE AND WEAR WASTE MANAGEMENT
PARTNERSHIP JOINT EXECUTIVE COMMITTEE**

8 December 2017

REPORT OF: Tony Alder, Project Director, South Tyne and Wear Waste Management Partnership

SUBJECT: Contracts Update

1. PURPOSE OF REPORT

- 1.1 To advise the Joint Executive Committee of the latest position regarding the Residual Waste Treatment Contract and other ancillary waste joint contracts and activities managed by the South Tyne and Wear Waste Management Partnership (STWWMP).

2. BACKGROUND

- 2.1 The Residual Waste Treatment Contract (RWTC) was awarded to a consortium led by SITA UK (through SITA South Tyne and Wear Ltd) on 20 April 2011. The contract comprises the energy-from-waste facility (EfW) at Teesside, fed by waste from three Waste Transfer Stations (WTS) situated for use by each of the partner authorities. The contract commenced service on 22 April 2014.
- 2.2 In March 2015, SITA UK's parent company announced a global rebrand, indicating that all of its subsidiary companies would change their names to SUEZ. In December 2015, STWWMP received formal notification that SITA South Tyne and Wear Ltd had also changed its name, and would now be known as South Tyne and Wear Energy Recovery Ltd (STWER).
- 2.3 Gateshead and South Tyneside Councils' 48-month Materials Recovery Facility (MRF) contract for dry recyclables commenced service with Palm Recycling Ltd on 1 April 2014.
- 2.4 Sunderland Council awarded a separate MRF contract to J&B Recycling, which commenced service on 1 April 2015 for a period of 36 months.
- 2.5 Gateshead and Sunderland councils jointly procured separate contracts for the management of their Household Waste and Recycling Centres (HWRC) with SUEZ. Both incentive-based contracts were two years and seven months in

length, and commenced service at the beginning of September 2014. 36-month contract extension periods were activated from 1 April 2017.

- 2.6 South Tyneside Council entered into a different contract for HWRC management with SUEZ, which commenced on 1 April 2013 and a short-term contract extension was negotiated until 30 November 2017. It was recently announced that a new, 30-month HWRC management contract from 1 December has been awarded to Remondis JBT.
- 2.7 A joint procurement exercise awarded three separate green waste composting contracts for each partner authority. Although contracts were awarded to three different providers, the timing of the contract lengths has been structured to enable a joint partnership contract to be considered at the end of the current arrangements. The current contract providers are:
- Gateshead: A.Willey for 36 months from 01 April 2016
 - South Tyneside: SUEZ for 36 months from 01 April 2016
 - Sunderland: JBT (now delivered by Remondis following take-over of JBT) for 31 months from 01 September 2016
- 2.8 The joint partnership team continues to undertake strategic waste management functions on behalf of the partner authorities. This is enabling, amongst other things, a proactive and timely approach to management of the RWTC which is operated under strict timescales. Similar benefits are also afforded to the procurement and management of other ancillary contracts, such as MRF, HWRC, and green waste composting.

3. **RESIDUAL WASTE TREATMENT CONTRACT**

- 3.1 The joint partnership team continues to review and verify monthly reports received from SUEZ, which detail materials processed and service issues. Once approved, invoices are processed and apportioned to the partner authorities within contractual timescales.

2016/17 Contract Year

- 3.2 The final invoice from STWER was received in October, agreed with the partner authorities, and subsequently processed for payment. This completed the reconciliation process for the financial year 2016/17.

2017/18 Service Update

- 3.3 The latest performance information for the 2017/18 contract year (April-October 2017) can be found at Appendix A.
- 3.4 During recent months, a number of service issues have been encountered, including:
- A furnace trip on Line 5 on 7 August, thought to be caused by a gas bottle explosion, resulted in a loss of availability for 1.3 hours. This incident also required a half hourly volatile organic compound (VOC) breach to be reported to the Environment Agency (EA). A CCS score (Compliance Classification Scheme) of 0.1 was issued by the EA in September.

- Line 4 lost 22.5 hours of availability on 12-13 August due to a bottom ash drop-off chute blockage. Following investigation, this was attributed to a metallic pole and several sheet metal plates.
- On 21-22 September, 13.5 hours of availability were lost on Line 4, and a further 20 hours on 24 October, due to further bottom ash drop-off chute blockages.
- A reduction in load on Line 4 was experienced on 10 October due to high dust levels. The fault was traced to passing filter bags in one compartment, which were replaced and dust levels returned to normal operating levels.

3.5 Line 4 was brought offline between 8 and 14 September for the second planned maintenance shutdown of 2017. Line 5 was not scheduled for this shutdown, so all waste continued to be accepted into site during this period.

3.6 The Line 4 shutdown went well, although a tube leak in the super heater was identified and a temporary repair was actioned. A further assessment will be undertaken when the EfW is next offline during the main maintenance shutdown (February-March 2018).

3.7 The joint partnership team, supported by Health & Safety officers from the partner authorities, will be visiting the EfW in November to undertake an on-site review of the SUEZ SHEQ (Safety, Health, Environment and Quality Management) protocols, procedures, and reporting systems.

Qualifying Refinancing Exercise

3.8 The exercise to investigate the potential opportunity to refinance the debt associated with the RWTC is proceeding. STWER has appointed a lead officer to manage the exercise, and STWWMP's financial and legal advisers have also been confirmed.

Insurance Review

3.9 Discussions with representatives from the Department for Environment Food and Rural Affairs (Defra), SUEZ (STWER), and Willis Towers Watson insurers involving the joint insurance cost report associated with the RWTC remain ongoing. A response regarding a revised model from the insurers that meets SOPC 4 requirements is expected to be received soon.

Waste Transfer Stations (WTS)

3.10 All three of the WTS have remained available throughout the current contract year, with all sites continuing to accept STWWMP contract waste without significant issues. Recycling activities are ongoing at each site, which includes the segregation of materials, such as street sweepings, wood, and scrap metals. New procedures that were introduced with Valpak for managing waste electrical and electronic equipment (WEEE) materials, such as commercial fridges, continue to work well.

3.11 Routine maintenance of buildings, plant, and control systems continues to be delivered as planned and no significant issues have been identified.

- 3.12 The EA inspected Middlefields WTS on 18 October 2017. No permit non-compliances were identified and no CCS scores were issued, and the inspection report highlighted several areas of best practice.

Targeted Recruitment and Training (TR&T)

- 3.13 The RWTC also affords provision for SUEZ to help to improve local prosperity across the partnership area by promoting vacant posts within their facilities. The Economic and Housing Growth Service at Gateshead Council continues to receive information on local vacancies, which are then cascaded to partner authorities for circulation to their client base. Local vacancies are now also raised with the Jack Crawford House Community Liaison Group, with the group's Chair circulating opportunities to community contacts across Sunderland.
- 3.14 An internal promotion has enabled the technical engineer at the EfW to take up a post elsewhere within SUEZ and in September, the EfW operations manager resigned from his post to pursue a career with an external company. The recruitment exercises to appoint suitable replacements for both posts have commenced.
- 3.15 The site manager at Jack Crawford House has accepted a 12-month secondment at another SUEZ facility within the region. A secondment opportunity has been advertised internally within SUEZ and interviews are expected to take place before the end of the year.

Community Education and Engagement

- 3.16 STWWMP remains committed to an ongoing programme of community education and engagement, managed by Groundwork North East & Cumbria (GNEC) at the visitor and education centre, the energy-from-waste facility, and through outreach activities held in local schools and community settings.
- 3.17 Between April and the end of October 2017, almost 1,600 children and young people took part in waste awareness activities. Recently, this has included:
- A waste awareness assembly delivered to 125 Year 9 pupils at Joseph Swan Academy, Gateshead
 - A waste awareness session for Reception pupils at Albany Primary School, Sunderland
 - The commencement of a long-term project with post-16 pupils from Keelman's Way School, South Tyneside, to make a video about recycling
 - A tour of the EfW for 30 pupils from the Jewish Boys School in Gateshead
- 3.18 During the same period, similar activities were delivered to over 1,100 members of local community groups. This included waste awareness sessions with 3rd Washington scouts as part of their Washington Clean and Green Project, and waste awareness and paper making session with The Box Youth Project (Sunderland), who also took part in a separate tour of the EfW.
- 3.19 In October, STWWMP received notification that the submission to the Local Government Chronicle (LGC) Awards 2018 highlighting the highly-successful WEEE Reduce, Reuse and Recycle project (which introduced waste electrical and electronic equipment recycling messages into the community education

programme) has been shortlisted as a finalist in the Public/Private Partnership category. The joint partnership team is now working with project partners GNEC and producer compliance organisation Valpak to develop a presentation highlighting the project's results and positive outcomes to the LGC awards judging panel in London in January 2018. Winning submissions will be revealed at the LGC Awards evening in March 2018.

- 3.20 Furthermore, STWWMP was recently notified of a successful application for an additional £75,000 funding to deliver another dedicated WEEE project, building on from the previous WEEE Reduce, Reuse and Recycle project, highlighted above. The new year-long project, beginning in 2018, will enable GNEC to appoint a dedicated project officer to complement the existing community education and engagement programme through the delivery of WEEE-specific messages and events, in particular targeting recycling small WEEE materials and batteries. This will further raise public awareness of WEEE reuse and recycling and drive materials further up the waste hierarchy and away from the residual waste stream.

Community Liaison Groups

- 3.21 As reported previously, the next meeting for the Campground Community Liaison Group was scheduled for 28 November 2017.
- 3.22 The Jack Crawford House Community Liaison Group met on 2 November 2017. The group were informed that the site continues to operate and receive contract waste from Sunderland City Council as forecast. 100% of the residual waste received at the WTS continues to be diverted from landfill, with approximately 96% processed for energy recovery at the EfW and around 4% of materials recycled.
- 3.23 Groundwork North East & Cumbria were in attendance and told the group about the STWWMP community education and engagement programme, highlighting the total number of residents across the partnership area that have participated to date. The group were also informed that activities are free-of-charge and available to any Gateshead, South Tyneside, or Sunderland residents of any age group.

4. MATERIALS RECOVERY FACILITY (MRF) CONTRACTS

- 4.1 The MRF contracts continue to be monitored closely by the joint partnership team. This includes processing payments, holding regular contract meetings and performance reviews, and health and safety site inspections at the various contractor facilities to ensure that recycling performance is maximised.
- 4.2 Regular discussions at MRF contract management meetings consider ways in which recycling performance can be improved in order to increase the amount of material recycled and reduce the amount sent for energy recovery.
- 4.3 Table A, at Appendix B, highlights the total amount of material collected by each authority between April-October 2017, broken down between the paper collected separately in the inner box and the comingled materials collected in the main section of the blue bin. There has been an overall increase in the amount of materials collected in Sunderland, which can be attributed to the

introduction of fortnightly refuse collections in April 2017. The paper tonnages for all three partner authorities have reduced when compared to the same period last year. However, this is also a national trend and may be linked to the reduction in traditional newspaper readership/distribution.

- 4.4 Appendix B also shows Table B, which highlights MRF recycling and recovery rates for comingled materials only since quarter 1, 2016/17. The impact of the fortnightly collections in Sunderland can also be seen in the 2017/18 quarter 1 and 2 recovery rates. The joint partnership team and officers from Sunderland City Council continue to work closely with J&B Recycling to identify actions to further reduce the level of materials sent for recovery and, therefore, improve recycling rates.
- 4.5 The current MRF contracts for all partner authorities are scheduled to end on 31 March 2018. The partner authorities have identified the preferred options for MRF contracts from 1 April 2018, and this will be confirmed shortly once the formal approval process is concluded.

5. HOUSEHOLD WASTE AND RECYCLING CENTRE CONTRACTS

- 5.1 The joint partnership team also closely monitor all aspects of contract management in relation to the Gateshead and Sunderland HWRC contracts. This includes processing payments, regular contract meetings, and health and safety site inspections at the HWRCs. The South Tyneside contract is managed directly by officers from South Tyneside Council.
- 5.2 The latest performance information April-October 2017 can be found at Appendix C.
- 5.3 South Tyneside Council previously negotiated a short-term contract extension until 30 November 2017 with the existing contractor, SUEZ. It was recently announced that a new, 30-month HWRC management contract from 1 December has been awarded to Remondis JBT. The new contract still allows the council to manage the end outlets for the waste streams and includes regular market-testing to ensure value for money is being received.
- 5.4 The end dates for all three HWRC management contracts are co-terminus. This will enable a joint approach between all three partner authorities to be considered for a new contract commencing on 1 April 2020.

6. RECOMMENDATION

- 6.1 The Joint Executive Committee is requested to note the contents of this report.

Contacts:

Chris Wilson, Contract Manager (Policy), STWWMP Tel: 433 7478

Fiona Swinburne, Contract Manager (PFI), STWWMP Tel: 433 7428

Gary Smith, Contract Manager (Ancillary), STWWMP Tel: 433 7480

RESIDUAL WASTE TREATMENT CONTRACT

2017/18 latest performance: April-October 2017

Total contract waste	112,530.39 tonnes
Contract waste delivered to WTS: - Campground - Middlefields - Jack Crawford House	Gateshead 34,671.36 tonnes Sunderland 9,930.12 tonnes South Tyneside 29,688.81 tonnes Sunderland 38,240.10 tonnes
Total contract waste delivered to EfW	109,014.76 tonnes
Line 4 availability Line 5 availability Overall EfW availability	98.2% 99.9% 99.0%
Average turbine availability	99.8%
Electricity generated Electricity exported Electricity imported	118,283 MWh 104,620 MWh 20.4 MWh
Recycling performance	Target 2.1% Performance 4.5%
Recovery performance	Target 95.5% Performance 95.5%
Unprocessed landfill diversion rate	100%
Health and safety: - RIDDOR - Injuries and accidents - Near misses - Property damage - Fires	0 6 48 24 0

MATERIALS RECOVERY FACILITY CONTRACTS

Table A: 2017/18 latest blue bin tonnage data: April-October 2017

	Gateshead	South Tyneside	Sunderland
Comingled tonnage	7,281	5,479	10,455
Paper tonnage	1,532	1,011	1,331
Total tonnage	8,813	6,490	11,768
<i>Comparison to April-October 2016 - paper</i>	<i>11.4% decrease</i>	<i>5.9% decrease</i>	<i>32.3% decrease</i>
<i>Comparison to April-October 2016 - comingled</i>	<i>0.8% increase</i>	<i>4.7% decrease</i>	<i>19.8% increase</i>
<i>Comparison to April-October 2016 - all materials</i>	<i>1.6% decrease</i>	<i>4.9% decrease</i>	<i>10.2% increase</i>

Table B: MRF recycling and recovery performance

Period	Gateshead		South Tyneside		Sunderland	
	Recycling	Recovery	Recycling	Recovery	Recycling	Recovery
Q1 2016/17	89.1%	10.9%	87.0%	13.0%	85.4%	14.6%
Q2 2016/17	87.8%	12.2%	86.0%	14.0%	82.5%	17.5%
Q3 2016/17	88.1%	11.9%	85.1%	14.9%	79.9%	20.1%
Q4 2016/17	86.1%	13.9%	86.1%	13.9%	81.4%	18.6%
Q1 2017/18	89.8%	10.2%	84.9%	15.1%	73.4%	26.6%
Q2 2017/18	88.1%	11.9%	84.2%	15.8%	75.6%	24.4%

HOUSEHOLD WASTE AND RECYCLING CENTRE CONTRACTS

2017/18 latest recycling performance (excluding inert materials, such as rubble):

HWRC	April-October 2017
Campground	63.9%
Cowen Road	66.4%
Beach Street	62.3%
Middlefields (Recycling Village)	54.0%