

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

9 JUNE 2023

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

SUBJECT: Contracts Update Report

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. There is a pass-through contract linked to the RWTC to cater for any periods the EfW or any of the contingency processing facilities can't cater for our waste. This contract is the Untreatable Residues Contract, and it was tendered in 2013 and has been extended until 31 March 2024.
- 2.4. 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
- 2.5. The MRF contracts are for a period of 36 months with an option to extend for 2 times 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.

- 2.6. 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.
- 2.7. 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.
- 2.8. The two HWRC contracts for all three authorities are therefore co-terminus with the same potential extension periods in place. Both contracts therefore expired at the end of March 2023, however, 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.
- 2.9. 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
- 2.10. 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 times 12-month periods. The partner authority contracts have been implemented by Gateshead Council as Lead Authority in the same way as the MRF contracts.
- 2.11. 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.
- 2.12. 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)

STWER Commercial Advisor Retirement

- 3.1. 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 Service Update

- 3.2. The year-end performance information for the 2022/23 contract year can be found at Appendix A. RWTC contractual recycling and recovery targets were once again exceeded, as they have been since the start of the contract.

- 3.3. During the latter stages of the contract year, no notable service issues were encountered. Lines 4 and 5 did experience some minor blockages resulting in them being offline for short periods, but all within normal operating parameters. There were two Volatile Organic Compound (VoC) breaches reported on Line 4, both occurring during a plant trip and suspected gas bottle explosion. As the plant was effectively offline on both occasions no Compliance Classification Scheme (CCS) score is anticipated. Both have been reported to the Environment Agency. Finally, all incinerator bottom ash samples returned compliant results.

2023/24 Service Update

- 3.4. Performance information relating to April can be found in Table B at Appendix A. Operational service has started well in 2023/24 with Lines 4 and 5 and the Turbine all being available for 100% of April. A malfunction on the emissions monitoring equipment software meant dust readings were not recorded on Line 4 for a period of time. This was reported to the Environment Agency on 6 April. There were no other emissions breaches reported during the month and all incinerator bottom ash samples returned compliant results.

Waste Transfer Stations (WTS)

- 3.5. All three of the WTS have been fully operational, 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.
- 3.6. Routine maintenance of buildings, plant, and control systems continue to be delivered as planned and no significant issues have been identified.
- 3.7. During the contract year 2022/23, the Environment Agency raised no WTS issues and no CCS scores were applied. All sites remain in Compliance Band A.

Joint Insurance Cost Review (JICR)

- 3.8. 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.
- 3.9. The fourth JICR was submitted at the end of 2021. This has highlighted a nil sharing due to the change in the insurance market.
- 3.10. Both reports are now held up due to a lack of response on the third submission.

Reconciliation 2022/23

- 3.11. SUEZ are due to submit the 2022/23 year end accounting position in June, including financial transactions linked to all tonnages in and out of the facilities, ad hoc tonnages and performance deductions. The STWWMP will carry out a full audit of the submission in order to close out the reconciliation.

Targeted Recruitment and Training (TR&T)

- 3.12. 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.

- 3.13. SUEZ have recently filled a number of positions, including new site managers at all three WTS, with internal employees stepping up and progressing their careers within the company.

Community Education and Engagement

- 3.14. 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 (W&RVEC), the Energy-from-Waste facility, and through outreach activities held in local schools and community settings.

- 3.15. 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:

- Waste Awareness Assemblies to a total of 1,193 pupils at Primary Schools across Gateshead, South Tyneside and Sunderland
- Two whole school recycling events to a total of 570 pupils at Jarrow Cross C of E Primary School in South Tyneside and Eppleton Academy Primary School in Sunderland
- Bird Feeder Workshops to a total of 411 pupils in Primary Schools across the partnership area
- Bespoke events including Recycling Robots session, Zero Waste Lunch session and local litter picks
- A tour of the EfW Facility in Teesside for 8 members of a Lego League Group based in South Tyneside

- 3.16. 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.

- 3.17. STWWMP and SUEZ are progressing signage for the outside of the Waste and Recycling Visitor Education Centre.

Community Liaison Groups

- 3.18. The Community Liaison Group meetings which were delayed due to the COVID-19 pandemic, have now restarted. The first meeting was held at Campground WTS and it went well. It was agreed SUEZ and the W&RVEC Coordinator will work with communities in the vicinity of the WTS to carry out community litter picks. The date for the upcoming JCH meeting is yet to be confirmed but is expected to be in early July.

4. MATERIALS RECOVERY FACILITY (MRF) CONTRACTS

- 4.1. Table Ai at Appendix B provides the year end 2022/23 blue bin recycling tonnages. Table Aii provides the recycling tonnages for April 2023. The 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. This follows a year-on-year trend we've been seeing with separately collected paper tonnages now being minimal. This is shown in figure 4.1 below.

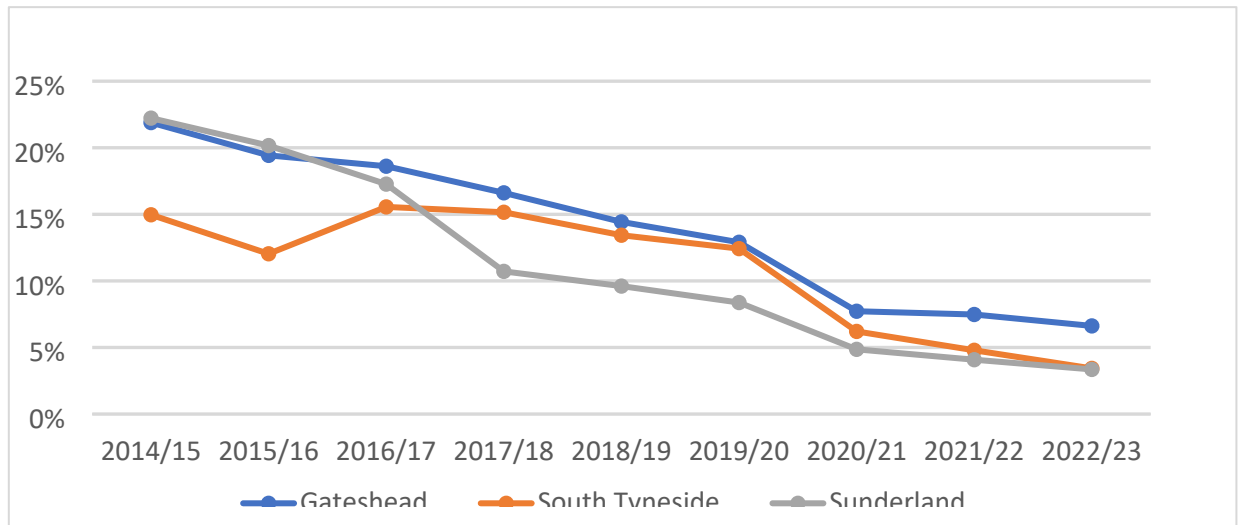


Figure 4.1 – Inner Caddy Paper – Percentage of total recycling

- 4.2. The current kerbside dry recycling collection system operated by all partner authorities is not sustainable in the longer term due to this fall in tonnage of separately collected papers, which means the service is not operating as effectively as it should be. With this in mind, and also in preparing for the next MRF Processing contract procurement from 2025, the Partnership will need to consider the alternative collection models that are available, to identify the most appropriate method of maximising the quality of household recycling collected at the kerbside and participation from residents. Consideration will also need to be given to consistency of collections which is expected to be announced shortly. This will recommend a core set of recyclables that will need to be collected at kerbside.
- 4.3. Appendix B also contains Table Bi, 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. Table Bii shows the latest MRF recycling and recovery rates for April 2023.
- 4.4. Contamination levels have fluctuated in Gateshead but have generally remained at consistent levels in Sunderland and South Tyneside in the last 12 months. However, the April 2023 contamination level for South Tyneside is higher than the average in previous quarters and therefore this will be monitored closely. STWWMP are liaising with the partner authorities and contractors to ensure any variances are investigated and discuss how contamination can be reduced within the dry mixed recycling material.
- 4.5. 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).

- 4.6. 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.
- 4.7. 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.
- 4.8. 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. Work is underway in developing a 'Did you know' communications campaign to help educate residents on the correct way to recycle and to help reduce contamination.
- 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 year end HWRC contractual recycling performance for 2022/23. This excludes inert materials (such as rubble), electrical waste (WEEE), low grade wood, dry mixed recyclables and textiles. By excluding these items from the contractual performance, the contractor is encouraged to maximise other recycling on site including green waste, scrap metal and higher-grade wood. 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.

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. STWWMP carried out an audit of the Hexham site in May.
- 6.3. Green waste kerbside collections resumed in the Spring in each partnership area.

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. STWWMP are currently working with NEPO on extending this contract for 12 months.
- 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.
 - 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.Unfortunately both bids were unsuccessful, but the W&RVEC working group continue to look for other funding 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

Table A - 2022/23 – year-end performance

Total contract waste	189,347 tonnes
Contract waste delivered to WTS:	
- Campground	Gateshead – 62,391 tonnes Sunderland – 17,581 tonnes South Tyneside – 3,851 tonnes
- Middlefields	South Tyneside – 44,732 tonnes (inc 587 tonnes tipped at North Tyneside WTS)
- Jack Crawford House	Sunderland – 64,644 tonnes South Tyneside – 889 tonnes
Total contract waste delivered to EfW	187,656 tonnes
Line 4 availability	91.1%
Line 5 availability	91.9%
Overall EfW availability	91.5%
Average turbine availability	96.8%
Electricity generated	190,523 MWh
Electricity exported	167,515 MWh
Electricity imported	0 MWh
Recycling performance	Target 2.1% Performance 2.6%
Recovery performance	Target 95.4% Performance 97.4%
Unprocessed landfill diversion rate	100%
Health and safety:	
RIDDOR	1
Injuries and accidents	14
Near misses	100
Property damage	25
Fires	6

Table B – 2023/24 – latest performance; April 2023

Total contract waste	15,482 tonnes
Contract waste delivered to WTS: - Campground - Middlefields - Jack Crawford House	Gateshead – 5,067 tonnes Sunderland – 1,416 tonnes South Tyneside – 3,887 tonnes Sunderland – 5,112 tonnes
Total contract waste delivered to EfW	14,927 tonnes
Line 4 availability Line 5 availability Overall EfW availability	100% 100% 100%
Average turbine availability	100%
Electricity generated Electricity exported Electricity imported	17,622 MWh 15,789 MWh 0 MWh
Recycling performance	Target 2.1% Performance 2.3%
Recovery performance	Target 95.4% Performance 97.7%
Unprocessed landfill diversion rate	100%
Health and safety: RIDDOR Injuries and accidents Near misses Property damage Fires	0 0 5 6 2

MATERIALS RECOVERY FACILITY CONTRACTS

Table Ai: 2022/23 year-end blue bin tonnage data

	Gateshead	South Tyneside	Sunderland
Comingled tonnage	14,199	10,905	20,633
Paper tonnage	1013	390	716
Fibre tonnage	96	83	N/A
Total tonnage	15,308	11,379	21,348
<i>Comparison to April-March - comingled</i>	<i>5.0% decrease</i>	<i>7.5% decrease</i>	<i>4.7% decrease</i>
<i>Comparison to April-March - paper</i>	<i>16.8% decrease</i>	<i>34.7% decrease</i>	<i>22.3% decrease</i>
<i>Comparison to April-March - all materials</i>	<i>5.9% decrease</i>	<i>8.8% decrease</i>	<i>5.4% decrease</i>

Table Aii: 2023/24 latest blue bin tonnage data: April 2023

	Gateshead	South Tyneside	Sunderland
Comingled tonnage	1,082	778	1,567
Paper tonnage	70	26	50
Fibre tonnage	7	0	N/A
Total tonnage	1,158	804	1,616
<i>Comparison to April - comingled</i>	<i>8.5% decrease</i>	<i>9.1% decrease</i>	<i>7.7% decrease</i>
<i>Comparison to April-March - paper</i>	<i>27.1% decrease</i>	<i>13.0% decrease</i>	<i>15.3% decrease</i>
<i>Comparison to April-March - all materials</i>	<i>10.0% decrease</i>	<i>8.6% decrease</i>	<i>8.0% decrease</i>

Table Bi: Quarterly 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%
Q4 2022/23	80.9%	19.1%	79.7%	20.3%	86.2%	13.8%

Table Bii: Latest MRF recycling and recovery performance: April 2023

Period	Gateshead		South Tyneside		Sunderland	
	Recycling	Recovery	Recycling	Recovery	Recycling	Recovery
April 2023	81.8%	18.2%	77.3%	22.7%	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 Contractual Target	Quarter 1 2022/23	Quarter 2 2022/23	Quarter 3 2022/23	Quarter 4 2022/23
Campground	48%	53.3%	51.4%	45.5%	47.7%
Cowen Road	48%	54.1%	53.0%	43.5%	46.3%
Pallion	48%	58.3%	54.8%	46.7%	48%
Middlefields (Recycling Village)	50%	58.0%	54.4%	47.8%	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.*