

**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: 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 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. A contract extension period was agreed in 2018, which is scheduled to end on 31 March 2021.
- 2.4 Sunderland City Council awarded a separate MRF contract to J&B Recycling, which commenced service on 1 April 2015 for a period of 36 months. A contract extension period was agreed in 2018, which is also scheduled to end on 31 March 2021.

- 2.5 Gateshead and Sunderland councils jointly procured separate contracts with SUEZ for the management of Household Waste and Recycling Centres (HWRC). 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 agreed from 1 April 2017.
- 2.6 From 1 December 2017, South Tyneside Council entered into a 30-month HWRC management with Remondis JBT.
- 2.7 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.
- 2.8 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
- 2.9 The joint partnership team continues to undertake several waste management functions on behalf of the partner authorities, including reviewing and verifying monthly contract reports, which detail materials processed and service issues. Once approved, invoices are processed and, where appropriate, apportioned between partner authorities within contractual timescales.
- 2.10 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 latest contract performance (April 2018-January 2019) can be found at Appendix A.

Service Update

- 3.2 During recent months, service issues include:

Line 4

- 9 hours of availability were lost during 23/24 November 2018 as a consequence of a plant trip caused by a high bag filter differential pressure.
- 95 hours of availability were lost over 2-5 December due to a short plant shutdown to conduct repairs to the furnace grate mechanism. Whilst on shutdown, an opportunity was taken to inspect and clean other critical plant areas, but no additional issues were reported.

Line 5

- 73 hours of availability were lost 17-20 November as a consequence of an unplanned shutdown to conduct emergency repairs to the furnace main expansion joint and also repairs to the furnace grate mechanism.
 - An additional 30 hours of availability were lost on 23/24 November as a result of a bottom ash chute blockage.
- 3.3 A half hourly volatile organic compound (VOC) breach and daily carbon monoxide (CO) breach also occurred during the plant trip on 23/24 November, which were reported to the Environment Agency (EA). A root cause analysis exercise was conducted, and an action plan developed to prevent a reoccurrence.
- 3.4 The EA subsequently issued a compliance classification score (CCS) of 4.1 and also scored the August CO breach as 4.1. The total CCS score for the year to date is 12.5.
- 3.5 All Incinerator Bottom Ash (IBA) samples throughout the period have returned compliant results.
- 3.6 The annual EfW maintenance shutdown is taking place:
- Line 4: 24 February – 13 March 2019
 - Line 5: 5 – 19 March 2019

Line 6

- 3.7 Following the approval of planning permission for SUEZ to construct a sixth EfW line on the site at Haverton Hill, Hitachi Zosen Inova (HZI) have now been selected as preferred bidder.
- 3.8 Construction is scheduled to commence later in 2019 and is not expected to have any impact on the site's existing operations, including the RWTC.
- 3.9 Interface with the contractor will continue throughout the process.

Refinancing

- 3.10 Positive discussions have been held with STWER with regard to refinancing the project. STWER are currently working on a proposal which will detail what is achievable and the potential financial benefits to STWWMP. Upon receipt of the proposal STWWMP will be working closely with financial and legal advisors (Local Partnerships and Pinsent Mason) to investigate if the proposal is acceptable to the Partnership.

Joint Insurance Cost Review (JICR)

- 3.11 Discussions with representatives from the Department for Environment Food and Rural Affairs (Defra), STWER, and Willis Towers Watson insurers involving the joint insurance cost reports associated with the RWTC are ongoing.

Waste Transfer Stations (WTS)

- 3.12 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.

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

Targeted Recruitment and Training (TR&T)

- 3.14 The RWTC affords provision for SUEZ to help to improve local prosperity across the partnership area by promoting vacant posts within their facilities. The Economic Development 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 also highlighted at the Jack Crawford House and Campground Community Liaison Groups to enable opportunities to be circulated across community contacts.

- 3.15 Following the resignation of two EfW shift managers, an internal recruitment exercise commenced in December 2018.

- 3.16 Internal interviews were also conducted to replace three senior shift operators, with three existing shift operations technicians accepting the new roles. A recruitment exercise will be undertaken to backfill these roles.

- 3.17 Following the recent appointment of a new site manager at Jack Crawford House Waste Transfer Station (a Sunderland resident), the new post holder commenced service in January 2019.

Community Education and Engagement

- 3.18 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.

- 3.19 Between April 2018 and the end of January 2019, over 6,500 local residents, children and young people, and community group members have taken part in waste awareness events, activities, and site visits. Recently, this has included:

- Whole school waste awareness assemblies for:
 - 134 pupils at Lobley Hill Primary School, Gateshead.
 - 218 pupils at Westoe Crown Primary School, South Tyneside.
 - 160 pupils at Wessington Primary and 147 pupils at Gillas Lane Primary schools, Sunderland.
- 100 pupils from Chopwell Primary School (Gateshead) who made upcycled plastic bottle lanterns for the Chopwell Woods Lantern Parade, which was attended by pupils and local residents.
- 62 pupils from Hetton Lyon Primary School, Sunderland, who participated in a recycled paper making session at the visitor and education centre, Campground.

- 3.20 A separate events programme for the dedicated Waste Electrical and Electronic Equipment (WEEE) project with local schools and community groups formally closed at the end of January. Final project results are currently being prepared.

Community Liaison Groups

- 3.21 The Campground Community Liaison Group met on Tuesday 27 November 2018.
- 3.22 The group were informed that the site is operating well and managing contract waste as expected. It was also noted that Sunderland councillors had undertaken a site visit to both Jack Crawford house and the EfW.
- 3.23 A presentation on the delivery of the dedicated Waste Electrical and Electronic Equipment (WEEE) project (see paragraph 3.20) was also provided.
- 3.24 The Jack Crawford House Community Liaison Group is next scheduled to meet on Thursday 14 March 2019.

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 & Safety site inspections at the various contractor facilities to ensure that recycling performance is maximised.
- 4.2 Table A at Appendix B highlights the total amount of materials collected by each authority between April 2018 and January 2019, broken down to demonstrate the paper collected separately in the inner box and the comingled materials collected in the main section of the blue bin. The overall recycling tonnages in each partner authority continue to fluctuate, but paper tonnages collected separately in the inner caddy have fallen again compared to the same period last year.
- 4.3 Appendix B also contains Table B, which highlights MRF recycling and recovery rates (for comingled materials only) since Quarter 1 2017/18. Recycling performance has generally remained at similar levels in Gateshead and South Tyneside. Sunderland City Council's recycling rate has improved slightly in the latest quarter and they continue to identify actions to help increase their recycling rates and reduce contamination (shown as recovery in the table) rates.
- 4.4 A recycling trial commenced in February on a single collection round in both Gateshead and South Tyneside. This enables around 2,400 households to recycle paper and cardboard materials together in a separate, additional, wheeled bin. Initial monitoring and sampling of the trial data suggests that residents are actively taking part and the quality of the paper and card picked up on the first collection day was extremely positive.
- 4.5 Although the trial is taking place in Gateshead and South Tyneside, the results will benefit all three partner authorities and will be used when evaluating future service delivery models.
- 4.6 To support the development of the next MRF contract specification, a market engagement event was held on 27 February 2019 at Gateshead International Stadium, with 10 companies in attendance. The event enabled STWWMP to undertake in direct dialogue with potential future service providers and discuss

a range of key issues and considerations regarding the current recycling market etc.

- 4.7 Furthermore, STWWMP has secured free-of-charge consultancy advice, funded by the Waste and Resources Action Programme (WRAP), to further support the development of the next MRF contract specification. A procurement exercise formally appointed renowned environmental consultants Eunomia Research and Consulting and the first key stage in their support will be to independently analyse and evaluate the feedback following the market engagement day.

5. **HOUSEHOLD WASTE AND RECYCLING CENTRE CONTRACTS**

- 5.1 Appendix C highlights the latest HWRC recycling performance (April-December 2018).
- 5.2 Recycling performance at the sites remains at a similar level to the previous year. However, recycling performance at Cowen Road (Gateshead) and Beach Street (Sunderland) is currently slightly below the annual target, although this may change once the statistics for the full year are received. The performance at Beach Street could still be affected by the introduction of fortnightly collections in 2017.
- 5.3 All HWRC contractors continue to explore whether additional materials disposed at sites can be recycled and further improve recycling performance.
- 5.4 The partner authority HWRC contracts with SUEZ and Remondis are set to expire at the end of March 2020. The joint partnership team has begun discussions with partner authorities to consider contract requirements facilitate next joint procurement process which will be delivered later in 2019.

6. **GREEN WASTE COMPOSTING CONTRACTS**

- 6.1 The current contract periods are scheduled to end in March 2019. However, it has been agreed that the contracts for all three partner authorities will be extended for a period of 12 months from 1st April 2019.
- 6.2 Contract management meetings continue to be held with service providers at the various facilities, which also include Health & Safety site inspections. The garden waste kerbside collection service will resume in April 2019 in all three partner authorities.

7. RECOMMENDATION

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

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RESIDUAL WASTE TREATMENT CONTRACT

2018/19 latest performance: April 2018-January 2019

Total contract waste	163,175.47 tonnes
Contract waste delivered to WTS: - Campground - Middlefields - Jack Crawford House	Gateshead 50,800.86 tonnes Sunderland 16,065.24 tonnes South Tyneside 42,369.46 tonnes Sunderland 53,939.91 tonnes
Total contract waste delivered to EfW	159,697.67 tonnes
Line 4 availability Line 5 availability Overall EfW availability	97.25% 96.94% 97.10%
Average turbine availability	98.90%
Electricity generated Electricity exported Electricity imported	169,907 MWh 150,363 MWh 15,842 MWh
Recycling performance	Target 2.1% Performance 3.0%
Recovery performance	Target 95.5% Performance 97.0%
Unprocessed landfill diversion rate	100%
Health and safety: - RIDDOR - Injuries and accidents - Near misses - Property damage - Fires	1 4 69 30 0

MATERIALS RECOVERY FACILITY CONTRACTS

Table A: 2018/19 latest blue bin tonnage data: April 2018-January 2019

	Gateshead	South Tyneside	Sunderland
Comingled tonnage	11,071	7,986	16,111
Paper tonnage	1,872	1,238	1,699
Total tonnage	12,943	9,224	17,811
<i>Comparison to April 2017- January 2018 - comingled</i>	<i>3.0% increase</i>	<i>1.3% decrease</i>	<i>5.2% increase</i>
<i>Comparison to April 2017- January 2018 - paper</i>	<i>13.6% decrease</i>	<i>14.2% decrease</i>	<i>10.0% decrease</i>
<i>Comparison to April 2017- January 2018 - all materials</i>	<i>0.2% increase</i>	<i>3.3% decrease</i>	<i>3.6% increase</i>

Table B MRF recycling and recovery performance

Period	Gateshead		South Tyneside		Sunderland	
	Recycling	Recovery	Recycling	Recovery	Recycling	Recovery
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%
Q3 2017/18	88.6%	11.4%	85.7%	14.3%	76.4%	23.6%
Q4 2018/17	88.0%	12.0%	82.3%	17.7%	75.3%	24.7%
Q1 2018/19	88.3%	11.7%	84.6%	15.4%	75.5%	24.5%
Q2 2018/19	86.7%	13.3%	83.1%	16.9%	76.4%	23.6%
Q3 2018/19	87.0%	13.0%	82.9%	17.1%	77.6%	22.4%

HOUSEHOLD WASTE AND RECYCLING CENTRE CONTRACTS

2018/19 latest recycling performance (excluding inert materials, such as rubble):

HWRC	Annual Target	April- December 2018
Campground	63.4%	63.5%
Cowen Road	63.1%	62.5%
Beach Street	61.6%	59.2%
Middlefields (Recycling Village)	N/A	60.4%