

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

15 MARCH 2019

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

SUBJECT: MRF Market Engagement Event

1. PURPOSE OF REPORT

1.1 To advise the Joint Executive Committee of the recent Materials Recovery Facility (MRF) market engagement event that was held at Gateshead International Stadium.

2. BACKGROUND

2.1 Gateshead and South Tyneside councils' MRF contract for dry recyclables with Palm Recycling Ltd, commenced service on 1 April 2014. A 36-month contract extension to 31 March 2021 was agreed in 2018.

2.2 Sunderland City Council's separate MRF contract commenced service with J&B Recycling on 1 April 2015. Similarly, a contract extension period to 31 March 2021 has been agreed with the contractor.

2.3 As the maximum contract extension periods for both MRF contracts have been agreed, this means that all three partner authorities will require new MRF arrangements from 1 April 2021.

2.4 However, in planning for the procurement of the next MRF contract, the ongoing uncertainty within the waste sector must be considered. This includes the impact of the Chinese recycling import restrictions; the outcome of the negotiations for the UK to leave the EU; and the implications arising from the recent publication of the resources and waste strategy, 'Our Waste, Our Resources: A Strategy for England'.

2.5 Therefore, it was agreed that to further support the development of the next MRF contract specification, it was important for STWWMP to arrange a market engagement event so direct dialogue with potential service providers could be held. This enabled a number of issues to be discussed, such as:

- The viability of the current kerbside recycling collection system and consider potential alternative options.
- The optimum contract length for the STWWMP MRF contract commencing in April 2021.
- The viability of constructing a dedicated STWWMP MRF or waste transfer station within the partnership area.
- The management of risk and reward in relation to market prices and contamination levels within the next MRF contract structure.

2.6 STWWMP approached the national Waste and Resources Action Programme (WRAP) to enquire if any independent support was available to assist with the development of the next MRF contract specification. WRAP subsequently agreed to fund free-of-charge support, and STWWMP participated in a formal procurement process, which appointed renowned environmental consultants Eunomia Research and Consulting to support STWWMP.

3. MARKET ENGAGEMENT EVENT

3.1 The STWWMP market engagement event was held on 27 February 2019 at Gateshead International Stadium. 10 companies participated (*indicates current MRF contractors):

- Biffa
- HW Martin
- J&B Recycling*
- Palm Recycling*
- Re-Gen Waste
- Remondis
- Riverdale Paper
- SUEZ recycling and recovery UK
- UPM
- Ward Recycling

3.2 Prior to the event, attendees were asked to complete and return a short questionnaire that addressed the range of issues highlighted at paragraph 2.5.

3.3 The event itself included a presentation that highlighted the background to STWWMP, the current MRF contract arrangements, and relevant historical waste-related performance data.

3.4 This was then followed by a series of simultaneous face-to-face discussions that were held individually with attendees. This enabled STWWMP to directly engage with attendees and discuss their responses to the questionnaire.

3.5 Representatives from WRAP and Eunomia attended the event as observers and facilitated a short plenary session after the event close to discuss initial feedback from the face-to-face discussions with service providers.

4. NEXT STEPS

- 4.1 It is important that STWWMP fully understand the implications of the feedback provided by MRF contractors at the event. Therefore, a key role in the consultancy support provided by Eunomia is to undertake a full analysis and evaluation exercise following the event.
- 4.2 This will be delivered through a dedicated workshop with the STWWMP Officer Project Board to discuss a full options appraisal exercise to consider a range of issues that STWWMP must address in developing the next MRF contract specification, including:
- Collection models,
 - The legislative context and potential impacts on local authority waste management,
 - Pricing structure, and
 - Current factors affecting the MRF market.
- 4.3 This will enable a procurement 'road map' and action plan to be developed, so that STWWMP can develop an appropriate MRF contract specification that provides the best value to the partner authorities and is commercially attractive to service providers within the market.

5. RECOMMENDATION

- 5.1 The Joint Executive Committee is requested to:
- (i) Note the contents of this report; and
 - (ii) Agree to receive further updates regarding the development of the next STWWMP MRF contract specification, as appropriate.

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