



South Tyneside Council



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

23 June 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 treatment 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. The contract 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. A short-term extension until 30 September 2017 has been undertaken with the current contractor, whilst a procurement exercise remains ongoing.
- 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 audit SUEZ monthly reports, 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 Details of the performance results for the 2016/17 contract year can be found at Appendix A.
- 3.3 The joint partnership team continues to discuss the 2016/17 reconciliation exercise with SUEZ and STWER. This includes reviewing the contract year tonnage data and invoices processed, with the aim of progressing this year's reconciliation in line with contract timelines.
- 3.4 On 14 March 2017, notification was received from Sunderland City Council that the two conditions associated with the planning consent to permit use of the emergency road at Campground Waste Transfer Station had been satisfactorily discharged.
- 3.5 Following the maintenance issues experienced in late 2016, the turbine was repaired in Austria and returned fully operational on 10 March 2017. However,

a subsequent fault was experienced onsite, which was attributed to a loose component in the control panel and a cable shorting to earth. Once this was rectified, the turbine was able to return to normal operations on 26 March.

- 3.6 The annual EfW major maintenance shutdown of both Lines 4 and 5 took place during February and March 2017. The shutdowns were staggered and third party waste redirected to ensure that there was no impact on the partnership's waste.
- 3.7 However, Line 4 came back online two days later than originally planned due to a delay in receiving parts from Germany. This resulted in the diversion of approximately 2,500 tonnes of STWWMP contract waste to SUEZ's EfW facility at Wilton. This demonstrated that the new contract contingency arrangements could be operated effectively and has continued to ensure that STWWMP contract waste is diverted from landfill.
- 3.8 The repair to the water tank appears to have been successful, and SUEZ worked with HZI to ensure that it was added to the latent defect agreement.
- 3.9 On 22 March, STWWMP officers attended a meeting in London with representatives from the Department for Environment Food and Rural Affairs (Defra), STWER, and Willis Towers Watson insurers to discuss the joint insurance cost report associated with the STWWMP PFI contract. A revised model has been submitted and negotiations are ongoing.

2017/18 Service Update

- 3.10 Appendix A also contains the latest performance for the 2017/18 contract year, which, due to the contractual deadlines associated with the submission of monthly reports by the contractor, is for the month of April only.
- 3.11 During this contract year:
- A turbine high vibration trip on 7 April as a result of a faulty vibration sensor meant that 45 minutes of plant availability were lost. As a consequence of this, the turbine was unavailable for 4 hours, and then again on 26 April for a further 30 minutes during the replacement of the sensor.
 - 1 hour and 45 minutes were lost on 10 April due to issues experienced whilst carrying out maintenance work on the emergency diesel generator (EDG). During the replacement of the EDG control panel, a temporary loss of power was experienced which subsequently caused a trip to the main plant essential services power board.
 - 33½ hours were lost on Line 4 on 25/26 April as a consequence of a jamming issue on the bottom ash extractor chain conveyor. Work is ongoing to prevent further occurrences by ensuring that council collection crews identify large items at the waste transfer stations, so that they can be dealt with before transportation to the EfW.

Waste Transfer Stations (WTS)

- 3.12 The three WTS have been available throughout the new contract year and no specific service issues were experienced. Recycling activities are ongoing at each site, which includes segregation of materials, such as street sweepings, wood, and scrap metals.

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.
- 3.14 The level of local residents employed by SUEZ within the range of RWTC activities continues to remain stable. 7% of the operational posts available at the EfW and 70% of those employed at the three WTS or in the management and administration of the RWTC are residents of Gateshead, South Tyneside, or Sunderland.
- 3.15 Nationally, SUEZ has reviewed its corporate position regarding Apprenticeships and agreement has been reached within the organisation regarding key issues, such as apprentice terms and conditions and the identification suitable training providers, etc. Further discussions will now be scheduled to consider the local impact and how this can be taken forward to further support TR&T opportunities for local STWWMP residents.

Community Education and Engagement

- 3.16 STWWMP remains committed to an ongoing programme of community education and engagement, delivered by Groundwork North East and Cumbria (GNEC) in both the Visitor and Education Centre and through activities held in local schools and community settings.
- 3.17 The final community engagement results for 2016/17 have now been confirmed. Between April 2016 and March 2017, a total of 4,932 children and young people participated in events at either the Centre itself or through school outreach activities. Similarly, 680 members of local community groups and organisations have also participated in events during the same period.
- 3.18 In March, notification was received from letsrecycle.com that a submission highlighting the partnership's community education and engagement programme has been awarded four-star status in the Investors in Zero Waste recognition scheme. The scheme acknowledges the innovation and commitment of businesses, public authorities, and third sector organisations who are striving to eliminate waste. Winners will receive a certificate and plaque later in the year.
- 3.19 During April and May 2017, 224 children and young people have taken part in waste awareness activities. This included Year 6 pupils from three Gateshead primary schools (Parkhead, Winlaton West, and Blaydon West) who participated in a waste awareness session held at Sage Gateshead as part of a marine pollution and litter transition voyage project. Three separate visits to the EfW facility were also delivered to pupils from Greenside Primary School (Gateshead), Westoe Crown Primary School (South Tyneside), and Diamond Hall Primary School (Sunderland). An opportunity was also provided to the Gateshead West Transition Group to enable them to undertake a visit to the facilities at Campground, including a tour of the Household Waste and Recycling Centre and Waste Transfer Station.

- 3.20 The reduce, reuse, and recycle-themed bench seating for the outdoor classroom at the Visitor and Education Centre's outdoor classroom were installed in April 2017 and an official opening event was held on 11 May 2017. Children from Fell Dyke Primary School (Gateshead), Keelman's Way School (South Tyneside), and St. Mary's RC Primary School (Sunderland) took part in a range of outdoor activities including pond dipping, vegetable planting, and mini wormery making.
- 3.21 Supported by the Donnison Heritage and Education Centre, Groundwork continues to progress a clippie mat art project, which is linked to a range of outreach work with local schools and community groups.

WEEE Reduce, Reuse and Recycle Project

- 3.22 The year-long waste electrical and electronic equipment (WEEE) project complemented the general education and engagement programme and aimed to increase WEEE reuse and recycling rates across the partnership area. Project results illustrated a 10% overall increase in WEEE recycling and a 1.6% reduction in residual waste tonnages.
- 3.23 Letsrecycle.com notified the partnership that a separate submission to the Investors in Zero Waste scheme, focusing on the WEEE project, also received four-star status.
- 3.24 Furthermore, STWWMP was also invited to address the national WEEE Conference 2017 which was held at the Cavendish Conference Centre in London on 21 June 2017. The partnership presented how the Distributer Takeback Scheme Improvement funding enabled the WEEE project to encourage residents to reduce, reuse or recycle WEEE materials.

Community Liaison Groups

- 3.25 The Campground Community Liaison Group met on 13 June 2017. The group were informed that the WTS continues to operate as expected. The tonnage of waste received is as forecast and all materials are either recycled or sent for recovery at the EfW, with 100% diversion from landfill in the contract year 2016/17.
- 3.26 The group also took the opportunity to view the outdoor classroom, including the dipping pond; reduce, reuse, and recycle benches; and plastic bottle greenhouse, and were impressed by the facilities available.
- 3.27 A discussion was held regarding queues at Campground HWRC. It was noted that that, at busy times, site operatives may not be able to see if residents require help so site users should always ask the 'meet and greet' operative on arrival if they require assistance.
- 3.28 The next meeting for the Campground Community Liaison Group was scheduled for 28 November.
- 3.29 The Jack Crawford House Community Liaison Group meeting was originally scheduled for 8 June 2017. However, due to the subsequent clash with the general election, the meeting was cancelled and rescheduled for Thursday 6 July 2017.

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 The final 2016/17 blue bin tonnage data has been confirmed and can be found at Appendix B).
- 4.3 Table A highlights the total amount of material collected by each authority between April 2016 and March 2017, broken down between the paper collected separately in the inner box and the comingled materials collected in the main section of the bin. It demonstrates that, generally, the total amount of material collected has reduced slightly in each of the three partner authorities in comparison to the previous year.
- 4.4 Table B highlights MRF recycling and recovery rates for comingled materials only during 2016/17. The identical results for Gateshead and South Tyneside are due to a trial joint exercise which sampled both authorities' materials together.
- 4.5 Recycling and recovery rates at MRFs are discussed regularly at contract meetings. Contractors continue to consider ways in which the processes can be improved to increase recycling performance, and STWWMP partner authorities also examine their own processes to help to ensure that the quality of materials received by contractors is improved.
- 4.6 Table C provides the latest blue bin information for the 2017/18 financial year (April only), once again broken down between the paper collected separately in the inner box and the comingled materials collected in the main section of the bin.
- 4.7 The current MRF contracts for all partner authorities are scheduled to end on 31 March 2018. The Officer Project Board continues to discuss the various options available. As part of this process, discussions are also taking place with the current contractors to inform option appraisal exercises.

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 year-end performance information for 2016/17 (compared to 2015/16 performance), and a separate table highlighting the latest results for 2017/18, can be found at Appendix C. However, it should be noted that because the South Tyneside HWRC contract is delivered in a different way to the Gateshead and Sunderland contract, when recycling performance for each HWRC contract

is calculated in the same way, the South Tyneside results will always be slightly lower.

- 5.3 Recycling performance at the Gateshead and Sunderland sites continues to exceed contractual targets. However, recycling levels can fluctuate as the markets for some materials are either no longer available or are not viable. For example, until recently, mattresses collected at partner authorities' HWRCs were recycled, but there is now a lack of facilities that are able to recycle such materials. SUEZ, therefore, constantly review the markets to ensure that waste hierarchy principles can be followed and waste is diverted from landfill.
- 5.4 South Tyneside has negotiated a short-term HWRC contract extension until 30 September with the current contractor, SUEZ. A procurement exercise for a new Recycling Village contract from 1 October 2017 remains ongoing, with an end date that will be co-terminus with the Gateshead and Sunderland contract extensions. This will enable a joint approach between all three partner authorities to be considered for a new contact commencing on 1 April 2020.
- 5.5 The joint partnership team and colleagues from the partner authorities continue to consider how efficiencies and/or savings can be delivered through HWRC service provision. This includes reviewing: the permit system for vans and trailers; opening times; and the potential introduction of charges for construction and demolition-type materials brought to sites. However, the recently-published Litter Strategy for England states that DIY waste resulting from 'work that a householder would normally carry out' should be classed as household waste and, therefore, cannot be subject to charges at HWRCs.

6. **GREEN WASTE COMPOSTING CONTRACTS**

- 6.1 The joint partnership team provide all aspects of contract management for the Gateshead and Sunderland contracts, with officers from South Tyneside Council directly managing their contract. This includes processing payments, regular contract meetings, and health and safety site inspections at the various facilities.
- 6.2 Contract meetings and site inspections have recently taken place at facilities provided under the Gateshead and Sunderland contracts. This included auditing both contracts' composting facilities, which are located on farms at Chopwell in Gateshead and near Hexham in Northumberland.
- 6.3 Colleagues from South Tyneside Council have indicated that there are no significant service issues with their green waste composting contract.

7. **RECOMMENDATION**

7.1 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 7478

RESIDUAL WASTE TREATMENT CONTRACT

2016/17 year-end performance

Total contract waste	198,492.65 tonnes
Contract waste delivered to WTS: - Campground - Middlefields - Jack Crawford House	Gateshead 58,618.03 tonnes Sunderland 17,461.86 tonnes South Tyneside 72.24 tonnes South Tyneside 48,663.97 tonnes Sunderland 73,676.55 tonnes
Total contract waste delivered to EfW	189,516.76 tonnes
Overall EfW availability	90.7%
Average turbine availability	44.7%
Electricity generation	94,156 MWh
Recycling performance	Target 2.1% Performance 4.1%
Recovery performance	Target 95.5% Performance 95.9%
Unprocessed landfill diversion rate	100%
Health and safety: - RIDDOR - Injuries and accidents - Near misses - Property damage - Fires	1 12 108 42 2

2017/18 latest performance: April 2017 only

Total contract waste	14,635.60 tonnes
Contract waste delivered to WTS: <ul style="list-style-type: none"> - Campground - Middlefields - Jack Crawford House 	Gateshead 4,743.79 tonnes Sunderland 1,87.39 tonnes South Tyneside 3,963.42 tonnes Sunderland 4,741.00 tonnes
Total contract waste delivered to EfW	13,904.50 tonnes
Overall EfW availability	97.3%
Average turbine availability	99.1%
Electricity generation	16,674 MWh
Recycling performance	Target 2.1% Performance 3.9%
Recovery performance	Target 95.5% Performance 96.1%
Unprocessed landfill diversion rate	100%
Health and safety: <ul style="list-style-type: none"> - RIDDOR - Injuries and accidents - Near misses - Property damage - Fires 	0 1 5 2 0

MATERIAL RECOVERY FACILITY CONTRACTS

Table A: 2016/17 blue bin tonnage data: year-end performance

	Gateshead	South Tyneside	Sunderland
Comingled tonnage	12,808	10,114	15,552
Paper tonnage	2,929	1,863	3,246
Total tonnage	15,737	11,978	18,798
<i>Comparison to 2015/16 - all materials</i>	<i>3.2% decrease</i>	<i>2.0% decrease</i>	<i>2.8% decrease</i>
<i>Comparison to 2015/16 - paper</i>	<i>7.3% decrease</i>	<i>26.7% increase</i>	<i>16.8% decrease</i>
<i>Comparison to 2015/16 - comingled</i>	<i>2.2% decrease</i>	<i>5.9% decrease</i>	<i>0.7% increase</i>

Table B: 2016/17 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%

Table C: 2017/18 latest blue bin tonnage data: April 2017 only

	Gateshead	South Tyneside	Sunderland
Comingled tonnage	974	765	1,290
Paper tonnage	205	125	195
Total tonnage	1,179	890	1,484
<i>Comparison to April 2016 - all materials</i>	<i>7.6% decrease</i>	<i>9.9% decrease</i>	<i>4.0% decrease</i>
<i>Comparison to April 2016 - paper</i>	<i>17.1% decrease</i>	<i>6.4% decrease</i>	<i>31.8% decrease</i>
<i>Comparison to April 2016 - comingled</i>	<i>5.3% decrease</i>	<i>10.4% decrease</i>	<i>2.3% increase</i>

NB. Comparison between April 2017 and April 2016 based on an unequal number of collection days

HOUSEHOLD WASTE AND RECYCLING CENTRE CONTRACTS

Year-end recycling performance comparison (excluding inert materials, such as rubble):

HWRC	2015/16	2016/17
Campground	66.89%*	65.57%
Cowen Road	62.72%*	63.29%
Beach Street	66.71%*	65.85%
Middlefields (Recycling Village)	49.7%	51.00%

* Following final reconciliation exercise

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

HWRC	April 2017 only
Campground	62.73%
Cowen Road	63.85%
Beach Street	63.70%
Middlefields (Recycling Village)	53.00%