



Report to: South London Waste Partnership (SLWP)
Joint Waste Committee

Date: September 2018

Report of: SLWP Management Group

Author(s):
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Chair of the Meeting:
Councillor Brunt, Chair SLWP Joint Waste Committee

Report title:
Phase A & B Contract Management Report

Summary:
This report provides Joint Waste Committee with an update on the performance of the three Phase A Contracts applicable to the South London Waste Partnership:

- i. Contract 1 - Transport and Residual Waste management
- ii. Contract 2 - HRRC services - HRRC site management and material recycling
- iii. Contract 3 - Marketing of recyclates and treatment of green and food waste

This report provides performance data for the period 1st April 2018 until 30th June 2018.

This report also provides Joint Waste Committee with an update on the Phase B Contract.

Recommendations:
Joint Waste Committee is asked to note the contents of this report, and comment on any aspects of the performance of the Partnership's Phase A & B contracts.

Background Documents:
Contract Performance Monitoring updates have been presented to the Joint Waste Committee since 22 July 2010. The most recent reports were presented at the meeting in June 2018 by the Strategic Partnership Manager, Annie Baker.

PHASE A BACKGROUND

- 1.1. Contract 1 is operated by Viridor Waste Management Ltd and includes the bulk haulage of material and the disposal of residual waste.
- 1.2. Contract 2, the HRRC service is operated by Veolia (ES) (UK) Ltd. The contract commenced on the 1st October 2015 and includes the management of the 6 Partnership HRRC sites in addition to the marketing of recyclates collected at each of the sites.
- 1.3. Contract 3 is operated by Viridor and includes the marketing of recyclates and the treatment of green and food waste.
- 1.4. The London Boroughs of Croydon, Sutton and Merton direct deliver kerbside collected residual waste and organics into the Beddington site, operated by Viridor. Merton also deliver kerbside recycling to Beddington, whilst Sutton delivers kerbside recycling to both Beddington and Veolia under a separate contract, and Croydon deliver all recycling to Veolia.
- 1.5. The Royal Borough of Kingston (RBK) direct delivers kerbside collected waste, organics, and recyclates into the Kingston Villiers Road Waste Transfer Station (WTS). Viridor operate Villiers WTS and related bulk haulage services on behalf of RBK under Contract 1.

2. PERFORMANCE DETAIL

2.1. **Contract 1: Transport and Residual Waste Management (Viridor Waste Management Limited)**

- 2.1.1. Under Contract 1 for the period being reported, 1st April 2018 until 30th June 2018, the Partnership managed just over 56,000 tonnes of residual waste. This shows a drop in waste of 2.4% (1,389 tonnes) when the data is compared to the same period last year. Please see Appendix A table 1a for further detail.
- 2.1.2. Landfill Diversion: Viridor has diverted just over 4,600 tonnes of residual waste from landfill via the Lakeside ERF during the period being reported. This equates to a 8% diversion from landfill for the Partnership. Viridor have direction on which boroughs' waste is diverted to Lakeside, largely determined by the location and capacity at the facility receiving the waste. Please see Appendix A table 1b for further tonnage data.
- 2.1.3. The Contract is operating effectively. There were no major operational or performance issues, no formal complaints were reported, and there were no KPI failures reported under Contract 1.

2.2. **Contract 2: Management of the Household Reuse and Recycling Centres (Veolia (ES) (UK) Ltd)**

- 2.2.1. Contract Management: the scope of the HRRC services can be summarised in three parts: the general management of the sites including staffing, plant, equipment, and site layouts; the transportation of materials;

and the recycling, treatment, and/or disposal of waste collected at the HRRC sites (excluding green and residual waste).

- 2.2.2.** HRRC Site Reconfigurations: upgrades have been completed at all sites. SLWP has also been in discussions with Veolia with regard to further improvements at the Villiers Road and Factory lane sites following work with customer surveys and H&S recommendations, and so further work will take place at these sites in the next 6-12 months.
- 2.2.3.** The contract specification focuses on three key performance categories; site user experience, health and safety, and material recycling.
- 2.2.4.** Site user experience: Veolia started customer satisfaction surveys in July 2016 to test site user experience. The real time data for the customer satisfaction surveys can be accessed on line by SLWP so we have full transparency. Customer satisfaction questionnaires are undertaken for two weeks at the six sites in turn for each round, table 2a of Appendix A details the dates for each round. Table 2b summarises the top 8 general comments made by customers at the end of the questionnaire.
- 2.2.5.** The Contract requires customer satisfaction levels of 80% and above at each of the sites. The key questions are detailed in tables 2c, d, e and f of Appendix A. Round 6 of the customer satisfaction surveys show improved levels of satisfaction in relation to queuing times, which had fallen in the previous two rounds. All results have remained above the contract target.
- 2.2.6.** Recycling Performance: Table 3a of Appendix A details the recycling performance by site, by month, and a year to date average – please note the year to date average is based on the raw tonnage data, not an average of the recycling performance per month. For the reporting period, April to June, Kimpton has not made the 70% contract target. Veolia have proposed additional measures to improve the recycling levels at this site.
- 2.2.7.** Table 3b in Appendix A uses data specifically from the reporting period April to December from the last three years in order to compare performance year to date. The blue bar shows the recycling performance for the current year to date and the orange bar shows recycling performance at the same time last year. The green dotted line and the text in this graph show last years end of year recycling performance for each site.

Kimpton is performing slightly better than at the same point last year and has seen a reduction of 2.5% in the total tonnes accepted at the site (112 tonnes less). The site has also seen a 9% drop in the volume of residual waste compared to the same time last year. This equates to 99 tonnes.

Factory Lane performance is approximately 2% better than the same point last year. The site has seen a 7% reduction in the total site tonnages (322 tonnes) and there has been a 15% reduction in residual waste (164 tonnes less). Over the same period there has also been an increase in Green waste of 12% (98 tonnes more).

Contract 3 – Materials Recycling Services, Composting, and additional treatment services (Viridor Waste Management Limited)

- 2.2.8.** Green waste is delivered to the Viridor Beddington facility where it is bulked and hauled off-site for treatment in the following facilities: KPS Isfield and Pease Pottage, Woodhorn Runcton and Tangmere, Tamar Beddingham and Swanley, and Birch Airfield.
- 2.2.9.** The green waste is processed in order to produce a BSI PAS100 compost product. Green waste tonnage data for quarter 2 by borough can be found in Appendix A table 4a.
- 2.2.10.** Food waste is delivered to either the Beddington facility or the Villiers Road Transfer Station facility. From both sites the food is transferred by Viridor to the Agrivert Trumps Farm Anaerobic Digestion (AD) facility located in Surrey. The Agrivert facility produces a BSI PAS 110 compost product. There are no performance issues with this element of the Contract 3 service. Appendix A table 4b contains further food waste information.
- 2.2.11.** Comingled recyclates handled under contract 3 are delivered to the Viridor Beddington facility and then transferred to the Viridor Materials Recycling Facility (MRF) located in Crayford. Contamination remains an issue and work is on-going at each of the boroughs to manage and reduce contamination and bring the material back within the specification. Please refer to Appendix A table 4c.
- 2.2.12.** The twin stream recyclates collected by RBK are delivered to the Villiers Road Waste Transfer Station under Contract 1 and transferred by Viridor to the RBK recycling material processing contract with Veolia.

3. PHASE B UPDATE

3.1. Background

- 3.1.1.** Viridor South London Limited ('Viridor') was formally awarded a contract for the treatment and disposal of residual waste in November 2012. The Contract involves Viridor designing, building and operating an Energy Recovery Facility (ERF) which will remain in its ownership and through which it will dispose of municipal residual waste arising in the South London Waste Partnership area.
- 3.1.2.** Full planning consent was granted for the Construction of the ERF in March 2014, the Judicial Review concluded on the 28th April 2015, following which Viridor confirmed that Satisfactory Planning, free from legal challenge, was achieved on the 1st June 2015.
- 3.1.3.** Financial close took place on 9th June 2015, at which point the Sterling Euro exchange rate for the construction capital was agreed and fixed, in addition, the construction indexation was also fixed. Following the agreement of the variable rates detailed above, an updated base case Financial Model was agreed by all parties and the model was locked.

Completion of the financial close stage provided a revised and more beneficial ERF gate fee for the Partnership.

3.2. Construction Phase

3.2.1. Notice to Proceed (NTP) was issued by Viridor to their engineering, procurement and construction (EPC) contractors on the 1st July 2015. Following the issue of NTP, construction works are deemed to have started, and this is termed the Works Commencement Date. The key developments in relation to the Phase B ERF construction are below:

Estimated date	Activity
Jul-15	Notice to proceed is issued 1st July 2015
Aug-15	Preparation of piling for walls
Sep-15	Demolition of existing buildings
Feb-16	New road and roundabout works commence
Oct-15	Work will start on the waste bunker
Apr-16	Waste Bunker construction becomes visible
Apr-16	Process equipment starts to arrive and visible construction is on-going
Aug- 18	ERF to be fully operational - now expected October 2018

- Main building and transfer station are very near to completion
- The plant has been independently checked, verified and signed-off for commissioning operations
- The plant started to receive waste during July
- Checks and testing using the turbine will start soon with generation of first power to follow
- The new landscaping and pond area are greening up nicely

4. RECOMMENDATIONS

4.1. It is recommended that the Joint Waste Committee:

- Note the contents of this report, and comment on any aspects of the performance of the Partnership's Phase A & B contracts.

5. IMPACTS AND IMPLICATIONS

Legal

5.1. There are no legal considerations arising directly out of the recommendation in this report

Finance

5.2. There are no financial considerations arising directly out of the recommendation in this report

6. Appendices

- 6.1.** Appendix A provides data on the performance of the Phase A contracts for the reporting period 1st April 2018 to the 30th June 2018.