



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

Date: 16 September 2014

Report of: SLWP Management Group

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Chair of the Meeting:
Councillor Judy Saunders, Chair SLWP Joint Waste Committee

Report title:

Phase A 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. HRRC services - Managed by Royal Borough of Kingston (RBK)
- iii. Contract 3 - Marketing of recyclates and treatment of green and food waste

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 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 on Tuesday 5th April 2014 by the Contract Manager.

1. BACKGROUND

- 1.1. Contract 1 is operated by Viridor Waste Management Ltd and includes the haulage of all materials requiring transfer and the management of residual waste.
- 1.2. The Partnership's HRRC site service is currently managed by the Royal Borough of Kingston, pending re-procurement of the service.
- 1.3. Contract 3 is operated by Viridor and includes the marketing of recyclates and the treatment of green and food waste.

2. PERFORMANCE DETAIL

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

- 2.1.1. Viridor continue to divert a proportion of the Contract 1 residual waste to their Lakeside energy from waste facility (EFW) at the Partnership's request. Following the Contract variation in July 2014, the cost per tonne of treating material via EFW has been reduced; the partnership no longer pay for haulage costs and our EFW gate fee is charged at the same rate per tonne as the landfill gate fee.
- 2.1.2. During quarter 1 a total of 5,055 tonnes (or 8%) of residual waste was diverted from landfill to the Lakeside EFW. Please see Appendix A section 3 for further tonnage data.
- 2.1.3. We are now in discussions with Viridor regarding operational measures which will enable the Partnership to increase diversion from landfill at no additional cost.
- 2.1.4. The Contract is operating effectively. There were no major operational or performance issues and no formal complaints reported under Contract 1.

2.2. Contract 2: Management of the Household Reuse and Recycling Centres (Royal Borough of Kingston)

- 2.2.1. With regard to general performance across all six sites, the Partnership inherited numerous challenges bringing the service in-house, notably staff management and supervision, related disciplinary issues, site safety, site infrastructure, supplier issues and regulatory compliance. The April JWC report outlined three main initiatives aimed to improve health and safety and recycling performance at the sites; staff training, waste analysis, and the HRRC staff restructure. Work continues on all three areas of improvement.

- 2.2.2. The average SLWP performance remained stable at 74% during the first quarter of 2014 (see Appendix A, section 4 for more details).
- 2.2.3. Significant disciplinary issues have come to light since the contract was taken over by RB Kingston. RBK is in the process of managing these using appropriate disciplinary procedures. Sixteen staff have been through a disciplinary, with five dismissals, one settlement and one final written warning so far. There are nine final outcomes pending.
- 2.2.4. These disciplinary issues have affected performance at selected sites, and it is thought to have contributed to the reduced performance seen at Factory Lane. Eight of the nine pending disciplinaries are at Factory Lane.
- 2.2.5. Performance at Factory Lane has dropped from 69% to 61% during quarter 1. In addition to the above disciplinaries, RB Kingston is also undertaking the following actions at Factory Lane, in consultation with Croydon Waste Officers, to try and establish the potential causes of the drop at Factory Lane: CCTV site monitoring, a desk top analysis of tonnages disposed of through the site and a manual composition analysis of the on-site residual waste containers. In addition, there has been increased presence of the area supervisor at Factory Lane.
- 2.2.6. The staff restructure is designed to resolve the significant disciplinary and site management and supervision issues that were inherited from EWC. The two-stage consultation process for the restructure commenced in August and is due to finish September 4th. The target implementation date for the new structure is 3rd November.
- 2.2.7. The restructure will put in place an improved managerial and supervisory structure aimed at strengthening the supervisory arrangements at site level, providing clear roles and responsibilities for all staff, and ensuring there is a consistent pay structure. As a result of these changes there will be an improved standard of customer service, compliance, and recycling performance. See 3.3 below for further details.
- 2.2.8. The re-procurement of the HRRC contract is underway via the Competitive Dialogue process.
- 2.2.9. In relation to the HRRC management, there is also a project underway to review the agreements in place with suppliers who collect and recycle material from the HRRC sites (also known as 'off-take' agreements). These agreements were put in place by the former contractor, EWC. This work stream aims to review the quality of service being provided, assess value for money, and ensure continuity of services.

2.2.10. During national strike in July, a number of staff members from the HRRC service went out on strike. As a result, resourcing had to be rearranged across all sites, except for Sutton Kimpton Park Way. This resulted in the closure of Croydon Fishers Farm site only.

2.3. Contract 3 – Materials Recycling Services, composting, and Additional treatment Services (Viridor Waste Management Limited)

2.3.1. Green waste is delivered to the Viridor Beddington facility where it is treated to produce a BSI PAS100 compost product. There are no issues to report on this element of the service.

2.3.2. Food waste is delivered to either the Beddington facility or the Villiers Road transfer station facility. From both sites it is then transferred by Viridor to the Agrivert Trump Farm Anaerobic Digestion facility (AD) located in Surrey. The Agrivert facility is newly operational and will produce a BSI PAS 110 compost product. There are no performance issues with this element of the contract 3 service.

2.3.3. Comingled recyclates are delivered to the Viridor Beddington facility and then transferred to the Viridor Materials Recycling Facility (MRF) located in Crayford. The MRF at Crayford includes a good range of technology and equipment which, in addition to low contamination rates, provides the partnership with very high recycling percentages. In quarter 1 the London Borough of Merton and the London Borough of Sutton achieved a recycling rate from the MRF in excess of 93%. Please see Appendix A section 7 for further details. There are no performance issues to report on this element of the service.

2.3.4. The Source segregated recyclates, also known as Kerbside-sorted recyclable materials collected by the Royal Borough of Kingston are delivered to the Villiers Road TS and then transferred either directly to re-processors or to the Viridor MRF at Crayford for bulking and onward transfer. Please see Appendix A section 8 for further tonnage data.

3. RECOMMENDATIONS

3.1. It is recommended that the Joint Waste Committee:

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

4. IMPACTS AND IMPLICATIONS

Legal

- 4.1. Contract negotiations are complete and a Deed of Variation has been signed for Contract 1 and also for Contract 3.
- 4.2. Legal Shared services are assisting on the HRRC off-take work stream.

Finance

- 4.3. None

5. Appendices

- 5.1. Appendix A provides the quarter 1 data on the performance of the Phase A contracts (April to June 2014).

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