



South Tyneside Council



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

13 SEPTEMBER 2019

**REPORT OF:** Colin Huntington, Project Director, South Tyne and Wear Waste Management Partnership

**SUBJECT:** Contracts Update

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### 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 contract 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 1 April 2016
  - South Tyneside: SUEZ for 36 months from 1 April 2016
  - Sunderland: JBT (now delivered by Remondis following take-over of JBT) for 31 months from 1 September 2016
- 2.9 Following the expiry of the above contracts, all three partner authorities agreed to a 12-month extension from 1 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 Reconciliation
- 3.1 The 2018/19 reconciliation exercise is now complete. During the year, energy prices increased over and above the agreed ceiling price, which resulted in a £232,862.68 income-sharing payment to the partner authorities. This is the first payment that STWWMP has received since service commencement.
- Service Update
- 3.2 Appendix A highlights the latest 2019/20 contract year performance. During recent months, service availability has been strong with plant availability rising to 99.98% and turbine availability 97.61%.

- 3.3 Line 4 was unavailable for 0.08 hours on 29 May 2019 as a consequence of a plant trip initiated whilst carrying out maintenance inspections of the furnace pressure instruments.
  - 3.4 Several potential blockages were able to be cleared using the conveyor rams that were installed previously. Therefore, Line 4 experienced no further unplanned losses of availability and Line 5 experienced 100% availability during May-July.
  - 3.5 1.41 hours of turbine availability were lost on 13 May 2019 due to the requirement to conduct an annual turbine over speed trip test.
  - 3.6 No environmental breaches were reported in April and all incinerator bottom ash samples returned compliant results.
  - 3.7 The 2020 annual maintenance shutdown dates have been confirmed:
    - Line 4: 10am, 11-29 February 2020
    - Line 5: 10am, 15 February - 4 March 2020
  - 3.8 A contingency plan covering transfer station operations and destinations will be developed by SUEZ and shared with STWWMP before the shutdown takes place.
- Line 6 - Update
- 3.9 Pre-planning discussions are ongoing regarding the development and construction of Line 6 on the site identified within the Haverton Hill footprint, which is outside of the boundary of Lines 1-5.
- Refinancing
- 3.10 The exercise to replace the Debt Service Reserve Account (DSRA) with a contingent Debt Service Reserve Facility (DSRF), is progressing.
  - 3.11 As a result of this change the shareholders of STWER will benefit from receiving cash significantly earlier than anticipated. This also means that STWWMP receives a share of this benefit, as the transaction falls within the scope of the re-financing provisions within the contract.
  - 3.12 It has been agreed that STWWMP will support STWER to revise the funding arrangements in order to release the DSRA balance and that the STWWMP share of the gain is extracted through an ongoing reduction to the Unitary Charge. This reduction will be allocated to each authority using the cost sharing principles agreed in the Inter Authority Agreement.
  - 3.13 The reduction to the Unitary Charge will generate revenue savings for each partner authority and it is projected that the joint benefit will be £0.24m per annum and £4.8m over the remainder of the contract.
  - 3.14 STWWMP continues to work closely with financial and legal advisors (Local Partnerships and Pinsent Mason) to implement the transaction. The costs of this support are funded prior to calculating and sharing the gain, meaning that STWWMP will be reimbursed for any professional fees that are incurred.

3.15 The exercise is scheduled to be completed in September 2019.

Joint Insurance Cost Review (JICR)

3.16 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)

3.17 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.

3.18 Routine maintenance of buildings, plant, and control systems continue to be delivered as planned and no issues have been identified.

3.19 During the contract year 2019/20, no Environment Agency visits have taken place, no environmental breaches were reported, and no CCS scores were applied. All sites remain in Compliance Band A.

Targeted Recruitment and Training (TR&T)

3.20 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.

3.21 SUEZ are currently in the process of recruiting a weighbridge operator for the Campground site. Plans are also in place to review the Apprenticeship provision at Lines 4&5.

Community Education and Engagement

3.22 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.

3.23 Between April and July 2019, 2,983 local residents, children and young people, and community group members took part in waste awareness events, activities, and site visits. Recently, significant activities have included:

- EfW tours for:
  - 29 Eco Club pupils from Barmston Primary School, Sunderland;
  - 15 pupils from the Link School, Sunderland.
- Waste awareness assemblies for:
  - 198 Year 9 pupils at Joseph Swan Academy, Gateshead;
  - 137 Year 7 pupils at Boldon School, South Tyneside;
  - 136 pupils at St. Joseph's Primary School, South Tyneside;
  - 148 pupils at St. Bede's Primary School, Sunderland.

- Waste awareness sessions for:
  - 156 Year 9 pupils at Mortimer College, South Tyneside;
  - 210 Year 10 pupils at Hebburn Comprehensive, South Tyneside;
  - 180 Year 7 pupils and 120 Year 8 pupils at St. Joseph's Academy, South Tyneside.
- Schools waste awareness event and family fun day organised by Sunderland West Area Committee at Barnes Park with 649 attendees.

#### Community Liaison Groups

- 3.24 The Campground Community Liaison Group is next scheduled to meet on Tuesday 24 September 2019.
- 3.25 The Jack Crawford House Community Liaison Group met on Thursday 11 July 2019.
- 3.26 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.
- 3.27 The Environment Agency provided an update which reported that no complaints about the site had been received since the last meeting and that no permit breaches had been identified on previous inspections.
- 3.28 It was noted that no odours had been detected at the site and the group queried how many bulk haulage vehicles attended the site per day. SUEZ confirmed that approximately 12-15 vehicles visit the site Monday to Friday.
- 3.29 The next meeting is scheduled to take place at 6pm on Thursday 17 October 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 In July, the Sunderland City Council MRF contractor, J&B Recycling Ltd, acquired a new material delivery site at Monument Park, Washington. The new site is adjacent to the previous site, therefore there has been no disruption to the blue bin collection service or the delivery of materials by the council to the contractor.
- 4.3 Table A at Appendix B highlights the latest 2019/20 performance (April-July 2019) 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.

- 4.4 The commingled recycling tonnages in each partner authority continue to fluctuate, but paper tonnages collected separately in the inner caddy continue to fall when compared to the same period last year. The amount of paper collected separately by the three partner authorities is currently 11.1% of the overall tonnage. This compares to an average of 20.3% in 2014.
- 4.5 Appendix B also contains Table B, which highlights MRF recycling and recovery rates (for comingled materials only) since Quarter 1 2018/19. Recycling performance has generally remained at similar levels in Gateshead and South Tyneside. Sunderland City Council's recycling rate has improved over recent quarters and the council continues to identify actions to help increase their recycling rates and reduce contamination (shown as recovery in the table) rates.
- 4.6 The recycling trial that commenced in February on a single collection round in both Gateshead and South Tyneside is enabling around 2,400 households to recycle paper and cardboard materials together in a separate, additional, wheeled bin. Table C at Appendix B provides details of the tonnage of paper and cardboard (known as mixed fibre) that has been collected since the start of the trial. The data, which has been provided by the contractor (Palm Recycling Ltd) shows that the overall tonnage collected during the trial is comparable to the same period pre-trial. However, the quality of the recycling has improved dramatically, which has resulted in more materials being sent for recycling and, therefore, less contamination/rejected materials that would require alternative disposal methods.
- 4.7 The Waste and Resources Action Programme (WRAP) are supporting STWWMP to evaluate the trial and their analysis is anticipated by the end of September. As part of this process, residents participating in the trial have been asked for their views on the trial's collection model.
- 4.8 Although the trial is taking place in Gateshead and South Tyneside, the trial feedback and 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 at Appendix C highlights the latest HWRC recycling performance for 2019/20 (April-July 2019), excluding inert materials, such as rubble.
- 5.2 All HWRC contractors continue to explore whether additional materials disposed at sites can be recycled and further improve recycling performance.
- 5.3 The partner authority HWRC contracts with SUEZ and Remondis are set to expire at the end of March 2020. The joint partnership team has arranged for a joint procurement exercise to take place, which includes options for further joint working on HWRC contracts. Contract documentation is currently being finalised and the new tender is due to be issued in October 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. WASTE ELECTRICAL AND ELECTRONIC EQUIPMENT (WEEE) CONTRACT**

7.1 The regional contract procured through the North East Procurement Organisation (NEPO) for the member authorities for the collection and management of Waste Electrical and Electronic Equipment (WEEE) and Batteries is currently out to tender.

7.2 The current framework ends on 31 December 2019 and the new contract is scheduled to commence from 1 January 2020.

7.3 The term of the new contract is 36 months, with an option to extend for a further 2 x 12 months. This is to allow time for current consultations to be carried out by central government and enable consideration of any new policies or statutory obligations which may result.

7.4 The contract covers the following categories of WEEE:

- Large Domestic Appliances (LDA);
- Fridges and Freezers (to include commercial type and ammonia units);
- Small Domestic Appliances (SDA);
- Visual Display Equipment;
- Fluorescent Lighting Tubes; and
- Post-Consumer Batteries.

7.5 Further updates will be provided as the procurement process progresses.

## **8. ANNUAL RECYCLING PERFORMANCE**

8.1 The recent audit undertaken by the Lead Partner Internal Audit Service considered STWWMP ancillary contract management. The final report found that the control systems in place were found to be operating well.

8.2 However, the report highlighted two ‘best practice’ recommendations, which included that STWWMP report overall recycling performance in each partner authority to the Joint Executive Committee to inform members and assist in identifying areas where the partner authorities may be able to improve performance.

8.3 In response, STWWMP agreed to report overall recycling performance to the Joint Executive Committee in September each year, once Waste Data Flow returns have been validated.

- 8.4 All local authority overall recycling performance is generated by the national Waste Data Flow database, using the definition of the former national performance indicator NI192 to calculate the percentage of household waste sent for reuse, recycling or composting.
- 8.5 The partner authority NI192 results for 2018/19 are:
- Gateshead 31.6%
  - South Tyneside 30.7%
  - Sunderland 27.1%

## 9. RECOMMENDATION

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

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**RESIDUAL WASTE TREATMENT CONTRACT**2019/20 latest performance: April-July 2019

Total contract waste	66,773.55 tonnes
Contract waste delivered to WTS: - Campground - Middlefields - Jack Crawford House	Gateshead 20,996.05 tonnes Sunderland 6,064.05 tonnes South Tyneside 17,436.57 tonnes Sunderland 22,276.88 tonnes
Total contract waste delivered to EfW	65,931.88 tonnes
Line 4 availability Line 5 availability Overall EfW availability	99.96% 100% 99.98%
Average turbine availability	97.61%
Electricity generated Electricity exported Electricity imported	68,878 MWh 61,596 MWh 1,678.5 MWh
Recycling performance	Target 2.1% Performance 2.8%
Recovery performance	Target 95.5% Performance 97.2%
Unprocessed landfill diversion rate	100%
Health and safety: - RIDDOR - Injuries and accidents - Near misses - Property damage - Fires	0 5 42 18 0

## APPENDIX B

### MATERIALS RECOVERY FACILITY CONTRACTS

Table A: 2019/20 latest blue bin tonnage data: April-July 2019

	Gateshead	South Tyneside	Sunderland
Comingled tonnage	4,397	3,184	6,213
Paper tonnage	751	517	632
<b>Total tonnage</b>	<b>5,149</b>	<b>3,700</b>	<b>6,844</b>
<i>Comparison to April-July 2018 - comingled</i>	<i>0.4% increase</i>	<i>0.5% increase</i>	<i>3.2% decrease</i>
<i>Comparison to April-July 2018 - paper</i>	<i>12.3% decrease</i>	<i>10.9% decrease</i>	<i>8.1% decrease</i>
<i>Comparison to April-July 2018 - all materials</i>	<i>1.5% decrease</i>	<i>1.1% decrease</i>	<i>3.7% decrease</i>

Table B: MRF recycling and recovery performance

Period	Gateshead		South Tyneside		Sunderland	
	Recycling	Recovery	Recycling	Recovery	Recycling	Recovery
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%
Q1 2019/20	87.2%*	12.8%*	85.1%*	14.9%*	79.3%	20.7%

\*Gateshead and South Tyneside – April 2019 only

Table C: Mixed fibre separate collection trial

Month	Gateshead (tonnes)	South Tyneside (tonnes)
April	8.00	8.00
May	8.38	7.42
June	8.00	7.68
July	7.87	6.68
<b>Total</b>	<b>32.25</b>	<b>29.78</b>

**HOUSEHOLD WASTE AND RECYCLING CENTRE CONTRACTS**

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

<b>HWRC</b>	<b>Annual Target</b>	<b>April-July 2019</b>
Campground	63.4%	65.9%
Cowen Road	63.1%	64.9%
Beach Street	61.6%	61.8%
Middlefields (Recycling Village)	N/A	63.7%