

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

**9 DECEMBER 2022**

**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, all 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. The latest Materials Recovery Facility (MRF) contracts commenced on 1 April 2022. The contracts were awarded as follows:
- Cumbria Waste Group Ltd– Gateshead and South Tyneside
  - J & B Recycling Ltd – Sunderland
- 2.4. The MRF contracts are for a period of 36 months with an option to extend for 2 x 12-month periods. The contracts have been implemented by Gateshead Council as Lead Authority under the Contract for and on behalf of itself and the Partner Authorities. Gateshead Council have entered into back-to-back contractual arrangements with its Partner Authorities to pass down the relevant provisions of the Contracts.

- 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. The contract for the management of the new Sunderland HWRC, located at Pallion, was also awarded to SUEZ. The contract commenced on 1 February 2022 when the site opened and is for a period of 14 months with an option to extend for a further three 12-month periods.
- 2.7. The two HWRC contracts are therefore co-terminus with both due to expire in March 2023 with the same potential extension periods in place. The Partnership are currently in discussion with SUEZ in respect of extending the contracts.
- 2.8. The latest Green Waste contracts also commenced on 1 April 2022. These contracts were awarded as follows:
- Remondis Ltd – Gateshead and Sunderland
  - SUEZ Recycling and Recovery UK Ltd – South Tyneside
- 2.9. These contracts are for a period of 48 months with the option to extend for a further 2 x 12-month periods. The Partner Authority contracts have been implemented by Gateshead Council as Lead Authority in the same way as the MRF contract.
- 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)**

#### Veolia takeover

- 3.1. The Competition and Markets Authority (CMA) has now released its final decision regarding Veolia's acquisition of the SUEZ recycling and recovery UK business. As it did in its initial findings, CMA's position remains that the two companies coming together in the UK would result in a lessening of competition in the UK waste and recycling market and that therefore, the SUEZ UK business should be sold in its entirety.
- 3.2. Veolia progressed the sale process of SUEZ recycling and recovery UK and agreed a deal in principle with Macquarie Group Ltd (Macquarie). However, New SUEZ was offered a Right of First Refusal (ROFR) to buy it back.
- 3.3. New SUEZ confirmed their intention to purchase SUEZ in September 2022 and the sale is ongoing. The CMA are completing their investigation and New SUEZ are awaiting final approval and confirmation that the sale can be progressed.

- 3.4. New SUEZ have confirmed they intend to retain the name when the sale is finalised.

STWER Commercial Advisor Retirement

- 3.5. Ian Sexton the Commercial Advisor STWER retired however is working with James Dowell the new Commercial Advisor and Contractors Representative until mid 2023 to finalise some outstanding contract issues.

2022/23 EfW Service Update

- 3.6. Performance information for the first six months of 2022/23 contract year can be found at Appendix A.
- 3.7. The plant continues to operate well. Line 4 had two blockages within the bottom ash chute during the period July – September and was therefore unavailable for a short time on each occurrence while these were addressed. Line 5 was unavailable for a short period in September due to a tube leak in the superheater section of the boiler. A repair has been carried out to bring this back online but further work has been scheduled to be carried out during the upcoming planned shutdown.
- 3.8. There were no major issues with the Turbine which was available for a total of 99.8% for the period April – September and generated a total of 102,327 MWh, exporting 89,724 MWh of this.
- 3.9. A VoC (Volatile Organic Compound) breach was experienced on 3 August due to a gas bottle explosion in the furnace. This has been reported to the Environment Agency but a response has not yet been received. The Compliance Classification Scheme (CCS) score for the EfW plant so far this year is currently 0.1 (not 0.4 as previously reported). This is in relation to the VoC breach on Line 5 in April earlier this year.
- 3.10. All incinerator bottom ash samples have again returned compliant results.
- 3.11. The planned annual maintenance shutdowns are currently taking place with the following start and finish dates:
- Line 4: 10am 25 October – 19 November 2022
  - Line 5: 10am 12 November – 7 December 2022
- 3.12. The business continuity plan during the shutdown period was submitted in October prior to the shutdown and SUEZ noted landfill may be possible but the plan is always fluid depending upon waste flows and plant issues experienced. The shutdowns are still ongoing but due to lower waste flows to date no material has been redirected to landfill. The situation is being monitored daily.

Waste Transfer Stations (WTS)

- 3.13. Middlefields WTS closed for a period of six weeks from 16 September to enable the floor in Shed B to be replaced. Middlefields vehicles were diverted to contingency sites and a request was submitted for the Council to use North Tyneside Transfer Station as an additional contingency site. The arrangements are still under discussion. All of South Tynesides material has been accepted and processed as normal.

- 3.14. Campground and Jack Crawford House WTS's have been fully operational, accepting STWWMP contract waste without significant issues. Recycling activities are ongoing at each site, including the segregation of materials such as street sweepings, wood, and scrap metals.
- 3.15. Other routine maintenance of buildings, plant, and control systems continue to be delivered as planned and no issues have been identified.
- 3.16. 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.
- 3.17. We continue to record any small fires or smouldering loads at any of our facilities or that of our contractors involving our material. Thankfully the number of these incidences are low and have reduced following the stickering of all bins however these have not disappeared completely and the danger is still there with potential grave consequences.
- 3.18. As part of our ongoing campaign around the correct management of old batteries and small WEEE, the Partnership delivered a 'case study' presentation in the Health and Safety workshop at the annual LARAC conference in Birmingham. Unfortunately, other Local Authorities represented in the workshop reported they had had similar experiences but felt we had taken positive steps in order to reduce the hazards through the general public mis-managing this material.
- 3.19. Following being shortlisted as a finalist in the 'Health and Safety Initiative of the Year' category in the Let's Recycle 'Awards for Excellence', the campaign has also been shortlisted in the National Recycling Awards 'Campaign of the Year' category. Winners of this will be announced at the Westminster Park Plaza on 6 December 2022 and representatives from South Tyneside Council will be in attendance on behalf of the STWWMP.

#### Joint Insurance Cost Review (JICR)

- 3.20. The third JICR was previously submitted by Willis Towers Watson and has been reviewed by STWWMP with support from colleagues at the Department for Environment, Food and Rural Affairs (Defra). A response from STWER is still awaited.
- 3.21. The fourth JICR was submitted during the period. This has highlighted a nil sharing due to the impact of the COVID 19 pandemic.
- 3.22. Both reports are now held up due to a lack of response on the third submission.

#### Reconciliation 2021/22

- 3.23. The 2021/22 reconciliation review exercise is still currently in progress to determine the end of year credit/payment. Due to rises in energy prices the Authorities are due to receive an income share on the electricity generated by the EfW for this period.

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

- 3.24. The RWTC affords provision for SUEZ to help 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.

- 3.25. SUEZ have filled the temporary Business Assistant position to cover a period of Maternity Leave.

#### Community Education and Engagement

- 3.26. STWWMP remains committed to an ongoing programme of community education and engagement, managed by Groundwork North East & Cumbria (GNEC) on our behalf at the Waste and Recycling Visitor and Education Centre, the Energy-from-Waste facility, and through outreach activities held in local schools and community settings.
- 3.27. A recruitment process has been carried out and recently completed to fill the vacant position of Waste and Recycling Visitor Education Centre Co-ordinator. The successful candidate Laura Farrell Pronesti commenced in the post on 24 September and has been busy visiting the local sites and developing her knowledge of waste and recycling in order to secure bookings for future engagement sessions. A full programme of activities will now be able to recommence.
- 3.28. Following the renaming of the centre which is now the 'Waste and Recycling Visitor Education Centre', STWWMP and SUEZ are still progressing new signage for the outside of the building.

#### Community Liaison Groups

- 3.29. The ongoing COVID-19 coronavirus pandemic arrangements have meant that no further Community Liaison Group meetings have been able to be held. This situation is currently being reviewed and the groups promoted throughout the local communities via leaflets. Dates of meetings will be confirmed with local residents and attendees when group members are identified.

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

- 4.1. Table A at Appendix B provides the April to September 2022/23 blue bin recycling tonnages. Comingled tonnages have remained higher than pre-pandemic levels however they have reduced significantly compared to the same period last year. Separately collected paper tonnages have also declined in all three partner authorities when comparing the same period last year and the tonnage collected is reducing year on year quite significantly.
- 4.2. Appendix B also contains Table B, which highlights MRF recycling and recovery rates (for comingled materials only) since quarter 1 2020/21 up to the latest quarter. The figure in the recovery column is effectively the level of residual waste or contamination within the recycling which cannot be recycled and has to be sent for energy recovery.
- 4.3. Contamination levels have generally remained at consistent levels in each partner authority since quarter one of this financial year.
- 4.4. The MRF contracts are based on a risk share mechanism, meaning councils share, with the contractor, any income from the sale of the recycled material and pay a

pass-through cost on all contamination, as well as fixed costs for the remaining elements of the service (delivery point handling fee, transport and processing of the commingled materials etc). It was agreed to enter into risk share based contracts following feedback from extensive market engagement, undertaken prior to the tender exercise, which clearly demonstrated contractors are now offering much higher fixed gate fees due to fluctuations on commodity prices in the recycling market.

- 4.5. Each Partner Authority is now paying for every tonne of contamination in the blue recycling bins. Minimising contamination has therefore been highlighted as a priority and is being approached from three angles:
  - Communications to raise awareness with residents
  - Ensuring collection crews are rejecting any bins that visibly contain contamination and
  - Removing contamination where possible (usually large items and black bags) from the transfer stations by council and contractor operatives during an inspection process which also includes assessing the quality of each load.
- 4.6. The STWWMP has also been carrying out audits on the input sampling at the MRFs to ensure methodologies are robust and recycling is being maximised. The Partnership are satisfied this process is being carried out in line with the MRF code of practice on sampling.
- 4.7. In terms of the communications to residents, the STWWMP have been working with Communications Officers within each Partner Authority on these to encourage correct use of the blue recycling bins. Photos, taken when auditing the input sampling showing contamination have been used in Facebook posts to portray to residents how putting items such as dirty nappies and food waste in the blue recycling bins can contaminate other recyclable items. We are also looking to refresh our 'What happens to my recycling' videos and push these to reinforce the message and give residents the confidence that they are doing the right thing by using their blue recycling bins.
- 4.8. Communications in Sunderland have latterly been focusing on the introduction of the 'no side waste' policy which is currently being phased in. Reminders on what can and can't go in the blue recycling bin have been included in some of these to make sure residents manage their capacity appropriately.
- 4.9. The nature of the current risk share contract means the costs to Partner Authorities will vary on a monthly basis. The joint partnership team will continue to review and verify the monthly contract reports including the payment mechanisms, amounts payable to the contractor and service issues. Once approved, invoices are processed and paid by the relevant Authority (based on agreements between the partner authorities). The relevant partner authorities are then recharged for the amounts payable each month under that contract.
- 4.10. Commodity Prices for recycled material have been generally very high in the last 12 months or so and therefore the Councils have benefitted financially from this in the first 6 months of these contracts compared to earlier budget forecasts. However, there are signs that prices are starting to drop to more normal levels and therefore this will impact on the costs of this contract.

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

- 5.1. Table A at Appendix C highlights the Quarter 1 & 2 HWRC recycling performance for 2022/23. 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. The results highlight the performance of the incentivised recycling contracts for all 3 partner authorities.
- 5.2. The Sunderland contract includes an incentivised contract relating to recycling performance from 2022/23. The performance thresholds and incentive payments or deductions are slightly different on this contract and the partnership team will monitor the performance to benchmark against the Gateshead and South Tyneside contract.
- 5.3. Whilst performance is currently significantly exceeding annual targets, it should be noted that recycling performance is subject to seasonality and reduces during the winter months.
- 5.4. As previously reported, all three partner authorities now have an advanced booking system in place and these systems are working well with positive feedback being received on the standard of service. Nationally, a number of Local Authorities are retaining their booking systems in the long term. The STWMMP partner authorities will also look to maintain these booking systems in the longer term but will regularly review how they are operating, including how effective they are and may make changes accordingly if any improvements can be identified.

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

- 6.1. The latest Green Waste contracts commenced on 1 April 2022 with Remondis and SUEZ and are working well.
- 6.2. The green waste is transferred to composting facilities in Hexham and Ellington in Northumberland and Wingate, County Durham where it is turned into soil improver/compost and used on farmland and sold to commercial outlets.

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

- 7.1. Our WEEE Compliance Scheme Valpak continue to support us in ongoing actions to drive vapes out of the waste stream to include additional containers and signage on sites.

## **8. RECOMMENDATION**

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

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### **Contacts:**

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**RESIDUAL WASTE TREATMENT CONTRACT**
2022/23 – Quarter 1&2 performance (April to September)

Total contract waste	98,809 tonnes
Contract waste delivered to WTS: - Campground  - Middlefields  - Jack Crawford House	Gateshead – 31,568 tonnes Sunderland – 8,954 tonnes South Tyneside – 1,048 tonnes  South Tyneside – 24,086 tonnes  Sunderland – 32,878 tonnes South Tyneside – 275 tonnes
Total contract waste delivered to EfW	96,284 tonnes
Line 4 availability Line 5 availability Overall EfW availability	99.7% 97.1% 97.9%
Average turbine availability	99.8%
Electricity generated Electricity exported Electricity imported	102,327 MWh 89,724 MWh 0 MWh
Recycling performance	Target 2.1% Performance 2.8%
Recovery performance	Target 95.4% Performance 97.2%
Unprocessed landfill diversion rate	100%
Health and safety: RIDDOR Injuries and accidents Near misses Property damage Fires	1 6 48 14 0

## MATERIALS RECOVERY FACILITY CONTRACTS

Table A: 2022/23 latest blue bin tonnage data: April-September

	Gateshead	South Tyneside	Sunderland
Comingled tonnage	7,063	5,436	10,228
Paper tonnage	550	262	383
<b>Total tonnage</b>	<b>8,142</b>	<b>5,698</b>	<b>10,661</b>
<i>Comparison to April-September - <b>comingled</b></i>	<i>6.3% decrease</i>	<i>9.7% decrease</i>	<i>7.1% decrease</i>
<i>Comparison to April-September - <b>paper</b></i>	<i>8.4% decrease</i>	<i>1.9% decrease</i>	<i>25.3% decrease</i>
<i>Comparison to April-September - <b>all materials</b></i>	<i>6.5% decrease</i>	<i>9.4% decrease</i>	<i>7.9% decrease</i>

Table B: MRF recycling and recovery performance

Period	Gateshead		South Tyneside		Sunderland	
	Recycling	Recovery	Recycling	Recovery	Recycling	Recovery
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%
Q3 2020/21	86.6%	13.4%	86.6%	13.4%	84.3%	15.7%
Q4 2020/21	82.0%	18.0%	82.0%	18.0%	84.7%	15.3%
Q1 2021/22	78.9%	21.1%	79.3%	20.7%	85.3%	14.7%
Q2 2021/22	79.1%	20.9%	78.4%	21.6%	85.4%	14.6%
Q3 2021/22	78.1%	21.9%	79.0%	21.0%	86.1%	13.9%
Q4 2021/22	79.0%	21.0%	80.3%	19.7%	87.2%	12.8%
Q1 2022/23	84.7%	15.3%	81.6%	18.4%	87.9%	12.1%
Q2 2022/23	84.9%	15.1%	81.1%	18.9%	88.1%	11.9%

## HOUSEHOLD WASTE AND RECYCLING CENTRE CONTRACTS

Table A: 2022/23 latest recycling performance (excluding inert materials, such as rubble, WEEE, low grade wood and dry mixed recycling/textiles):

<b>HWRC</b>	<b>Annual Target</b>	<b>Quarter 1 2022/23</b>	<b>Quarter 2 2022/23</b>	<b>Quarter 3 2022/23</b>	<b>Quarter 4 2022/23</b>
Campground	48%	54.9%	54.0%		
Cowen Road	48%	57.8%	53.5%		
Pallion	48%	60.4%	56.1%		
Middlefields (Recycling Village)	50%	58.9%	55.2%		

*\*NB: Results subject to change – currently includes all wood materials collected but verification required regarding treatment routes, i.e. recycling, recovery, or disposal.*