

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

14 JUNE 2019

REPORT OF: Colin Huntington, 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 Following the expiry of the above contracts, all three partner authorities agreed to a 12-month extension from 01 April 2019.
- 2.10 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.
- 2.11 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 (RWTC)**

2018/19 Service Update

- 3.1 The year-end performance information for the 2018/19 contract year can be found at Appendix A. RWTC contractual recycling and recovery targets were once again exceeded.
- 3.2 During the latter stages of the contract year, no notable service issues or loss of availability were encountered. No environmental breaches were experienced and no further compliance classification scheme (CCS) scores applied. All incinerator bottom ash samples returned compliant results.

2018/19 Annual Maintenance Shutdown

- 3.3 During February and March 2019, the annual maintenance shutdown took place. The shutdown was managed safely, and delivered as planned, with standard repairs carried out. No significant or unexpected issues were identified, and all assets were found to be within anticipated wear rates and in accordance with maintenance lifecycle schedules.
- 3.4 Subsequently, Line 5 was able to be brought back into service 24 hours ahead of schedule.

2019/20 Service Update

- 3.5 Line 4 lost one hour of availability on 01 April 2019 as a consequence of a plant trip initiated by a high bag filter differential pressure. Following investigations, the pulse jet air cleaning pressure was increased, which rectified the issue. There were no further unplanned losses of availability on either Line 4 or Line 5 in April.
- 3.6 However, on 03 April, a functional failure associated with the high voltage electrical switchgear resulted in 67.5 hours of lost turbine availability. Following an initial investigation, the fault was identified as a failed switching relay in the high voltage panel, which was replaced. The equipment supplier, TGM Kanis, attended site and conducted an internal inspection of the turbine, which confirmed that no fault had occurred within the turbine itself.
- 3.7 No environmental breaches were reported in April and all incinerator bottom ash samples returned compliant results.

Line 6 - Update

- 3.8 As highlighted previously, following the approval of planning permission for SUEZ to construct a sixth EfW line on the site at Haverton Hill, Hitachi Zosen Inova (HZI) were selected as preferred bidder. SUEZ and HZI continue to develop the design and finalise technology selection, performance requirements, and layouts to prepare for the start of pre-engineering and identification of enabling works.
- 3.9 However, an alternative location for the construction of Line 6 has now been identified within the Haverton Hill footprint, but not within the boundary of Lines 1-5. This would reduce the needed for shared site facilities such as access roads and weighbridges. An amendment to the existing planning permission will need to be submitted by SUEZ and a pre-application discussion has been held with Stockton-on-Tees Borough Council, but no revised plan has been formally submitted yet.
- 3.10 Construction is still expected to commence later in 2019 and the new facility operational by 2022. STWWMP will ensure that interface with the contractor will continue throughout the process.

Refinancing

- 3.11 Following previous positive discussions with STWER regarding refinancing the project, STWER has submitted an alternative proposal to a full refinancing exercise which could replace the Debt Service Reserve Account (DSRA) with a contingent Debt Service Reserve Facility (DSRF), whilst leaving the rest of the financial structure in place. STWWMP continues to work 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)

- 3.12 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)

- 3.13 All three of the WTS have continued to remain available, with all sites accepting 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.
- 3.14 Routine maintenance of buildings, plant, and control systems continues to be delivered as planned and no significant issues have been identified.
- 3.15 During the contract year 2018/19, the Environment Agency raised no WTS issues and no CCS scores were applied. All sites remain in Compliance Band A.

Targeted Recruitment and Training (TR&T)

- 3.16 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.
- 3.17 In total, 77% of staff employed at the three WTS and within the contracts support team based at Campground are residents of Gateshead, South Tyneside, or Sunderland. 9% of staff employed at the energy-from-waste facility are residents of the partnership area.
- 3.18 Following an initial meeting with STWWMP, SUEZ is currently working with Gateshead Council Learning Skills team to develop appropriate apprenticeship frameworks for the appointment of a waste resource operative apprentice and business administration apprentice. Both roles will support the delivery of the RWTC.

Community Education and Engagement

- 3.19 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.
- 3.20 During the contract year 2018/19, 7,700 local residents, children and young people, and community group members took part in waste awareness events, activities, and site visits. Recently, this has included:

- Waste awareness assembly for 178 pupils at Lingey House Primary School, Gateshead.
- Year 8&9 waste awareness assembly for 248 pupils at Mortimer College, South Tyneside.
- Litter picking with 33 Year 6 pupils from Birtley East Primary School, Gateshead, in both the school grounds and nearby park.
- Regular waste awareness and recycling sessions with the Action Team at St. Mary's RC Primary School, Sunderland.
- Waste awareness session for 198 Year 9 pupils at Hebburn Comprehensive School, South Tyneside.
- 1st Houghton Beavers, Sunderland, who participated in a waste awareness and recycled paper making session at the visitor and education centre, Campground.

3.21 During April 2019, activities included:

- 32 Year 4 pupils from St. Joseph's RC Primary School in Sunderland who visited the partnership's energy-from-waste facility.
- Whole school Reduce, Reuse and Recycling assemblies with 214 pupils at Usworth Colliery Primary School and 189 pupils at Blackfell Primary School, both Sunderland.
- Recycling presentation delivered to 98 Year 9 pupils at Joseph Swan Academy, Gateshead.

3.22 A separate events programme was developed and delivered to local schools and community groups for the dedicated Waste Electrical and Electronic Equipment (WEEE) project, which closed at the end of January.

3.23 Across the partnership area, the WEEE project delivered:

- 79 school assemblies/activities engaging with 8,863 pupils/staff.
- 60 school/community amnesty events, collecting over 2,500 kg of WEEE.
- 135 community roadshows/events, engaging with 5,142 residents.
- Direct engagement with 4,319 members of the community through 'door knocking' activities.
- The placement of 114 battery recycling containers in local schools, community centres, and libraries, collected 35,035 kg of used batteries. The containers remain in place even through the project has now finished.

3.24 Project activities focused on encouraging the community to apply 'the 3Rs' to unwanted WEEE, with reduce and reuse promoted as priorities. Whilst this approach stimulated WEEE awareness and drove materials further up the waste hierarchy, it also increased opportunities for low income residents to access reused, recycled, and repurposed electrical items through family networks and third-party organisations.

Community Liaison Groups

3.25 The Campground Community Liaison Group met on 7 May 2019.

- 3.26 The group were informed that the site is operating well, that the WTS is generally empty of waste at the end of each working day, with 15 loads of waste leaving site Monday-Friday.
- 3.27 The group heard about the separation of materials for recycling and received a video of the mattress recycling process, which highlighted how the metal and floc materials are separated on site.
- 3.28 The Environment Agency (EA) were unable to attend the meeting but reported that no issues or concerns had been noted.
- 3.29 The next meeting was scheduled for 6pm, Tuesday 24 September 2019.
- 3.30 The Jack Crawford House Community Liaison Group met on Thursday 14 March 2019.
- 3.31 The group received an update on site operations, noting that the site was operating well and is managing contract waste in line with expectations. No significant accidents or incidents had occurred during the period since the last meeting.
- 3.32 The EA undertook a site inspection November 2018 and recorded a positive inspection result, identifying that the site is in compliance with its permit and no further issues were raised. The group also noted that STWWMP undertake regular site inspections.
- 3.33 The next meeting is scheduled to take place at 6pm on Thursday 11 July 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(i) at Appendix B highlights the 2018/19 year-end performance for the materials collected by each partner authority in the kerbside 'blue bin' recycling service. The results are 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 Table A(ii) shows the same data for 2019/20 (for the month of April only).
- 4.4 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 continued to improve over the last several quarters and they continue to identify actions to help increase their recycling rates and reduce contamination (shown as recovery in the table) rates.

- 4.5 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.
- 4.6 Initial monitoring and sampling of the trial data suggests that residents are actively taking part and the quality of both the paper/card and the other comingled materials has improved. Further detailed evaluation of the trial will take place over the coming months, supported by the Waste Resources Action Programme (WRAP). Residents will also be asked for their views on what they think of the trial collection system.
- 4.7 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.

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

- 5.1 Table A(i) at Appendix C highlights the 2018/19 year-end HWRC recycling performance, excluding inert materials, such as rubble.
- 5.2 Table A(ii) shows the latest recycling performance for 2019/20 (for the month of April only).
- 5.3 During 2018/19, recycling performance at Campground, Cowen Road, and Beach Street did not achieve the annual target. This could be attributed to the increased level of residual waste received at two of the sites, as the level of recycling has generally remained the same at each site. Contract provisions mean that the contractor will now pay a financial penalty to the partner authorities for not achieving the targets.
- 5.4 Analysis undertaken by SUEZ of the waste disposed within the HWRC residual waste containers indicated that very little recyclable materials were included within that waste stream.
- 5.5 All HWRC contractors continue to explore whether additional materials disposed at sites can be recycled and further improve recycling performance. This includes the introduction of new processes to recycle mattresses and recliner chairs disposed at Campground, Cowen Road and Beach Street. Recently, SUEZ has also sourced a recycling outlet for hard plastic materials.
- 5.6 The partner authority HWRC contracts with SUEZ and Remondis are set to expire at the end of March 2020. The joint partnership team continues to discuss with partner authorities the options for the next joint procurement process which will be delivered later in 2019.

6. **GREEN WASTE COMPOSTING CONTRACTS**

- 6.1 The garden waste kerbside collection service resumed in all three partner authorities in April 2019. Contract management meetings continue to be held

with service providers at the various facilities, which also include Health & Safety site inspections.

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 year-end performance

| | |
|---|---|
| Total contract waste | 193,345.99 tonnes |
| Contract waste delivered to WTS: - Campground - Middlefields - Jack Crawford House | Gateshead 60,310.67 tonnes Sunderland 18,955.03 tonnes South Tyneside 50,139.60 tonnes Sunderland 63,949.60 tonnes |
| Total contract waste delivered to EfW | 188,200.40 tonnes |
| Line 4 availability Line 5 availability Overall EfW availability | 95.4% 93.2% 94.3% |
| Average turbine availability | 93.8% |
| Electricity generated Electricity exported Electricity imported | 193,148 MWh 170,810 MWh 16,119 MWh |
| Recycling performance | Target 2.1% Performance 2.9% |
| Recovery performance | Target 95.5% Performance 97.1% |
| Unprocessed landfill diversion rate | 100% |
| Health and safety: - RIDDOR - Injuries and accidents - Near misses - Property damage - Fires | 1 5 93 40 0 |

2019/20 latest performance: April 2019 only

| | |
|---|---|
| Total contract waste | 15,960.22 tonnes |
| Contract waste delivered to WTS: - Campground - Middlefields - Jack Crawford House | Gateshead 5,092.16 tonnes Sunderland 1,354.14 tonnes South Tyneside 4,209.98 tonnes Sunderland 5,303.94 tonnes |
| Total contract waste delivered to EfW | 15,852.80 tonnes |
| Line 4 availability Line 5 availability Overall EfW availability | 99.9% 100% 99.9% |
| Average turbine availability | 90.6% |
| Electricity generated Electricity exported Electricity imported | 15,383 MWh 14,255 MWh 1,675 MWh |
| Recycling performance | Target 2.1% Performance 1.7% |
| Recovery performance | Target 95.5% Performance 98.3% |
| Unprocessed landfill diversion rate | 100% |
| Health and safety: - RIDDOR - Injuries and accidents - Near misses - Property damage - Fires | 0 1 6 5 0 |

MATERIALS RECOVERY FACILITY CONTRACTS

Table A(i): 2018/19 year-end blue bin tonnage data

| | Gateshead | South Tyneside | Sunderland |
|---|-----------------------|-----------------------|----------------------|
| Comingled tonnage | 13,080 | 9,481 | 19,054 |
| Paper tonnage | 2,206 | 1,471 | 2,026 |
| Total tonnage | 15,286 | 10,952 | 21,080 |
| <i>Comparison to 2017/18 - comingled</i> | <i>2.5% increase</i> | <i>0.4% decrease</i> | <i>5.1% increase</i> |
| <i>Comparison to 2017/18 - paper</i> | <i>13.2% decrease</i> | <i>13.5% decrease</i> | <i>6.9% decrease</i> |
| <i>Comparison to 2017/18 - all materials</i> | <i>0.1% decrease</i> | <i>2.4% decrease</i> | <i>3.8% increase</i> |

Table A(ii): 2019/20 latest blue bin tonnage data: April 2019 only

| | Gateshead | South Tyneside | Sunderland |
|--|----------------------|----------------------|----------------------|
| Comingled tonnage | 1,055 | 761 | 1,540 |
| Paper tonnage | 175 | 117 | 146 |
| Total tonnage | 1,230 | 878 | 1,686 |
| <i>Comparison to April 2018 - comingled</i> | <i>1.0% increase</i> | <i>0.4% decrease</i> | <i>5.6% increase</i> |
| <i>Comparison to April 2018 - paper</i> | <i>2.8% decrease</i> | <i>5.9% decrease</i> | <i>2.2% increase</i> |
| <i>Comparison to April 2018 - all materials</i> | <i>0.4% increase</i> | <i>1.2% decrease</i> | <i>5.3% 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 2017/18 | 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% |
| Q4 2018/19 | 87.8% | 12.2% | 84.3% | 15.7% | 79.4% | 20.6% |

HOUSEHOLD WASTE AND RECYCLING CENTRE CONTRACTS

Table A(i): 2018/19 year-end recycling performance (excluding inert materials, such as rubble):

| HWRC | Annual Target | 2018/19 |
|----------------------------------|----------------------|----------------|
| Campground | 63.4% | 62.8% |
| Cowen Road | 63.1% | 62.3% |
| Beach Street | 61.6% | 58.2% |
| Middlefields (Recycling Village) | N/A | 57.7% |

Table A(ii): 2019/20 latest recycling performance (excluding inert materials, such as rubble):

| HWRC | Annual Target | April 2019 |
|----------------------------------|----------------------|-------------------|
| Campground | 63.4% | 64.2% |
| Cowen Road | 63.1% | 63.2% |
| Beach Street | 61.6% | 58.2% |
| Middlefields (Recycling Village) | N/A | 61.9% |