

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

10 MARCH 2023

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

SUBJECT: Contracts Update Report 2022/23

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 (STWERL). STWERL is therefore the Special Purpose Vehicle (SPV) with SUEZ being our Operations and Maintenance (O&M) Contractor.
- 2.3. The latest Materials Recovery Facility (MRF) contract 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 for all three authorities are therefore co-terminus with the same potential extension periods in place. With both contracts due to expire at the end of March 2023, all partner authorities have agreed with SUEZ to make use of the full extensions periods available meaning both contracts are now due to expire in March 2026.
- 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 Recover UK Ltd – South Tyneside
- 2.9. These are for a period of 48 months (therefore due to expire end of March 2026) 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 contracts.
- 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. As previously reported, following Veolia's acquisition of the SUEZ Recycling and Recovery UK business, the Competition and Markets Authority (CMA) concluded that the two companies coming together in the UK would result in a lessening of competition in the UK waste and recycling market. Therefore, the SUEZ UK business should be sold in its entirety.
- 3.2. Veolia agreed a deal in principle with Macquarie Group Ltd (Macquarie). However, SUEZ recycling and recovery UK was offered a Right of First Refusal (ROFR) to buy it back. SUEZ confirmed their intention to do this in September 2022 and the sale back to SUEZ was completed in December 2022. In terms of site Operational and Maintenance, it has been, and will continue to be business as usual.

STWER Commercial Advisor Retirement

3.3. Ian Sexton the STWER Commercial Advisor retired on 30 June 2022 however Ian is working with James Dowell the new Commercial Advisor and Contractors Representative until mid-2023 to finalise some outstanding contract issues. This handover is ongoing.

2022/23 EfW Service Update

3.4. Performance information for the 2022/23 contract year to date can be found at Appendix A.

3.5. The plant continues to operate well. The planned annual maintenance shutdowns took place during Quarter 3 as follows:

- Line 4: 24 October – 20 November 2022
- Line 5: 12 November – 5 December 2022

3.6. Waste flows during the above shutdown periods were managed well with no waste having to be redirected to landfill.

3.7. Other than the planned shutdown periods, Lines 4 and 5 have operated satisfactorily with no significant unplanned losses of availability. Line 4 had a bottom ash drop off chute blockage, losing 32 hours of availability between the 18 and 19 December and was offline for 3 hours on 4 December due to a high boiler drum level initiating a plant trip. Line 5 was unavailable for 3 hours on 18 December due to a bottom ash chute blockage.

3.8. There were no major issues with the Turbine which has generated a total of 139,851 MWh, exporting 122,092 MWh of this so far this contract year (April – December 2022). The Turbine was offline for 10 days in November (12 – 22 November) for planned manual maintenance. No significant issues were identified during the shutdown period.

3.9. Following consultation between SUEZ and the Environment Agency, a Compliance Classification Scheme (CCS) score of 0.1 has been allocated in relation to the Volatile Organic Compound (VoC) breach experienced on Line 4 on 3 August 2022 due to a gas bottle explosion in the furnace. This brings the CCS score for the contract year to date for the EfW plant to 0.2.

3.10. All incinerator bottom ash samples have again returned compliant results.

Waste Transfer Stations (WTS)

3.11. Middlefields WTS was closed for a period of six weeks from 16 September to enable the floor in Shed B to be replaced. Site re-opened on 2 November following completion of the works. During the closure period, vehicles were diverted to contingency sites with all of South Tyneside's material being accepted and processed as normal. North Tyneside Transfer Station was used as an additional contingency site for part of this period. Discussions are ongoing with SUEZ in terms of the tipping away fees in relation to this arrangement.

3.12. 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.

- 3.13. Other routine maintenance of buildings, plant, and control systems continue to be delivered as planned and no issues have been identified.
- 3.14. 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. A report of an odour from Jack Crawford House was received in November from a member of staff from Sunderland City Council. SUEZ investigated and responded promptly confirming the odour suppression system and the automatic fast action doors were all functioning without any issues. Waste levels were normal and there was no significant odour at the time of investigation, but SUEZ confirmed they would continue to monitor for any further signs.
- 3.15. 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 sticking of all bins however these have not disappeared completely, and the danger is still there with potential grave consequences.
- 3.16. 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 was also shortlisted in the National Recycling Awards 'Campaign of the Year' category. Winners of this were announced at the Westminster Park Plaza on 6 December 2022 and representatives from SUEZ and South Tyneside Council were in attendance on behalf of the STWWMP. The campaign was not selected as the overall winner.

Joint Insurance Cost Review (JICR)

- 3.17. 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.
- 3.18. The fourth JICR was submitted at the end of 2021. This has highlighted a nil sharing due to the impact of the COVID 19 pandemic.
- 3.19. Both reports are now held up due to a lack of response on the third submission.

Reconciliation 2021/22

- 3.20. The 2021/22 reconciliation review exercise has now been completed and as expected the Authorities have all received an income which offset any gate fee charges due to the rise in energy prices and our income sharing agreement on the electricity generated by the EfW for this period.

Targeted Recruitment and Training (TR&T)

- 3.21. 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.

- 3.22. SUEZ have recently recruited Stephen Atkinson a new dedicated Contract Manager to lead on our RWTC and manage the HWRC contracts. In addition, the recruitment process is ongoing for the replacement of Site Manager at Jack Crawford House WTS.

Community Education and Engagement

- 3.23. 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 Education Centre, the Energy-from-Waste facility, and through outreach activities held in local schools and community settings.
- 3.24. As previously reported, Laura Farrell-Pronesti is now the Waste and Recycling Visitor Education Centre Co-ordinator and has been busy contacting schools and community groups promoting the centres work and securing bookings for future engagement sessions. Recent events and activities have included:
- Whole school waste awareness assemblies
 - Attending meetings and hosting site visits for children representing their schools 'eco-councils'
 - Christmas craft workshops
 - Recycled bird feeder workshops supporting the RSPB's Big School Bird Watch and
 - Skills 4 Work workshop – looking at skills needed to undertake jobs in the recycling and waste industry.
- 3.25. More information on all of the above are included in the Waste and Recycling Visitor Education Centre newsletter circulated to many organisations including local community groups, schools, third sector organisations and JEC committee members.
- 3.26. STWWMP and SUEZ are progressing signage for the outside of the Waste and Recycling Visitor Education Centre.

Community Liaison Groups

- 3.27. The Community Liaison Group meetings have not resumed since they were interrupted due to the COVID-19 coronavirus pandemic. This situation is currently being reviewed and the groups promoted throughout the local communities via leaflets to attract new attendees. Dates of meetings will be confirmed with local residents and attendees in the near future when group members are confirmed.

4. MATERIALS RECOVERY FACILITY (MRF) CONTRACTS

- 4.1. Table A at Appendix B provides the April to December 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).
- 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 monthly 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. Contamination messages will be included in these as residents adjust to the changes here. A number of Sunderland Councillors visited J&B's MRF in Hartlepool earlier this year. Mark Penny (Commercial Manager) from J&B gave a tour of the facility showing the process from receipt of Sunderland's kerbside recycling materials to the sorted end outputs which are then sold to reprocessors. Feedback from attendees was positive and that they felt the visit was very informative.
- 4.9. The nature of the current risk share contract means the costs to Partner Authorities will vary monthly. 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, the prices are starting to drop to more normal levels and therefore this is impacting on the costs of this contract although all Councils remain well within current annual budgets.

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. 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.
- 6.3. Green waste kerbside collections will resume in the Spring at each Council.

7. WASTE ELECTRICAL AND ELECTRONIC EQUIPMENT (WEEE) CONTRACT

- 7.1. Our WEEE Compliance Scheme Valpak continue to support us in ongoing actions for the collection and processing of all categories of WEEE.

- 7.2. Laura Farrell-Pronesti also led on the applications for external WEEE project funding for the following funding streams:
- Hubbub – An Expression of Interest (EoI) was submitted to progress a WEEE drama related project with schools and local community-based groups and we were invited to submit a full application which has now been completed.
 - Material Focus – An EoI has been submitted for a trial of containers for small WEEE in public buildings, a small WEEE kerbside trial for 3 estates and roadshows/amnesty events for small WEEE (to include vapes but possibly in separate containers) and batteries.

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

2022/23 – Quarter 1, 2 & 3 performance (April to December)

Total contract waste	145,720 tonnes
Contract waste delivered to WTS:	
- Campground	Gateshead – 46,761 tonnes Sunderland – 13,293 tonnes South Tyneside – 3,851 tonnes
- Middlefields	South Tyneside – 32,608 tonnes (inc 587 tonnes tipped at North Tyneside WTS)
- Jack Crawford House	Sunderland – 48,317 tonnes South Tyneside – 889 tonnes
Total contract waste delivered to EfW	141,622 tonnes
Line 4 availability	88.9%
Line 5 availability	89.4%
Overall EfW availability	89.2%
Average turbine availability	95.7%
Electricity generated	139,851 MWh
Electricity exported	122,092 MWh
Electricity imported	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	1
Injuries and accidents	11
Near misses	88
Property damage	18
Fires	5

MATERIALS RECOVERY FACILITY CONTRACTS

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

	Gateshead	South Tyneside	Sunderland
Comingled tonnage	10,546	8,140	15,375
Paper tonnage	792	356	602
Total tonnage	11,337	8,496	15,977
<i>Comparison to April-December - comingled</i>	<i>5.6% decrease</i>	<i>7.3% decrease</i>	<i>5.9% decrease</i>
<i>Comparison to April-December - paper</i>	<i>10.8% decrease</i>	<i>17.6% decrease</i>	<i>19.6% decrease</i>
<i>Comparison to April-December - all materials</i>	<i>5.9% decrease</i>	<i>7.8% decrease</i>	<i>6.5% 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%
Q3 2022/23	82.6%	17.4%	81.0%	19.0%	87.0%	13.0%

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):

HWRC	Annual Target	Quarter 1 2022/23	Quarter 2 2022/23	Quarter 3 2022/23
Campground	48%	54.9%	54.0%	47.6%
Cowen Road	48%	57.8%	53.5%	43.6%
Pallion	48%	60.4%	56.1%	56.1%
Middlefields (Recycling Village)	50%	58.9%	55.2%	48.2%

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