

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

**11 DECEMBER 2020**

**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 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 South Tyneside Councils' incentive-based joint contract for the management and operation of HWRCs from 1 April 2020 was awarded to SUEZ for a period of 36 months with an option to extend for a further three 12-month periods.
- 2.6 Under the joint HWRC procurement exercise, Sunderland City Council was unable to award a new contract as the bids received did not meet the affordability criteria. However, a short-term extraordinary extension that will end on 30 September 2021 has been agreed with the current service provider, SUEZ.
- 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 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
- 2.8 Following the expiry of the above contracts, all three partner authorities agreed to 24-month extensions from 1 April 2020.
- 2.9 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.
- 2.10 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)**

- 3.1 During the ongoing COVID-19 coronavirus pandemic restrictions, household waste levels have continued to remain high. However, all partner authorities have been able to maintain residual waste collections from households across STWWMP without interruption.
- 3.2 COVID-19 contingency measures remain in place across all SUEZ RWTC sites and no significant staffing issues have arisen. The three waste transfer stations have continued to manage the waste levels received and the EfW facility continues to operate as planned and process the waste for energy recovery. Where possible, home working for support services has been implemented.

- 3.3 SUEZ have advised that they are intending to apply for funding to pursue a ground-breaking carbon capture and storage project with project partners BP. Utilising the EfW facilities at Haverton Hill and Wilton, the project is aimed at neutralising carbon through liquification so it can be returned to gas reservoirs in the sea via underground pipelines. The partner authorities have provided a letter of support for the project.

#### EfW Service Update

- 3.4 Appendix A highlights the 2020/21 contract performance for the period April-October. Plant availability has remained strong at 97.69% and turbine availability 94.88%.
- 3.5 Both contractual recycling and recovery performance continues to operate above target and the unprocessed landfill diversion rate remains at 100%.
- 3.6 The Environment Agency have confirmed a compliance classification score (CCS) of 0.1 in relation to the half hour volatile organic compound (VOC) breach encountered on Line 4 in April.
- 3.7 No further emissions breaches were reported during the period August-October and all incinerator bottom ash (IBA) samples returned compliant results.

#### Line 4 Update

- 3.8 28.41 hours of availability were lost on 18-19 August due to a bottom ash chute blockage.
- 3.9 4.33 hours of availability were also lost on 3 September due to the second pass residue conveyor jamming, which is suspected to have been caused by falling refractory material.
- 3.10 However, a significant unplanned event occurred between 4-6 September whereby a fault with the turbine generator voltage regulator resulted in a total loss of plant power, which was compounded by the failure of the plant island mode function. This resulted in a total loss of 56.17 hours of Line 4 availability as unburnt waste material from the furnace grate needed to be removed before the plant could be restarted.

#### Line 5 Update

- 3.11 The turbine generator voltage regulator/ loss of plant power fault and remedial actions highlighted above also impacted Line 5, which lost 37.5 hours of availability.
- 3.12 Furthermore, 21.25 hours of availability were also lost on 20-21 October due to a bottom ash chute blockage.

#### Turbine Availability

- 3.13 Turbine availability was also significantly impacted by the failure of the automatic voltage regulator in the HV switchgear and 183.17 hours of turbine operations and power export were lost as a consequence. A root cause analysis exercise was undertaken to identify probable initiating causes and future actions to mitigate.

- 3.14 3.17 hours of turbine availability were lost on the 6 October as the original turbine control was replaced with a new upgraded version.

#### Refinancing

- 3.15 The exercise to replace the Debt Service Reserve Account (DSRA) with a contingent Debt Service Reserve Facility (DSRF) was completed and closed in October. The financial model has been agreed which has resulted in a £1.69 per tonne reduction to the Band 0 price for all partner authorities. Over the remainder of the contract, this equates to an estimated saving per authority of Gateshead: £88,000; South Tyneside: £84,000; and Sunderland: £105,000.
- 3.16 The Annual Unitary Charge Forecast Monthly Payment has been amended for 2020/21 so the benefit can be realised immediately rather than being accounted for within the reconciliation process.

#### Joint Insurance Cost Review (JICR)

- 3.17 The third JICR was previously submitted by Willis Towers Watson and reviewed by STWWMP. A response from STWER is still awaited.

#### 2020/21 Insurance Premium

- 3.18 Due to market availability, STWER requested another change in the insurance cover for the forthcoming insurance year (from 1 November). They advised that they expect the insurance premiums for Property and Business Interruption to increase by approximately 20% in comparison to last year and may rise further due to the impact of the COVID-19 pandemic. STWER have completed the insurance cover exercise and the documentation for approval of the waiver is being reviewed by STWWMP with support from colleagues at the Department for Environment, Food and Rural Affairs (Defra).

#### Waste Transfer Stations (WTS)

- 3.19 As highlighted above, all three of the WTS were fully operational between April and October. Recycling outputs from the sites include segregated street sweepings, wood, and scrap metals.
- 3.20 Routine maintenance of buildings, plant and control systems continues to be undertaken as scheduled at all three transfer stations.

#### Targeted Recruitment and Training (TR&T)

- 3.21 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.
- 3.22 As a result of a promotional opportunity, the Operations Manager role at the EfW plant is currently vacant and the recruitment process is ongoing.

#### Community Education and Engagement

- 3.23 STWWMP remains committed to an ongoing programme of community education and engagement, delivered 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.

- 3.24 Interviews were recently held for the new Visitor and Education Centre Co-ordinator and the successful candidate commenced employment with GNEC on 19 October.
- 3.25 Following the suspension of all previously planned and proposed activities as a result of the COVID-19 pandemic, the programme is currently being reviewed to allow opportunities for virtual activities to be considered.
- 3.26 However, work has recently progressed on a competition for local school children to design a vehicle wrap for a WEEE contractor's vehicle to increase awareness of the danger of disposing batteries in both the residual and recycling waste streams.
- 3.27 In addition, a 'Twelve Days of Christmas Campaign' has also been launched with schools. Supported virtually by the new Visitor and Education Centre Co-ordinator, the campaign can be tailored by each school to meet their own requirements.

#### Community Liaison Groups

- 3.28 The pandemic also continues to impact both the Campground and Jack Crawford House Community Liaison Groups and meetings are still not able to be held.

### **4. MATERIALS RECOVERY FACILITY (MRF) CONTRACTS**

- 4.1 Table A at Appendix B provides the latest 2020/21 performance for blue bin recycling (April-October). All partner authorities have continued to maintain the blue bin recycling collection service to households throughout the COVID-19 pandemic without interruption to service.
- 4.2 However, as with residual waste levels, the impact of the pandemic continues to see higher levels of recycling presented across the partner authorities as many residents continue to work from home.
- 4.3 Furthermore, the pandemic appears to be impacting on the types of materials that are being recycled and whilst the amount of paper continues to fall, there has been an increase in cardboard packaging. For example, since the lockdown in Gateshead, cardboard materials have represented nearly a quarter of all the recycling that has been presented where previously, cardboard rarely made up more than 10% of all the recycling collected. Tonnages of glass and metals collected have also increased as consumer shopping habits have evolved during the COVID-19 restrictions.
- 4.4 The MRF contracts continue to be monitored closely by the joint partnership team. As highlighted above, recycling tonnages of commingled materials remain at above average levels. Therefore, frequent contract meetings/ calls are being held with contractors to discuss any mitigation that may need to be taken to ensure that the storage of material at the MRFs does not become an issue and that the sites are still able to process the additional tonnage that is being received. The contractors' updated business continuity plans have also been discussed with the joint partnership team.

- 4.5 Appendix B also contains Table B, which highlights MRF recycling and recovery rates (for comingled materials only) since Quarter 1 2019/20. Unfortunately, the pandemic has also affected contamination rates, which have increased in Gateshead and South Tyneside throughout this period and has resulted in a lower recycling performance in Quarter 2 2020/21. As sampling exercises are undertaken jointly, the results are the same for both partner authorities. STWWMP continues to work with the contractor to identify how performance can be improved, including ensuring material sampling methodologies are robust.
- 4.6 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.
- 4.7 Tonnes collected through the trial have generally remained static throughout the pandemic with a slight increase in South Tyneside. The contractor has confirmed that there is a greater percentage of cardboard being collected and paper percentages have reduced.
- 4.8 Feedback from residents will be important when evaluating future service delivery models and benefit all three partner authorities in the longer-term.
- 4.9 The current partner authority MRF contracts expire at the end of March 2021 following the conclusion of the contract extension periods that were activated in 2018. The contracts cannot be routinely extended beyond this date.
- 4.10 Therefore, under normal circumstances the STWWMP preparation for a full tendering exercise leading to the award of a replacement MRF contract(s) for the partner authorities from 1 April 2021 would have begun soon after March 2020. Unfortunately, this was when the COVID-19 coronavirus pandemic struck and the national lockdown was put in place. The unexpected disruption resulting from this public health emergency (such as the transition to remote working, realigned procurement priorities to ensure PPE could be sourced, the requirement for key staff to maintain the delivery of frontline services, and restrictions on travel and social distancing etc.) immediately impacted on STWWMP's ability to move forward with the planned procurement exercise.
- 4.11 Household kerbside recycling collections are statutory waste collection services and it is critical that the partner authorities ensure that kerbside recycling collections are maintained without interruption from April 2021. Consequently, alternative options in relation to the provision of such services were considered. Following analysis of the options available and provisional discussions with a range of local MRF service providers, extending the existing contracts under the provisions of Regulation 72 of the Public Contracts Regulations 2015 (PCR2015) was identified as the most feasible option available to STWWMP.

- 4.12 Initial discussions with the current Sunderland MRF contractor, J&B Recycling, indicated that they would be prepared to enter into a new short-term contract. Unfortunately, the Gateshead and South Tyneside contractor, Palm Recycling, was not willing to accommodate such a provision.
- 4.13 However, the contract with Palm also includes sub-contracting arrangements with Ward Recycling Ltd (who operate the MRF at Teesside) and with Riverdale PLC at Team Valley (who operate the delivery point that receives the recycling collected by the partner authorities for onward transportation to the MRF). Both companies indicated that they would be prepared to undertake a new short-term arrangement with Gateshead and South Tyneside.
- 4.14 Therefore, each partner authority is in the process of finalising approval to utilise an urgent direct award under Regulation 32 (2) (c) of the PCR2015 to the existing MRF contractor for Sunderland and the current Gateshead and South Tyneside sub-contractors.
- 4.15 These contracts will commence on 1 April 2021 for a period of 12 months ending 31 March 2022. Initial preparations for a full tendering exercise leading to the award of a replacement longer-term MRF contract(s) for the partner authorities from 1 April 2022 have already commenced and regular discussions are being held with the Officer Project Board.

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

- 5.1 Table A at Appendix C highlights the latest HWRC recycling performance for 2020/21 (April-October). The new way of calculating HWRC recycling performance now excludes not only inert materials (such as rubble), but also electrical waste (WEEE), low grade wood, and dry mixed recyclables/textiles etc. This means that the performance of a site appears to be lower than that of previous years.
- 5.2 Discussions are ongoing with SUEZ regarding the impact of the COVID-19 restrictions (such as the national lockdown when all HWRC sites were closed to the public and the subsequent restrictions on materials that were accepted on site) on the contractual recycling targets.
- 5.3 Over the summer months, the partner authorities have continued to undertake a gradual easing of the restrictions in the alternative service delivery models that were originally introduced because of the pandemic.
- 5.4 For example, in August, sites began to accept all of the materials that were previously able to be disposed at HWRCs, such as metals, rubble, textiles and large electrical appliances. To help maintain a safe social distance, access to the gantries overlooking the skips and the number of people allowed to leave their vehicle while on site is restricted to one person at any one time
- 5.5 In September, the HWRC vehicle permit scheme was re-introduced and this enabled residents to apply for a permit to dispose waste using a car with a trailer.

- 5.6 From early November, the restriction on large vans was also lifted after the numbers of people using sites continued to ease, which meant that all vehicles which had previously been allowed access to the sites prior to the pandemic are now able to do so again. As usual, vehicles such as large vans will require a permit before being allowed on site.
- 5.7 When the HWRCs reopened in May, to consider traffic management issues, Gateshead and South Tyneside introduced an odd and even number plate system to help manage traffic and reduce queuing. In Sunderland, an advance booking system was introduced. As allowing larger vans on site is likely to increase dwell times due to the quantities of waste that these vehicles typically contain, to help reduce queuing both systems will remain in place for the foreseeable future.
- 5.8 During the summer months, to help cope with the backlog of domestic waste and recycling after the original national lockdown, all STWWMP HWRCs reopened with extended opening hours of 8am to 8pm. From 1 October, all sites returned to the normal winter opening schedule, i.e. 9am to 5pm on weekdays and from 9am to 6pm on Saturdays and Sundays in Gateshead and Sunderland, and 8am to 6pm in South Tyneside.
- 5.9 However, despite the easing of some of the previous restrictions highlighted above, which are aimed at returning HWRC services to as near as normal as is possible within the current pandemic situation, STWWMP continues to monitor the ongoing COVID-19 situation very closely to ensure the strict 2 metre social distancing rules continue to be followed.
- 5.10 As highlighted above, the short-term extraordinary extension to the Sunderland City Council HWRC contract with SUEZ is set to expire at the end of September 2021. This coincides with the development and opening of a new HWRC located in Pallion. The joint partnership team is supporting the Council in the procurement of a replacement contract to manage the new site.

## **6. GREEN WASTE COMPOSTING CONTRACTS**

- 6.1 All three partner authorities have now completed the 2020 kerbside garden waste collection season, which were extended into early December in South Tyneside and Sunderland.
- 6.2 No significant issues or significant contamination issues were identified during the course of collections.
- 6.3 Throughout the winter period, residents can continue to dispose garden waste free-of-charge at the household waste and recycling centres.

## **7. WASTE ELECTRICAL AND ELECTRONIC EQUIPMENT (WEEE) CONTRACT**

- 7.1 The extended WEEE Reduce and Reuse project delivery timetable has now been confirmed with the funders. The team returned on a full-time basis in September and began reviewing methods of engagement to identify new methods to collect material to redistribute to vulnerable residents. This now includes the provision of packs of working small WEEE for redistribution throughout the STWWMP area through the Changing Lives Charity and to young adults coming out of care and into their new homes.
- 7.2 Recently, STWWMP received notification that the organisation funding the kerbside WEEE project, Material Change, had changed its name to Material Focus. The contract has now been signed and a WEEE Behavioural Change Officer appointed to deliver project activities. This includes collections of small domestic WEEE and batteries from properties in targeted estates/ areas in each partner authority area.
- 7.3 The project will link to the Reduce and Reuse Project by providing working small WEEE appliances that have been collected and maximise reuse opportunities.

## **8. RECOMMENDATION**

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

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## RESIDUAL WASTE TREATMENT CONTRACT

2020/21 latest performance: April-October 2020

Total contract waste	124,169 tonnes
Contract waste delivered to WTS: - Campground - Middlefields - Jack Crawford House	Gateshead 38,833 tonnes Sunderland 12,180 tonnes South Tyneside 31,878 tonnes Sunderland 41,278 tonnes
Total contract waste delivered to EfW	119,118 tonnes
Line 4 availability Line 5 availability Overall EfW availability	97.22% 98.16% 97.69%
Average turbine availability	94.88%
Electricity generated Electricity exported Electricity imported	115,810 MWh 102,359 MWh 2,288 MWh
Recycling performance	Target 2.1% Performance 2.5%
Recovery performance	Target 95.5% Performance 97.5%
Unprocessed landfill diversion rate	100%
Health and safety: - RIDDOR - Injuries and accidents - Near misses - Property damage - Fires	0 7 47 22 0

## MATERIALS RECOVERY FACILITY CONTRACTS

Table A: 2020/21 latest blue bin tonnage data: April-October 2020

	Gateshead	South Tyneside	Sunderland
Comingled tonnage	9,469	7,134	13,468
Paper tonnage	883	534	748
<b>Total tonnage</b>	<b>10,352</b>	<b>7,668</b>	<b>14,216</b>
<i>Comparison to April- October 2019 - <b>comingled</b></i>	<i>23.4% increase</i>	<i>27.0% increase</i>	<i>26.1% increase</i>
<i>Comparison to April- October 2019 - <b>paper</b></i>	<i>24.7% decrease</i>	<i>35.3% decrease</i>	<i>28.2% decrease</i>
<i>Comparison to April- October 2019 - <b>all materials</b></i>	<i>17.0% increase</i>	<i>19.0% increase</i>	<i>21.2% increase</i>

Table B: MRF recycling and recovery performance

Period	Gateshead		South Tyneside		Sunderland	
	Recycling	Recovery	Recycling	Recovery	Recycling	Recovery
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	88.5%	11.6%	89.7%	10.3%	79.8%	20.2%
Q4 2019/20	88.6%	11.4%	89.0%	11.0%	82.7%	17.3%
Q1 2020/21	87.0%	13.0%	87.0%	13.0%	82.9%	17.1%
Q2 2020/21	81.1%	18.9%	81.1%	18.9%	83.1%	16.9%

Table C: Mixed fibre separate collection trial

<b>Month</b>	<b>Gateshead (tonnes)</b>	<b>South Tyneside (tonnes)</b>
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
February 2020	7.88	7.04
March 2020	8.02	7.46
April 2020	7.40	8.34
May 2020	5.18	8.36
June 2020	8.32	8.16
July 2020*	17.36	16.42
August 2020	7.92	8.24
September 2020	8.60	7.60
October 2020	9.22	7.60
<b>Total</b>	<b>171.35</b>	<b>164.76</b>

*\*NB: 2 fibre collections delivered during the months of August 2019 and July 2020.*

## HOUSEHOLD WASTE AND RECYCLING CENTRE CONTRACTS

Table A: 2020/21 latest recycling performance rates

<b>HWRC</b>	<b>Annual Target</b>	<b>Quarter 1 2020/21</b>	<b>Quarter 2 2020/21</b>
Campground	48%	53.21%	51.25%
Cowen Road	48%	59.35%	55.56%
Beach Street	N/A	52.10%	53.27%
Middlefields (Recycling Village)	50%	53.20%	50.61%