

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

16 March 2018

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 From 1 December 2017, South Tyneside Council entered into a 30-month HWRC management with 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.

2017/18 Service Update

3.2 The latest performance information for the 2017/18 contract year (April 2017-January 2018) can be found at Appendix A.

3.3 During recent months, a number of service issues have been encountered, including:

- Line 5 lost 75.5 hours of production on 6-9 November due to a blockage in the bottom ash extractor.
- 1 hour of turbine availability was lost on 21 November whilst a control card was replaced in the turbine PLC (programmable logic controller).
- Line 4 lost 1 hour of production on 20 December due to a waste feed chute blockage, and 12 hours of availability on 25 January due to a bottom ash chute blockage.

3.4 SUEZ has established a working group to further investigate the blockages that are occurring and identify potential recommendations for improvement.

- 3.5 The joint partnership team, supported by Health & Safety officers from the partner authorities, visited 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.
- 3.6 The main 2018 EfW shutdown is scheduled to take place:
- Line 4: 27 February – 22 March 2018
 - Line 5: 19 February – 7 March 2018

Annual Unitary Charge Forecast

- 3.7 The 2018/19 Annual Unitary Charge Forecast (AUCF) is nearing completion. The forecast tonnages have been agreed and final indexation needs applying for the reference point in January 2018. The AUCF forms the basis of what each partner will pay for each month.
- 3.8 The final reconciliation payment is calculated on the actual tonnages and penalty deductions etc. at the end of financial year to establish the difference paid on the AUCF estimates and the actuals observed and verified by the joint partnership team and SUEZ.

Qualifying Refinancing Exercise

- 3.9 Stage one of the exercise to investigate the potential opportunity to refinance the debt associated with the RWTC continues to proceed.

Joint Insurance Cost Review (JICR)

- 3.10 Discussions with representatives from the Department for Environment Food and Rural Affairs (Defra), STWER, and Willis Towers Watson insurers involving the joint insurance cost report associated with the RWTC remain ongoing. A further response from STWER is currently being considered.

Waste Transfer Stations (WTS)

- 3.11 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.
- 3.12 Routine maintenance of buildings, plant, and control systems continues to be delivered as planned and no significant issues have been identified.
- 3.13 However, a pothole has appeared in the road on the boundary between the SUEZ and South Tyneside Council depot at Middlefields. Following discussions with STWWMP, SUEZ, and South Tyneside Council, the repair schedule has now been agreed.

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 raised with the Jack

Crawford House Community Liaison Group, with the group's Chair circulating opportunities to community contacts across Sunderland.

- 3.15 The recruitment process to replace the outgoing EfW operations manager resulted in the appointment of an internal SUEZ candidate who commenced the role in January 2018. Following the resignation of the shift operations technician at the EfW, an internal promotion appointment was made and they also commenced their new employment in January.
- 3.16 The replacement site manager at Jack Crawford House to cover a 12-month secondment period was appointed from elsewhere within SUEZ and took up the position in January.
- 3.17 A recruitment exercise conducted in January has appointed a technical plant engineer at the EfW, who will start in their position in March. Following an internal promotion, a recruitment exercise for the role of maintenance manager has also commenced.
- 3.18 Interviews for the post of WTS weighbridge operator were held in January and the successful candidate - South Tyneside resident - took up the post in February.

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 Between April 2017 and the end of January 2018, over 3,500 local children and young people, residents, and community group members have now taken part in waste awareness activities and site visits. Recently, this has included:
- A waste awareness session with 120 Year 9 pupils at South Shields School, South Tyneside.
 - A whole school assembly and waste workshop with Key Stage 2 pupils at Barmston Village Primary School, Washington, to launch the Sunderland Recycling Campaign.
 - A whole school assembly and waste workshop with Key Stage 2 pupils at Easington Lane Primary School, Sunderland.
 - An ongoing upcycled art project for children at Hill Top School in Gateshead.
- 3.21 In October 2017, STWWMP received notification that the submission to the Local Government Chronicle (LGC) Awards 2018 highlighting the 2016 WEEE Reduce, Reuse and Recycle project had been shortlisted as a finalist in the Public/Private Partnership category. In January, STWWMP led a joint presentation with project partners Valpak and GNEC to the LGC Awards judging panel in London, which highlighted the partnership approach to the delivery of positive outcomes and results. Winning entries will be revealed at the LGC Awards evening on 21 March 2018.

3.22 Following the successful application for external funding to deliver another dedicated WEEE project, a recruitment exercise enabled a project officer to be appointed and start working with GNEC in January 2018. The official project launch events with schools in each partner authority took place on 9 March 2018.

Community Liaison Groups

3.23 The Campground Community Liaison Group last met on 28 November 2017.

3.24 The group was informed that the site continues to operate and receive waste tonnages as forecast. All materials received continue to be either recycled or sent for energy recovery at the EfW, achieving 100% landfill diversion within the contract year 2017/18.

3.25 The group was advised that the fly complaint received in July 2017, was investigated by the Environment Agency (EA). Some concerns had been expressed that the site was accepting animal carcasses, and SUEZ explained that although small animal carcasses are accepted on site, they are bagged and stored in a freezer prior to their removal, so are not a source of flies. The EA advised that whilst a minor CCS score had been issued, an 'advice and guidance' visit reviewed site practices and the site management plan, and no further issues had been confirmed.

3.26 The group queried the impact of the proposed construction of an EfW facility at Washington, which had featured in local media stories recently. It was confirmed that the plant was not connected to STWWMP or SUEZ, and that it would not be processing any waste from the South Tyne and Wear local authorities.

3.27 The next meeting was scheduled for 8 May 2018.

3.28 The Jack Crawford House Community Liaison Group is next scheduled to meet on 22 March 2018.

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 Regular discussions at MRF contract management meetings consider ways in which recycling quality and performance can be improved in order to increase the amount of material recycled and reduce the amount sent for energy recovery. This is now even more relevant due to the Chinese restrictions on the import of certain types of waste (including mixed paper and post-consumer plastics), which came into force on 1 January 2018. Some STWWMP materials are currently exported to China, and the partnership is working closely with the MRF contractors to identify any potential impact on the future recycling of STWWMP materials. It is, therefore, important to ensure that high quality recycling is delivered to the contractors to further reduce contamination levels

and help to ensure that STWWMP materials meet the stricter thresholds now in place in China and potentially other countries in the future.

- 4.3 JEC Members Briefing Issue 6 provides more information on the impact on STWWMP of the Chinese restrictions.
- 4.4 Table A, at Appendix B, highlights the total amount of material collected by each authority between April 2017 – January 2018, 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.
- 4.5 Appendix B also shows Table B, which highlights MRF recycling and recovery rates for comingled materials only since Quarter 1, 2016/17.
- 4.6 The impact of the introduction of fortnightly collections in Sunderland can be seen in the 2017/18 Quarters 1-3 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.
- 4.7 The Gateshead and South Tyneside recycling rates are approximately 88% and 85% respectively.
- 4.8 The current MRF contracts for all partner authorities are scheduled to end on 31 March 2018. However, the partner authorities have now agreed to activate the contract extension periods until 31 March 2021. This will still ensure that the contracts are co-terminus, and enable a joint approach between all three partner authorities to be considered for a new contact commencing on 1 April 2021.

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 2017 – January 2018 can be found at Appendix C.
- 5.3 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 contact commencing on 1 April 2020.

6. **RECOMMENDATION**

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

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RESIDUAL WASTE TREATMENT CONTRACT

2017/18 latest performance: April 2017 – January 2018

| | |
|---|--|
| Total contract waste | 160,432.74 tonnes |
| Contract waste delivered to WTS: - Campground - Middlefields - Jack Crawford House | Gateshead 49,391.35 tonnes Sunderland 14,400.35 tonnes South Tyneside 42,157.56 tonnes Sunderland 54,513.448 tonnes |
| Total contract waste delivered to EfW | 156,322.50 tonnes |
| Line 4 availability Line 5 availability Overall EfW availability | 98.6% 98.8% 98.7% |
| Average turbine availability | 99.9% |
| Electricity generated Electricity exported Electricity imported | 170,317 MWh 150,572 MWh 20.4 MWh |
| Recycling performance | Target 2.1% Performance 4.3% |
| Recovery performance | Target 95.5% Performance 95.7% |
| Unprocessed landfill diversion rate | 100% |
| Health and safety: - RIDDOR - Injuries and accidents - Near misses - Property damage - Fires | 0 9 69 30 0 |

MATERIALS RECOVERY FACILITY CONTRACTS

Table A: 2017/18 latest blue bin tonnage data: April 2017- January 2018

| | Gateshead | South Tyneside | Sunderland |
|--|-----------------------|----------------------|-----------------------|
| Comingled tonnage | 10,750 | 8,095 | 15,310 |
| Paper tonnage | 2,166 | 1,443 | 1,888 |
| Total tonnage | 12,916 | 9,538 | 17,198 |
| <i>Comparison to April 2016- January 2017 - paper</i> | <i>12.1% decrease</i> | <i>7.5% decrease</i> | <i>31.1% decrease</i> |
| <i>Comparison to April 2016- January 2017 - comingled</i> | <i>0.5% increase</i> | <i>4.5% decrease</i> | <i>18.5% increase</i> |
| <i>Comparison to April 2016- January 2017 - all materials</i> | <i>1.8% decrease</i> | <i>4.9% decrease</i> | <i>9.8% 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% |
| Q3 2017/18 | 88.6% | 11.4% | 85.7% | 14.3% | 76.4% | 23.6% |

HOUSEHOLD WASTE AND RECYCLING CENTRE CONTRACTS

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

| HWRC | April 2017 – January 2018 |
|----------------------------------|----------------------------------|
| Campground | 62.03% |
| Cowen Road | 64.63% |
| Beach Street | 59.69% |
| Middlefields (Recycling Village) | 51.05% |