

**REPORT TO THE SOUTH TYNE AND WEAR WASTE MANAGEMENT PARTNERSHIP
JOINT EXECUTIVE COMMITTEE****8 SEPTEMBER 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 cannot cater for our waste. This is the Untreatable Residues Contract, which was tendered in 2013 and has been extended until 31 March 2024.
- 2.4. 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
- 2.5. The MRF contracts are for a period of 36 months (therefore due to expire March 2025) with an option to extend for two, 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. Given these timescales, both contracts were due to expire at the end of March 2023, however, all partner authorities have agreed with SUEZ to make use of the full extension 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 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 two 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)

2023/24 Service Update

- 3.1. Performance information relating to the current year to date can be found in Table A at Appendix A. Operational service has started well in 2023/24. Contract waste tonnages shown in the table are as expected and in line with tonnages seen in previous years. Lines 4 and 5 and the Turbine have all been available for over 99% of the period April to July. Both recycling and recovery performance are currently above target. Unprocessed landfill diversion rate for the current contract year is at 100%.
- 3.2. A half hourly VOC (Volatile Organic Compound) breach was recorded on Line 5 on 20 June. This occurred during a plant trip, initiated by a suspected gas bottle

explosion. SUEZ have reported this to the Environment Agency and await their feedback and subsequent CCS (Compliance Classification Scheme) scoring. There were no other emissions breaches during the period and all incinerator bottom ash samples returned compliant results.

Waste Transfer Stations (WTS)

- 3.3. All three of the WTS have been fully operational, all sites accepting STWWMP contract waste as expected. Recycling activities are ongoing at each site, which includes the segregation of materials, such as street sweepings, wood, and scrap metals.
- 3.4. Routine maintenance of buildings, plant, and control systems continue to be delivered as planned and no significant issues have been identified.
- 3.5. Regular training with staff continues to be carried out, including Loading Shovel, First Aid, Legionella and Leadership Development.
- 3.6. There have been no complaints received regarding any of the WTS for the current period.

Reconciliation 2022/23

- 3.7. SUEZ submitted the 2022/23 year end accounting position in June. This includes financial transactions linked to all tonnages in and out of the facilities, ad hoc tonnages and performance deductions. The partnership team are currently reviewing the data, cross-checking against our own records and working with finance colleagues in order to close out this exercise.

STWER Commercial Advisor Retirement

- 3.8. 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.

Joint Insurance Cost Review (JICR)

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

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.
- 3.14. At the current time, 79% of all staff employed at the three WTS and within the contracts support team based at Campground are residents of Gateshead, South Tyneside, or Sunderland. 9% of staff employed at the energy-from-waste facility are residents of the partnership area.

Community Education and Engagement

- 3.15. STWWMP remains committed to an ongoing programme of community education and engagement, managed by Groundwork North East & Cumbria (GNEC) 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.
- 3.16. The year-to-date number of engagements for 2022/23 is 3,460. Recent events and activities have included:
- Waste Awareness Assemblies to pupils at Primary Schools across Gateshead, South Tyneside and Sunderland
 - Bespoke events including plant pot upcycling, craft workshops, 1940's 'make do and mend' workshop and 3R (Reduce, Reuse and Recycle) and food waste workshops
 - Site tours of Waste Transfer Stations
 - Litter pick events.
- 3.17. 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.
- 3.18. STWWMP and SUEZ are progressing signage for the outside of the Waste and Recycling Visitor Education Centre.

Community Liaison Groups

- 3.19. The Community Liaison Group meetings which were delayed due to the COVID-19 pandemic, have now restarted. The meetings for Campground and Jack Crawford House WTS have gone well and as a result SUEZ have progressed volunteering works in both areas namely, at Hendon allotments and Springwell HUB Community Garden. Middlefields WTS does not have Community Liaison Meetings as the facility is not immediately in the vicinity of a residential area.

4. MATERIALS RECOVERY FACILITY (MRF) CONTRACTS

- 4.1. Appendix B provides the blue bin recycling tonnages for both 2022/23 (Table Ai) and 2023/24 year-to-date (Table Aii). Comingled tonnages continue to slowly come down from the peak of the pandemic, however, currently remain slightly higher than pre-pandemic levels. Separately collected paper tonnages have also declined in all three partner authorities when comparing to the same period last year. This follows a year-on-year trend with separately collected paper tonnages now being minimal.

- 4.2. Figure 4.2 below shows the paper collected separately via the inner caddy, as a percentage of total recycling collected. In 2014/15, Gateshead and Sunderland were both achieving circa 22% paper and South Tyneside 15%. Since then, the percentage of separately collected paper has been steadily declining as less people read newspapers etc. A further significant drop was seen in 2020/21; coinciding with the Coronavirus pandemic and again, another change in people's habits. The 2023/24 figures are April to July's figures. These show Gateshead at 6%, South Tyneside at 4% and Sunderland at 3%.

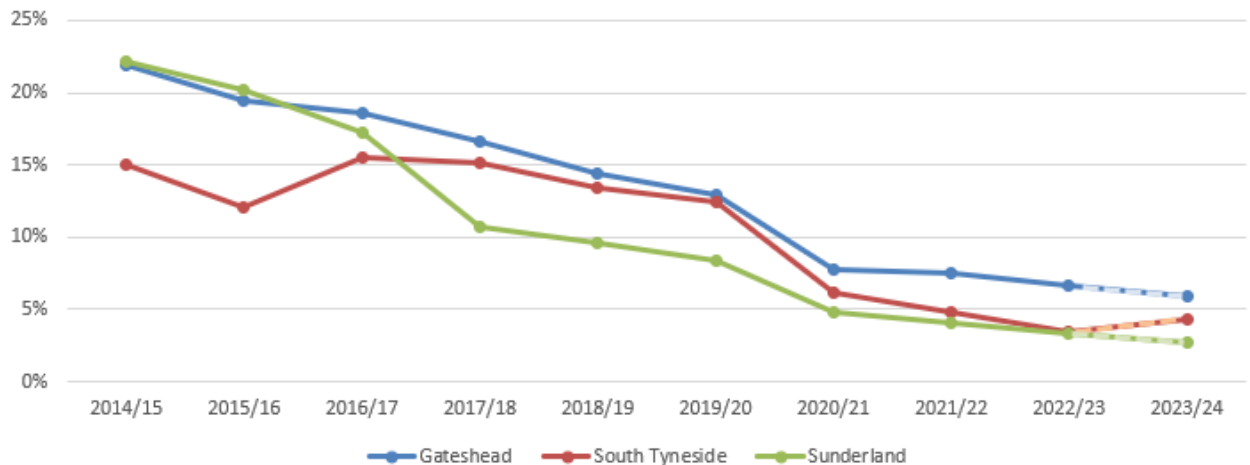


Figure 4.2 – Inner Caddy Paper – Percentage of total recycling

- 4.3. Paper (newspapers and magazines) collected separately achieves a higher sale price compared with paper recovered from the comingled element of the recycling. As such, the current blue bin recycling scheme was designed with this in mind. Paper is kept separate when residents make use of the inner caddies inside their blue recycling bins. Twin bodied collection vehicles then keep the paper separate from the rest of the recycling during transit and tip the clean paper in a separate bay ready to be delivered directly to the Paper Mill.
- 4.4. With such low paper tonnages, this means the current kerbside dry recycling collection system is not sustainable. Therefore, STWWMP are currently considering alternative collection models available, to identify the most appropriate method of maximising the quality of household recycling collected at the kerbside in preparation for the next MRF processing contract procurement.
- 4.5. The current MRF contracts (as outlined in paragraphs 2.4 and 2.5 of this report) 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 comingled materials etc).
- 4.6. 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 to July 2023.

- 4.7. Contamination levels in Gateshead have increased recently but have generally remained at consistent levels in Sunderland and South Tyneside in the last 12 months. 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.
- 4.8. Given that 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.
- 4.9. In an effort to educate residents and reduce contamination, a joint RECYCLERIGHT communications campaign ran over the summer, across the partner authorities Facebook and Twitter accounts. Daily posts over a three-week period targeted some of the more commonly contaminated items, including food waste, nappies, textiles and batteries and vapes.
- 4.10. STWWMP also carry 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.
- 4.11. 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.

5. HOUSEHOLD WASTE AND RECYCLING CENTRE (HWRC) CONTRACTS

- 5.1. Table B at Appendix C highlights the first quarter HWRC contractual recycling performance for 2023/24. 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 three 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. The 2022/23 quarterly performance is show in Table A at Appendix C for comparison purposes.

6. GREEN WASTE COMPOSTING CONTRACTS

6.1. The latest Green Waste contracts which commenced on 1 April 2022 with Remondis and SUEZ 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 or sold to other commercial outlets. STWWMP carried out an audit of the Hexham site in May.

6.3. On 4 July, a 360 degree machine caught fire within the main Transfer Station Building at Remondis' site in Birtley where Gateshead and Sunderland directly deliver their green waste. The sprinkler system activated and the Fire Brigade attended. As such, the fire was quickly extinguished, with minimal damage to the building. The site was closed for 90 minutes but vehicles were able to access and tip off as soon as it reopened. The fire was caused by faulty machinery on the 360 degree plant.

7. SOCIAL VALUE

7.1. The Public Services (Social Value) Act came into force on 31 January 2013. It requires those who commission public services to think about how they can also secure wider social, economic and environmental benefits.

7.2. Social value is important to the partner authorities and is the way we identify relevant and measurable social, economic and environmental benefits for the people and communities across Gateshead, South Tyneside and Sunderland.

7.3. Therefore, Contractors on the MRF, HWRC and Green Waste Composting contracts (excluding the HWRC contract in Gateshead and South Tyneside) were asked to work with the councils to achieve benefits that improve the social, economic and environmental wellbeing within the boroughs, during the delivery and term of the contracts.

7.4. The Contractors have been carrying out various social value activities since these contracts commenced including:

- Employing local people on the contracts
- Volunteering on local Community Projects
- Dedicating support to get young people into work (e.g. CV advice, mock interviews, careers guidance)
- Dedicating staff hours on local school and college visits e.g. delivering careers talks, curriculum support, literacy support, safety talks.

7.5. An update will be provided in the next Contracts Update report, which will be presented to JEC in December.

8. WASTE ELECTRICAL AND ELECTRONIC EQUIPMENT (WEEE) CONTRACT

- 8.1. Our WEEE Compliance Scheme Valpak continue to support us in ongoing actions for the collection and processing of all categories of WEEE. NEPO have now extended this contract for 12 months and is therefore now due to expire in December 2024.
- 8.2. STWWMP have had discussions with NEPO and Valpak about placing more vapes containers within the Community but due to issues with the legislation they can only provide containers at Designated Collection Facilities (DCF's) which are our Household Waste Recycling Centres and Waste Transfer Stations. Industry are making representations to Government to amend the regulations to allow for a separate category for this problematic material.

9. ANNUAL STWWMP AUDIT

- 9.1. As part of the 2022/23 Audit Plan, approved by Gateshead Council's Audit and Standards Committee (Gateshead as Lead Authority), the audit of STWWMP was required. The objectives of the audit were to ensure:
 - Financial data is reconciled to local information and adjustments are carried out accordingly
 - Income and expenditure is correctly administered
 - Budget monitoring procedures are in place and effective
 - Performance monitoring and reporting mechanisms across the partnership are adequate
 - Managers have identified their business risks and implemented effective controls.
- 9.2. The audit found control systems are operating well and no findings were raised.
- 9.3. Given the financial spend on the contracts managed by STWWMP, it is anticipated this audit will be carried out on an annual basis.

10. ANNUAL RECYCLING PERFORMANCE

- 10.1. In response to a previous audit undertaken in 2019, it was agreed that overall partner authority recycling performance should be reported to the Joint Executive Committee in September each year, once Waste Data Flow returns have been validated.
- 10.2. All local authority overall recycling performance is generated by the national Waste Data Flow database, using the definition of the former national performance indicator NI192 to calculate the percentage of household waste sent for reuse, recycling or composting.
- 10.3. The 2022/23 NI192 results for each partner authority are as follows:
 - Gateshead 31.7%
 - South Tyneside 31.0%
 - Sunderland 30.2%

11. RECOMMENDATION

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

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RESIDUAL WASTE TREATMENT CONTRACT

Table A – latest performance; April - July 2023

Total contract waste	65,144 tonnes
Contract waste delivered to WTS:	
- Campground	Gateshead – 20,730 tonnes Sunderland – 6,305 tonnes
- Middlefields	South Tyneside – 16,696 tonnes
- Jack Crawford House	Sunderland – 21,413 tonnes
Total contract waste delivered to EfW	63,659 tonnes
Line 4 availability	100%
Line 5 availability	99.97%
Overall EfW availability	100%
Average turbine availability	99.98%
Electricity generated	70,967 MWh
Electricity exported	63,184 MWh
Electricity imported	0 MWh
Recycling performance	Target 2.1% Performance 2.2%
Recovery performance	Target 95.4% Performance 97.8%
Unprocessed landfill diversion rate	100%
Health and safety:	
RIDDOR	1
Injuries and accidents	14
Near misses	100
Property damage	25
Fires	6

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 - July 2023

	Gateshead	South Tyneside	Sunderland
Comingled tonnage	4,548	3,345	6,655
Paper tonnage	288	151	189
Fibre tonnage	34	16	N/A
Total tonnage	4,870	3,512	6,844
<i>Comparison to April-July - comingled</i>	<i>3.9% decrease</i>	<i>6.0% decrease</i>	<i>2.0% decrease</i>
<i>Comparison to April-July - paper</i>	<i>21.5% decrease</i>	<i>12.2% decrease</i>	<i>22.2% decrease</i>
<i>Comparison to April-July - all materials</i>	<i>5.2% decrease</i>	<i>6.3% decrease</i>	<i>2.7% 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 - July 2023

Period	Gateshead		South Tyneside		Sunderland	
	Recycling	Recovery	Recycling	Recovery	Recycling	Recovery
April	81.8%	18.2%	77.3%	22.7%	87.0%	13.0%
May	81.0%	19.0%	80.9%	19.1%	87.3%	12.7%
June	79.5%	20.5%	78.0%	22.0%	87.3%	12.7%
July	77.8%	22.2%	80.7%	19.3%	87.0%	13.0%
August						
September						
October						
November						
December						
January						
February						
March						

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%	45.1%
Cowen Road	48%	54.1%	53.0%	43.5%	46.1%
Pallion	48%	58.3%	54.8%	46.7%	45.7%
Middlefields (Recycling Village)	50%	58.0%	54.4%	47.8%	46.3%

Table B: 2023/24 latest recycling performance (excluding inert materials, such as rubble, WEEE, low grade wood and dry mixed recycling/textiles):

HWRC	Annual Contractual Target	Quarter 1 2023/24	Quarter 2 2023/24	Quarter 3 2023/24	Quarter 4 2023/24
Campground	48%	57.6%			
Cowen Road	48%	57.5%			
Pallion	48%	56.3%			
Middlefields (Recycling Village)	50%	57.7%			

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