



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

**Date:** December 2018

**Report of:** SLWP Management Group

**Author(s):**  
Annie Baker, Strategic Partnership Manager

**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:

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

This report provides performance data for the period 1<sup>st</sup> April 2018 until 30<sup>th</sup> September 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 September 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 1<sup>st</sup> 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, 1<sup>st</sup> April 2018 until 30th September 2018, the Partnership managed just over 109,000 tonnes of residual waste. This shows a 3.2% drop in waste (3,607 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 23,000 tonnes of residual waste from landfill via the Lakeside ERF during the period being reported. This equates to a 21% 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 is also in discussions with Veolia with regard to further improvements at the Villiers Road and Factory lane sites following ongoing reviews, and so further work may take place at these sites in due course.
- 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 7 surveys were completed in February, March and April, round 8 from May to July, and round 9 during August, September and October. In all three rounds over 95% of customers were satisfied with the cleanliness of sites, helpfulness of staff, and the site signage. In regard to queuing, round 8 saw an increase in waiting times, with 20% of customers surveyed having to wait more than 5 minutes to access the sites. However, May was exceptionally busy and round 9 has improved with 85% of responses reporting less than 5 minutes queuing time. 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 September, Kimpton and Garth Road have not made the 70% contract target, this is largely due to a significant drop in green waste tonnes. Kimpton have seen a 17% drop and Garth Road a 7% drop in green waste compared to last year, and Garth Road saw a 6% spike in residual waste in September. The Croydon sites combined and the Kingston Villiers Road site are currently achieving 70% recycling.
- 2.2.7.** Table 3b in Appendix A uses data specifically from the reporting period April to September 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.

All sites are down on their performance last year. Kimpton has seen a positive drop in residual waste, and a drop in total site tonnage, this improvement is however outweighed in part by the significant drop in green waste at the site. Villiers, Factory and Fishers have all achieved a reduction in residual waste and total site tonnage, but this is again outweighed in part by low green waste tonnes.

Year to date, total Green waste tonnes collected at the kerbisde and the HRRCs combined has dropped in Croydon, Sutton and Merton, assumed to be a result of the dry summer.

Generally, across all sites, the contractor is struggling to meet increasingly stringent quality requirements for recyclates which has an impact on recycling rates, but work is ongoing to improve the marketability of materials, for example rigid plastics. A 'van and large vehicle' pilot scheme will be trialed at Kimpton and Villiers; this will aim to reduce any improper use of the sites by suspected traders.

### **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. Year to date, total Green waste tonnes collected at the kerbside and the HRRC combined has dropped in Croydon, Sutton and Merton, assumed to be a result of the dry summer.
- 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.** A large proportion of the recyclates collected at the kerbside are now process under the SLWP collections contract. Comingled recyclates that are still 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 28<sup>th</sup> April 2015, following which Viridor confirmed that Satisfactory Planning, free from legal challenge, was achieved on the 1<sup>st</sup> 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 1<sup>st</sup> July 2015.

**3.2.2.** The EPC contract was a joint venture between CNIM, the technology providers, and Lagan, the projects civil engineers. In spring of 2018 Lagan went into administration and so CNIM have assumed both of the EPC roles.

**3.2.3.** The key developments in relation to the Phase B ERF construction are below:

- The plant was independently checked, verified and signed-off prior to commissioning operations
- The plant started to receive waste during July 2018
- The turbine is now operational and generating electricity, with the successful export of electricity to the main grid being achieved in November 2018
- Before the ERF moves out of the commissioning stage there are a series of 'Take Over Tests' which will ensure the plant operates to the specification required in the EPC Contract. These tests are overseen and signed off by our jointly appointed Independent Certifier (IC) and are due to take place in November and December 2018.

- Once the EPC contractor has successfully completed these tests the ERF will be fully operational.
- In November, members of the SLWP Joint Waste Committee met with the Environment Agency to learn more about their work and discuss emissions monitoring for the ERF. A briefing on this is attached as Appendix B to this paper for information.

#### **4. RECOMMENDATIONS**

4.1. 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 & 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 1<sup>st</sup> April 2018 to the 31<sup>st</sup> September 2018.

6.2. Appendix B provides a summary of the recent Joint Waste Committee meeting with the Environment Agency.