

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

24 June 2016

REPORT OF: Tony Alder, Project Director, South Tyne and Wear Waste Management Partnership

SUBJECT: Contracts Update

1. PURPOSE OF REPORT

1.1 To advise the Joint Executive Committee of the current position regarding the Residual Waste Treatment Contract and other ancillary waste treatment contracts and activities managed by the Partnership.

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 of its subsidiary companies would change their names to SUEZ. In December 2015, the Partnership received formal notification that SITA South Tyne and Wear Ltd had also changed its name, and would now be known as South Tyne and Wear Energy Recovery Ltd (STWER).

2.3 Gateshead and South Tyneside Councils' 48-month Materials Recovery Facility (MRF) contract for dry recyclables commenced service with Palm Recycling Ltd on 1 April 2014.

2.4 Sunderland Council awarded a separate MRF contract to J&B Recycling, which commenced service on 1 April 2015 for a period of 36 months.

2.5 Gateshead and Sunderland Councils jointly procured separate contracts for the management of their Household Waste and Recycling Centres (HWRC) with SUEZ. Both incentive-based contracts are two years and seven months in length, and commenced service at the beginning of September 2014.

2.6 South Tyneside Council entered into a different contract for HWRC management with SUEZ, which commenced on 1 April 2013. The contract

allows the council to manage the end outlets for the waste streams and includes regular market-testing to ensure value for money is being received.

- 2.7 The joint partnership team continues to undertake strategic waste management functions on behalf of the partner authorities. 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 and HWRC.

3. **RESIDUAL WASTE TREATMENT - CONTRACT UPDATE**

- 3.1 The Partnership is awaiting an updated response from South Tyne and Wear Energy Recovery Ltd following further discussions on the proposed 2014/15 reconciliation payment. Details of the 2015/16 reconciliation are also expected soon.
- 3.2 All of the outstanding snagging items following construction of the EfW and WTS have now been fully inspected and closed-out.
- 3.3 SUEZ monthly reports and service issues continue to be reviewed and audited by the joint partnership team. Once approved, invoices are apportioned to the partner authorities and paid to SUEZ within contractual timescales.
- 3.4 The final performance for the 2015/16 contract year, plus the latest performance for 2016/17 (April 2016) can both be found at Appendix A.
- 3.5 In April, three incidents of note (see below) occurred at two of the Partnership's WTS. Contingency procedures and communications between a range of organisations worked well and proved to be effective in dealing with each of the incidents in a safe and timely manner.
- i. On 5th April, a hand grenade was discovered at Middlefields WTS. The site was closed from 8.50-11.40am and some South Tyneside Council vehicles were diverted to Campground. The police were called and the grenade was subsequently removed by the army Bomb Disposal Unit based at Catterick, who destroyed the grenade off-site under a controlled explosion. SUEZ successfully applied to the Partnership for the incident to be treated as an 'Excusing Cause' under the terms of the Contract, and no deduction penalties for site unavailability or additional mileage costs were applicable.
 - ii. On 13th April, a small fire broke out in Shed B at Middlefields WTS as a load was being levelled-out by the loading shovel. The incident was dealt with quickly and effectively by site staff and the fire brigade, and no vehicles needed to be diverted.
 - iii. At 7.30am on 21st April, a small fire occurred at Jack Crawford House WTS. The fire ignited in the back of a third party's bulk haulage vehicle that was being loaded with cardboard. Procedures were followed and staff dealt with the matter appropriately and quickly. The fire brigade were on site by 7.52am and by 8.58, the fire was extinguished. Minor damage occurred to the bulk haulage vehicle, but no injuries were

sustained and there was no damage to the WTS facility. The Environment Agency was notified and subsequently reported their satisfaction with how the incident was handled.

- 3.6 As a result of the fires, SUEZ are reviewing their fire risk assessments and Fire Prevention Plan, as well as also investigating thermal imaging technologies to help prevent any recurrences.
- 3.7 The RWTC also affords a provision for SUEZ to help to improve local prosperity across the Partnership area by promoting vacant posts within their facilities. The Economic and Housing Growth Service at Gateshead Council continues to receive information on local vacancies, which are then cascaded to partner authorities for circulation to their client base.
- 3.8 Initially, only opportunities at the EfW were advertised, but this was extended to encompass posts arising at SUEZ facilities within the Partnership area, such as Household Waste and Recycling Centres. However, there are now plans in place to extend this even further and in future, vacancies will not be restricted to the waste sector, and opportunities at other local SUEZ facilities (such as water treatment operations) will also be distributed.
- 3.9 Recently, internal movement within SUEZ enabled a number of posts to be recruited. This included re-recruitment to a number of the 41 posts available at the EfW facility and currently, approximately 40% of its staff are residents from the Partnership area.
- 3.10 Following the retirement of the Site Manager at Campground, the post was advertised and an internal SUEZ replacement appointed. Although the successful candidate was not a resident of the Partnership area, this created vacancies in several other posts at waste transfer stations. Subsequently, a Gateshead resident was appointed into the Site Supervisor's role at Campground, and a South Tyneside resident into the same role at Jack Crawford House.
- 3.11 Residents from within the Partnership area were also recently appointed into non-operational contract management support posts, such as Business Assistant (from South Tyneside) and Assistant Analyst (from Gateshead).
- 3.12 Therefore, at May 2016, 70% of the post holders employed at the three waste transfer stations and in the management and administration of the RWTC are residents of the South Tyne and Wear area.
- 3.13 The Partnership remains committed to an ongoing programme of stakeholder engagement, which can be easily tailored and delivered in both the Visitor and Education Centre and through activities held in local community settings.
- 3.14 The final figures for the 2015/16 community engagement programme have now been confirmed. Between April 2015 and March 2016, the programme delivered a diverse range of waste-related activities, such as waste awareness sessions and workshops, enterprise days, school assemblies, recycled art and reuse projects, recycled and upcycled craft events and fayres, and visits to the EfW facility itself. In total, 2,522 pupils from local schools and colleges, and 721 community members participated.

- 3.15 Groundwork North East and Cumbria (GNEC) continue to deliver and enhance the Partnership's community engagement programme during 2016/17. During its first two months (April and May), 670 children have already participated in events. This includes two separate visits to the EfW facility for 122 pupils from Biddick Academy, Sunderland, as well as 14 pupils from Hilltop School, Gateshead. Keelman's Way School in South Tyneside continue to forge close links with GNEC, who are supporting weekly sessions with the school to deliver a long-term project working with post-16 learners on an upcycled African-themed craft project. Similarly, pupils from Portland Academy (Sunderland) are weekly visitors to the Visitor and Education Centre at Campground to participate in a term-long recycling/upcycling project.
- 3.16 In May, the Visitor and Education Centre Coordinator worked with St. Mary's RC Primary School in Sunderland on a 'Waste Free Week', where the school action team created, and then delivered, a waste awareness assembly to all 110 pupils within the school. The assembly focused on the prevention of food waste and plastic bottle recycling. The school has now successfully introduced an 'unwanted fruit/yoghurt/muffin basket', which allows children to leave any unwanted items after lunch for other pupils to take home after school. The Team then performed a song that they had written themselves about reducing food waste and encouraging children to reuse sports bottles each day, rather than disposable plastic cups etc.
- 3.17 Since April 2016, 174 members of local community groups and organisations have also participated in events at either the Centre itself or within their local community setting. This includes a waste awareness session as part of the fun day at Hedworthfield Community Centre in South Tyneside, which attracted 120 people.
- 3.18 Both the Campground and Jack Crawford House Community Liaison Groups continue to meet regularly.
- 3.19 The Campground Group last met at the Visitor and Education Centre on 15 March. The meeting received a presentation about the Tesco 'Bags of Help' funding scheme for local community projects. Operationally, it was noted that site is fully compliant, operating well, and no complaints have been received. It was also noted that due to GVOG entering administration, the Group will now chair itself, with SUEZ taking the lead role. The next meeting is scheduled for 12 July 2016.
- 3.20 The Jack Crawford House Community Liaison Group met on 19 May in the Carnegie Community Corner at the Old Hendon Library. The meeting also received information about the 'Bags of Help' scheme, and noted that operationally, the site continues to perform well. SUEZ received an Environment Agency warning letter relating to a legislation change in asbestos consignment notes. However, in response, SUEZ highlighted that the letter crossed-over procedural changes and this has been accepted by the Agency. The next meeting is scheduled for 22 September 2016.

4. MATERIALS RECOVERY FACILITIES - CONTRACTS UPDATE

- 4.1 The performance of both the Palm and J&B MRF contracts continues to be monitored closely by the joint partnership team. This includes processing payments, and regular contract meetings, and site inspections at various contract facilities.
- 4.2 The joint partnership team and senior officers at Gateshead and South Tyneside Councils continue to work closely with senior representatives of Palm Recycling to resolve some key contractual issues. Good progress is being made between the parties.
- 4.3 The final performance for the 2015/16 contract year, plus the latest performance for 2016/17 (April 2016) can both be found at Appendix A.

5. HOUSEHOLD WASTE AND RECYCLING CENTRES - CONTRACTS UPDATE

- 5.1 The joint partnership team also closely monitor all aspects of contract management in relation to the Gateshead and Sunderland HWRCs contracts. The South Tyneside contract is managed directly by officers from South Tyneside Council.
- 5.2 The final performance for the 2015/16 contract year for the Gateshead and Sunderland contracts, plus the latest performance for 2016/17 (April 2016) can both be found at Appendix A. The figures stated are currently provisional results, as further verification checks regarding reprocessing destinations for some materials are confirmed with SUEZ.
- 5.3 All of the existing HWRC contracts are scheduled to expire within the same timescale, i.e. on 31st March 2017, although it should be noted that the Gateshead and Sunderland contract has an option to extend for a further period of up to 36 months. Consequently, the Partnership is beginning initial pre-procurement exercises to compare different contract delivery models. This will identify the preferred approach that best suits each partner authority in the provision of the next HWRC contract, and ensure appropriate contracts can be put in place by 1st April 2017.
- 5.4 SUEZ has addressed several key factors recently, including changes in the management of the transport element to ensure smoother service delivery.
- 5.5 A bicycle recycling/reuse scheme has recently been introduced at Campground. Local social enterprise charity Recyke y'Bike regularly collect bicycles that would previously have been recycled as scrap metal. The bicycles are safety-checked and refurbished, and then sold in the local community to raise funds to meet running costs. Some of the sturdier bicycles are sent to a charity in Colchester which supplies projects in Africa with bicycles to offer people living in remote and isolated communities improved access to health services, education, and employment.
- 5.6 SUEZ continues to explore methods of increasing recycling destinations for materials collected on-site. However, the market for secondary materials is

volatile, and there are currently a number of issues around the recycling of some materials, such as hard plastics, carpets, and mattresses. However, a key principle within the contract enables the delivery of the Partnership's priorities to manage waste appropriately within the Waste Hierarchy by ensuring that any materials that cannot be recycled or reused are sent for recovery and, therefore, diverted from landfill.

6. **RECOMMENDATION**

- 6.1 The Joint Executive Committee is requested to note the progress of the project.

Contacts:

Fiona Swinburne, Contract Manager (PFI), STWWMP Tel: 433 7428

Gary Smith, Contract Manager (Ancillary), STWWMP Tel: 433 7477

Chris Wilson, Contract Manager (Policy), STWWMP Tel: 433 7478

RESIDUAL WASTE TREATMENT CONTRACT

2015/16 annual performance

Total contract waste	193,835 tonnes
Contract waste delivered to WTS: - Campground - Middlefields - Jack Crawford House	Gateshead 57,059 tonnes Sunderland 17,372 tonnes South Tyneside 48,288 tonnes Sunderland 71,114 tonnes
Total contract waste delivered to EfW	185,999 tonnes
Overall EfW availability	94%
Average turbine availability	98.7%
Electricity generation	202,995 MWh
Recycling performance	Target 2.0% Performance 3.1%
Recovery performance	Target 95.6% Performance 96.7%
Unprocessed landfill diversion rate	100%
Health and safety: - Personal injury - Property - Near misses - RIDDOR	12 52 172 0

2016/17 latest performance – April 2016

Total contract waste	16,597 tonnes
Contract waste delivered to WTS: <ul style="list-style-type: none"> - Campground - Middlefields - Jack Crawford House 	Gateshead 4,974 tonnes Sunderland 1,485 tonnes South Tyneside 72 tonnes South Tyneside 3,946 tonnes Sunderland 6,118 tonnes
Total contract waste delivered to EfW	15,626 tonnes
Overall EfW availability	100%
Average turbine availability	100%
Electricity generation	17,801 MWh
Recycling performance	Target 2.1% Performance 3.1%
Recovery performance	Target 95.5% Performance 96.9%
Unprocessed landfill diversion rate	100%
Health and safety: <ul style="list-style-type: none"> - Personal injury - Property - Near misses - RIDDOR 	3 1 16 0

MATERIAL RECOVERY FACILITY CONTRACTS

2015/16 annual performance

	Gateshead	South Tyneside	Sunderland
Comingled tonnage	13,101	10,749	15,322
Paper tonnage	3,159	1,471	3,810
Total tonnage	16,260	12,220	19,133
<i>Comparison to 2014/15 annual performance - all materials</i>	<i>3.1% increase</i>	<i>3.2% increase</i>	<i>0.6% increase</i>
<i>Comparison to 2014/15 annual performance - paper</i>	<i>8.1% decrease</i>	<i>17.0% decrease</i>	<i>9.8% decrease</i>
<i>Comparison to 2014/15 annual performance - comingled</i>	<i>6.4% increase</i>	<i>6.8% increase</i>	<i>3.5% increase</i>

2016/17 latest performance – April 2016

	Gateshead	South Tyneside	Sunderland
Comingled tonnage	1,028	853	1,260
Paper tonnage	246	134	285
Total tonnage	1,275	988	1,546
<i>Comparison to Apr. 2015 - all materials</i>	<i>8.8% decrease</i>	<i>8.5% decrease</i>	<i>3.0% increase</i>
<i>Comparison to Apr. 2015 - paper</i>	<i>9.1% decrease</i>	<i>9.2% increase</i>	<i>4.0% increase</i>
<i>Comparison to Apr. 2015 - comingled</i>	<i>8.7% decrease</i>	<i>10.8% decrease</i>	<i>2.7% increase</i>

HOUSEHOLD WASTE AND RECYCLING CENTRE CONTRACTS

2015/16 annual performance (excluding inert materials, such as rubble)

HWRC	2015/16 year-end
Campground	67.1%
Cowen Road	63.1%
Beach Street	67.0%

2016/17 latest performance – April 2016 (excluding inert materials, such as rubble)

HWRC	April 2016
Campground	63.2%
Cowen Road	59.5%
Beach Street	61.8%