

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

13 MARCH 2020

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 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 24-month extensions from 1 April 2020.
- 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)**

Service Update

- 3.1 Appendix A highlights the latest 2019/20 contract year performance. During recent months, service availability has continued to be strong with plant availability 99.31% and turbine availability 99.04%.
- 3.2 Line 4 reported 100% availability during December and January.
- 3.3 Line 5 lost 12.1 hours of availability on 8-9 December 2019 as a result of a bottom ash chute blockage, which was cleared non-intrusively during plant cool down. No further unplanned downtime was encountered during December or January.

3.4 Turbine performance continues to be strong, with no issues or loss of availability encountered during the period December to January.

3.5 During this contract year, no environmental breaches have been reported to date and all incinerator bottom ash samples have returned compliant results.

Line 6 - Update

3.6 The planning pre-application remains with Stockton-on-Tees Borough Council.

Refinancing

3.7 The exercise to replace the Debt Service Reserve Account (DSRA) with a contingent Debt Service Reserve Facility (DSRF) is still progressing and hoped to be finalised within this financial year.

Joint Insurance Cost Review (JICR)

3.8 Joint insurance cost reports are provided by STWER every two years which set out the mechanism for the insurance review procedure and sharing of insurance cost differentials. The reports illustrate the state of the insurance market during the term and any resulting increase or benefit from relevant insurance costs are shared between STWER and STWWMP.

3.9 The third JICR has now been submitted by Willis Towers Watson and reviewed by STWWMP, with some issues raised for action. Initial indications are that due to movements in the insurance market in relation to our technology the position is not as good as it has been previously.

Waste Transfer Stations (WTS)

3.10 All three of the WTS have continued to remain available and are 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.

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

3.12 The Environment Agency visited the Jack Crawford House WTS on 12 December 2019. No issues were raised during the visit.

Targeted Recruitment and Training (TR&T)

3.13 The RWTC affords provision for SUEZ to help to improve local prosperity across the partnership area by promoting vacant posts within their facilities. Local vacancies are circulated to partner authority economic development services for circulation to their client bases. Vacancies are also highlighted at the Jack Crawford House and Campground Community Liaison Groups to enable opportunities to be circulated across community contacts.

3.14 Currently, SUEZ are in the process of recruiting some posts at the EfW facility. This includes a day operator at Lines 4&5, and an operations administrator to support the whole facility (Lines 1-5).

Community Education and Engagement

- 3.15 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.
- 3.16 Between April 2019 and January 2020, 5,982 local residents, children & young people and community group members took part in waste awareness events, activities, and site visits. Recently, significant activities have included:
- A whole school waste awareness assembly for 122 pupils at St. Bede's Primary School, South Tyneside.
 - A whole school up-cycled Christmas craft fair and Christmas waste assembly at Keelman's Way School, South Shields.
 - Waste awareness sessions delivered to:
 - 32 Year 5 pupils at Holley Park Primary School, Sunderland
 - 178 Year 7 pupils at Lord Lawson of Beamish School, Gateshead
 - 184 Year 7 pupils at Jarrow School, South Tyneside
 - 127 Year 9 pupils at Hylton Castle Academy, Sunderland
 - 190 Year 9 pupils at Mortimer College, South Tyneside

Community Liaison Groups

- 3.17 No Community Liaison Group meetings were held during December or January.

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 latest 2019/20 performance (April 2019-January 2020) for the materials collected by each partner authority in the kerbside 'blue bin' recycling service. The results are also 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.
- 4.3 The comingled recycling tonnages in each partner authority continue to fluctuate due to several different reasons, including the development of light weight recyclable materials across the sector, householder participation, and seasonal variations. However, paper tonnages collected separately in the inner caddy continue to fall year on year.
- 4.4 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 each partner authority. Sunderland City Council continue to identify actions to help increase their recycling rates and reduce contamination rates (shown as recovery in the table), including direct engagement with the public.

- 4.5 The recycling trial that commenced in February 2019 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.
- 4.6 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.
- 4.7 The trial will continue to be delivered in the existing collection rounds until the end of the current MRF contract in March 2021. However, following further discussions with the contractor, the trial will not be extended into additional collections rounds in other parts of Gateshead and South Tyneside. This is due to the time remaining within the delivery of the current contract for the mobilisation and distribution of a significant number of additional bins, plus the necessary pre- and post- trial communications and workshops that will be required to be delivered. Furthermore, the ownership of the additional bins may have a potential impact on the forthcoming MRF procurement exercise that is scheduled to commence later this year.
- 4.8 On 30 January 2020, STWWMP were advised of a serious Health & Safety incident that occurred at the Wards mixed fibre facility at Hartlepool. As Wards are a sub-contractor to Palm Recycling Ltd, this facility receives some material from the Gateshead and South Tyneside mixed fibre trial highlighted above. Unfortunately, a Wards member of staff suffered serious injuries during the incident and died at the scene. Enquiries are ongoing into the circumstances of the incident and a joint investigation is taking place with the Health & Safety Executive.
- 4.9 The current MRF contracts for each partner authority will end on 31 March 2021. Previously, STWWMP secured free-of-charge consultancy support from the Waste and Resources Action Programme (WRAP) to support the next MRF contract procurement. This included a collections options appraisal analysis and the final report will be used to evaluate the best option for the kerbside collection model that the partner authorities will have in place and its impact on the next MRF contract specification and procurement.

5. HOUSEHOLD WASTE AND RECYCLING CENTRE CONTRACTS

- 5.1 Table A at Appendix C highlights the latest HWRC recycling performance for 2019/20 (April 2019-January 2020), excluding inert materials, such as rubble.
- 5.2 STWWMP has recently completed a joint procurement exercise for the management and operation of the HWRCs from 1 April 2020. Gateshead and South Tyneside awarded a new joint contract to SUEZ (subject to Cabinet approval in South Tyneside). The contract is for a period of 36 months with an option to extend for a further 3 x 12-month periods.

5.3 However, under this procurement exercise, Sunderland were unable to award a new contract as the bids received did not meet the affordability criteria. Alternative arrangements have now been identified to ensure service continuity from 1 April 2020.

6. **WASTE ELECTRICAL AND ELECTRONIC EQUIPMENT (WEEE) CONTRACT**

6.1 The regional contract procured through the North East Procurement Organisation (NEPO) for the collection and management of Waste Electrical and Electronic Equipment (WEEE) and batteries was awarded to Valpak Limited. The 36-month contract commenced on 1 January 2020, with an option to extend for a further 2 x 12-month periods.

6.2 STWWMP appointed a project officer and part-time electrician to deliver the externally funded small WEEE Repair and Reuse Project. Their employment with GNEC commenced in January 2020 and the project's first repair event was held at Gateshead Civic Centre on 14 February 2020.

6.3 A formal launch for the project has been arranged for 18 March 2020 at the Visitor and Education Centre, with a formal invite circulated to relevant officers and councillors.

6.4 A second project, focusing on kerbside WEEE recycling, will commence once the grant has been formally received from the funding body. The receipt of funding has been delayed due to a rebranding of the funders from the WEEE Fund to Material Change and the launch of their new campaign 'Recycle Your Electricals'.

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

2019/20 latest performance: April 2019-January 2020

Total contract waste	164,545.01 tonnes
Contract waste delivered to WTS: - Campground - Middlefields - Jack Crawford House	Gateshead 51,741.18 tonnes Sunderland 15,242.54 tonnes South Tyneside 42,917.30 tonnes Sunderland 54,643.99 tonnes
Total contract waste delivered to EfW	160,949.20 tonnes
Line 4 availability Line 5 availability Overall EfW availability	99.99% 98.63% 99.31%
Average turbine availability	99.04%
Electricity generated Electricity exported Electricity imported	174,096 MWh 154,965 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 11 123 42 0

MATERIALS RECOVERY FACILITY CONTRACTS

Table A: 2019/20 latest blue bin tonnage data: April 2019-January 2020

	Gateshead	South Tyneside	Sunderland
Comingled tonnage	11,328	8,308	15,809
Paper tonnage	1,687	1,187	1,475
Total tonnage	13,015	9,495	17,284
Comparison to April 2018-January 2019 - comingled	2.3% increase	4.0% increase	1.9% decrease
Comparison to April 2018-January 2019 - paper	9.9% decrease	4.1% decrease	13.2% decrease
Comparison to April 2018-January 2019 - all materials	0.5% increase	2.9% increase	3.0% decrease

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%	84.8%	15.2%	79.3%	20.7%
Q2 2019/20	87.5%	12.5%	83.6%	16.4%	77.1%	22.9%
Q3 2019/20	88.45%	11.55%	89.72%	10.28%	79.84%	20.16%

Table C: Mixed fibre separate collection trial

Month	Gateshead (tonnes)	South Tyneside (tonnes)
April 2019	8.00	8.00
May 2019	8.38	7.42
June 2019	8.00	7.68
July 2019	7.87	6.68
August 2019*	15.76	15.02
September 2019	8.16	7.26
October 2019	7.70	7.48
November 2019	8.56	8.10
December 2019	9.00	8.06
January 2020	10.02	9.84
Total	91.45	85.54

**NB: 2 fibre collections delivered during the month of August 2019*

HOUSEHOLD WASTE AND RECYCLING CENTRE CONTRACTS

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

HWRC	Annual Target	April 2019- January 2020
Campground	63.4%	63.5%
Cowen Road	63.1%	63.2%
Beach Street	61.6%	57.9%
Middlefields (Recycling Village)	N/A	60.5%*

**April-December 2019*