

## Contracts and operations update

### SUMMARY

This report provides an update on the Authority's waste treatment arrangements and procurements. The key points are:

- The Authority's largest contract, which involves sending non-recyclable waste by train to an energy recovery centre, has suffered some operational disruption but is otherwise running well.
- Improvement projects are being delivered at all Borough HRRCs, and Environment Directors have recommended that unspent HRRC Improvement funding is rolled over into 2023/24 to allow projects to be completed.

### RECOMMENDATION(S) The Authority is asked to:

- 1) Approve the carry-over of unspent HRRC Improvement funding into the next financial year (2023/24).

## 1. Introduction

This report provides an update on WLWA's existing contracts and operations for managing west London's waste.

## 2. West London Residual Waste Services contract

This contract is with West London Energy Recovery Limited (WLERL) and is operated by Suez. It involves the acceptance of waste from Boroughs at west London transfer stations, from where most of the waste is compacted into containers and transferred by rail to Severnside Energy Recovery Centre (SERC) for thermal treatment and energy recovery. It is the Authority's largest contract, handling over 300,000 tonnes of residual waste each year, with a value of around £35 million per year.

The contract continues to perform very well against its Key Performance Indicators (KPIs) for the current year-to-date, where a landfill diversion rate of 99.9% (target 96.1%) was achieved along with a recycling rate of 5.5% (target 2.1%).

On the morning of 7 Feb there was a fire in one of the two waste bunkers at Victoria Road transfer station, leading to a temporary site closure and re-routing of Borough vehicles. The fire brigade attended, and the site was operational again by early afternoon. The cause was batteries that had been through a shredder, which may have come from a Borough HRRC/transfer station or bulky waste collection. Short and long-term plans are in place to increase battery separation at Borough sites as part of the HRRC Improvements Programme.

Further disruption was caused late on 2 March, when the Metropolitan Police closed the Transport Avenue transfer station to investigate the contents of some of the waste. The site remained fully closed for the full day of 3 March whilst evidence was collected, and the Police allowed the site to reopen the following day. Boroughs tipped at contingency locations during the closure. WLWA and the Contractor expressed strong concern to the Police about the operational impacts of the full closure and are developing processes to prevent full site closures in the event of future investigations.

No rail strikes have happened since the last meeting. Strikes and strike-related disruption are planned between 16-18 March and 30 March to 1 April. The Contractor is working with its rail haulier to assess the service impact. Contingency plans are well tried and tested and will be put in place if required.

A planned outage at SERC will take place in April. Extensive contingency plans are being developed to minimise the impact on operations.

Improvement projects continue to be delivered at the transfer stations, including a £2m upgrade to fire suppression systems at Victoria Road (following a successful installation at Transport Avenue) and a medium-term fix to one of the waste bunker cranes, ahead of a full replacement of both cranes next year (worth £3.5m).

Vehicle turnaround times have improved significantly at Transport Avenue, due to delivery of an Action Plan. Improvements are also planned at Victoria Road, but the crane replacement and development of a new bulking shed will be needed to maximise the benefit.

### **3. Viridor residual waste contract (Lakeside)**

This contract is for 90,000 tonnes a year of residual waste which is thermally treated at Lakeside energy recovery centre near Slough. The contract is operating well. A partial outage is planned through April and May. Contingency options have been developed in conjunction with those for the SERC outage.

### **4. Food waste contract**

The food waste contract with Biocollectors continues to operate well.

### **5. Green waste contract**

The green waste contract is operated by West London Composting (WLC). The contract continues to deliver a good service.

### **6. Transport contracts**

The Authority lets two waste transport contracts:

- One for transporting non-recyclable waste from Borough waste transfer stations and Dry Mixed Recycling (DMR) collected by Ealing, typically using bulk haulage vehicles, operated by Waste-A-Way Recycling.
- One for the removal of segregated materials from Borough HRRC sites in roll-on roll-off (RoRo) containers, operated by Suez.

Both contracts are operating well.

### **7. Dry Recyclables**

The contract is operating well, and there are no operational issues to report.

### **8. Abbey Road HRRC and Waste Transfer Station (WTS)**

Abbey Road HRRC and WTS is managed by WLWA, and the HRRC is run on behalf of Brent.

A trial will soon start for sorting black bagged waste brought into the HRRC by residents at Abbey Road. This initiative has been rolled out in other parts of the country and has led to significant financial and carbon savings by recovering valuable materials that would have otherwise been sent to energy from waste. It also removes potentially dangerous materials, such as batteries, from the residual waste stream. Black bag sorting will take place as part of two-way conversations between Waste Minimisation Operatives and residents bringing black-bagged waste. The sorting infrastructure has now been constructed and health and safety procedures developed. The trial will begin once staff have been fully trained.

## **9. HRRC Improvement Programme**

HRRC Improvement work continues to be rolled out by the Boroughs, funded by WLWA's investment of £200,000 per Borough. Major improvements have been delivered across all Borough HRRCs, with more planned, but the full funding will not be spent by the end of year at any site.

Following consultation with Environment Directors, it is recommended that unspent funds are rolled over into 2023/24 and ringfenced to spend on HRRC improvements.

## **10. Operations Manager**

The Authority's Operations Manager has resigned. Options for covering the position are being considered whilst a recruitment process takes place.

## **11. Legislative change**

### Major waste reforms

On the day of the last Authority meeting, the Government published its response to the consultation on a Deposit Return Scheme for drinks containers. The target commencement date for the scheme is 1 October 2025. It will lead to reductions in drinks containers (cans and plastic bottles) in both kerbside recycling and residual waste systems. Local Authorities are currently considering how to recover un-claimed deposits from any drinks containers that they collect.

Ahead of mandatory food waste recycling coming into force, the Government has made clear that it will not cover capital costs already paid by local authorities for introducing food waste recycling. It will also not pay towards waste disposal authority capital costs (bulking, transfer and recycling).

The Government's response to the consultation on Consistent Collections is expected imminently.

### Electricity Generators Levy

The levy, which was discussed at the last Authority meeting, applies to electricity sold at over £75/MWh from low-carbon electricity generation and includes Energy from Waste facilities, such as SERC, where the Authority receives a share of electricity income. Full formal guidance on how the levy will be applied is still awaited (expected this Spring). Based on available information, WLER expects that the levy will not affect the Authority's income, but this will be confirmed when the guidance is published.

## **12. Health and Safety Implications**

Changes to tipping locations for Boroughs and contractors, due to the operational issues discussed in Section 2, could increase the risk of accidents due to drivers using sites that they are not used to, and increased traffic at tipping points. This is mitigated by contractors at tipping points provide an induction to all drivers that are new to a site.

Improvement work at the transfer stations is all subject to an extensive risk assessment process by Suez.

A risk assessment and safe working procedures for the sorting of black bagged waste has been developed by the Authority's health and safety manager in consultation with the site staff, and is currently being rolled out.

## **13. Financial Implications**

The disruption described in Section 2, leads to additional costs, largely from processing more waste at one of the major transfer stations (requiring overtime), or transfer waste by road instead of rail. These additional costs are paid for by the Contractor but can result in longer turnaround times for Boroughs. If the Contractor is unable to send waste to SERC and must instead use an alternative energy recovery facility, or landfill, WLWA will miss out on a contract rebate for this material. A maximum of 3.9% (around 12,000 tonnes) of contract waste can be treated this way

with WLWA covering the additional costs. If this occurs, WLWA could miss out on a maximum rebate of around £1.8m. The Contractor covers additional costs above the 3.9% cap.

WLWA is obliged to send the Contractor 235,000 tonnes a year of Contract Waste for treatment. The rail strikes pose a risk that waste will not reach SERC and WLWA must pay for 235,000 tonnes regardless of whether it is treated. However, this risk is currently low because of the Contractor's proven ability to get waste to SERC regardless of the disruption, and because this year 242,000 tonnes has been treated already (to end Jan). A major increase in strike action next year would increase the risk level.

The improvement projects described in Section 2 will be financed by the Contractor and WLWA is not obliged to contribute to the costs. The improvements will improve the speed of Borough tipping, leading to operational savings.

Staffing cover for the Operations Manager position may result in an increase in staffing costs above the budgeted level. There has also been an increase in the market value of Operations Managers, which may again push staff costs above budgeted levels following the recruitment. Any additional costs will be covered by operational savings, which will be a key focus area for the new Operations Manager.

The Abbey Road black bag sorting trial referred to in Section 8 requires approximately £25,000 of funding which is drawn from the Improvement Funding budget. This resource requirement covers PPE, Equipment, H&S training, additional bins and production of documentation. The trial does not require any additional allocation of staff as existing site staff will manage the trial. It is anticipated that the trial will be in operation for approximately 6 months and is due to start in mid-March. Current levels show that Abbey Road achieves 70-73% diversion across the HRRC and it is anticipated the trial could increase levels to 75-80% whilst also providing additional data regarding material capture which will in turn provide a better understanding of and inform future onsite communications and campaigns produced via the information hub onsite.

The trial will involve the sorting of 323 tonnes of waste and will aim to target recycling of 90 tonnes of black bag waste. In summary the trial will require an investment of £25,000 and WLWA anticipates a saving of £12,500. Although this project requires an upfront investment this is not a repeatable cost and WLWA will gain significant improvement from the trial in terms of increasing customer awareness and behaviour change and longer term improvement in social value. Following delivery of the trial, WLWA's future plans are to roll out the scheme to other WLWA HRRCs for additional savings.

The major waste legislation reforms will have a financial impact in the medium to long term, but Government's consultation responses are needed to model these impacts. The Authority was not anticipating government support for separate food waste collections, so the Government's position does not affect budget estimates.

The impact of the Electricity Generators Levy on WLWAs contract requires further information from the Government to give clarity on financial implications for the Authority.

Approximate annual values of the Authority's key contracts are:

- WLERL, residual waste services, £35m
- Viridor, residual waste services, £14m
- West London Composting, green waste, £1.5m
- Waste-A-Way, transport services, £1.0m
- Suez UK, transport services, £0.5m
- Biocollectors, food waste, £0.4m

Please refer to the Finance Update for a summary of the current position against the budget.

## 14. Staffing Implications

Options to cover the Operations Manager vacancy (described in Section 10) will include interim contract, fixed term contract and secondment from Boroughs or contractors.

## 15. Legal Implications

Legal positions have been sought on the potential impacts of the Electricity Generators Levy.

## 16. Impact on Carbon reduction

HRRC improvement projects aim to maximise diversion of valuable materials from residual waste, reducing carbon by keeping materials in circulation.

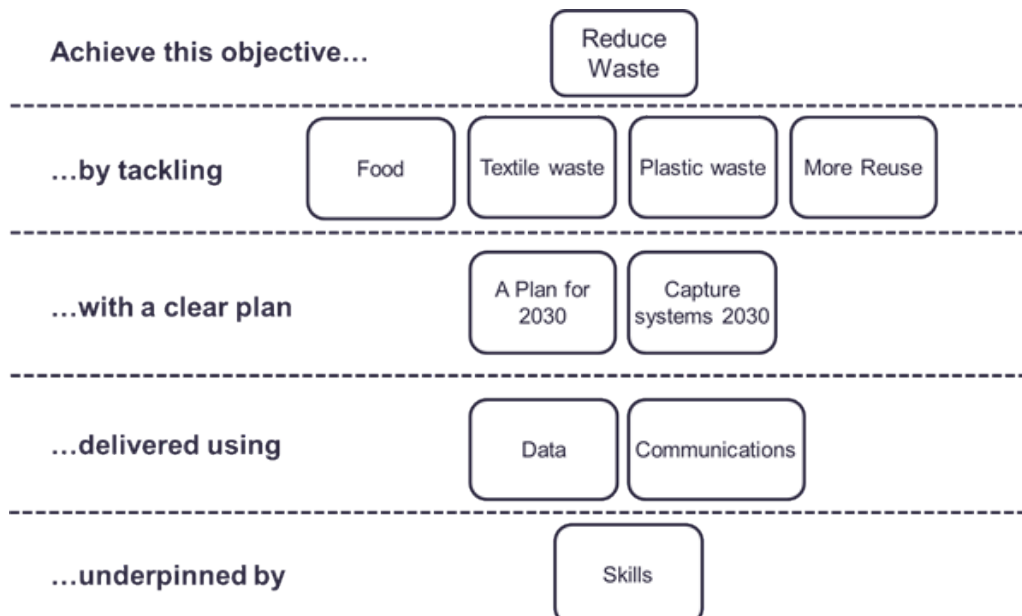
Improvement projects at the waste transfer stations aim to increase the efficiency of the tipping and transport of waste, reducing the carbon associated with managing it.

## 17. Impact on Environment Directors Priorities

Priority	Key points raised within this report
Bringing residents with us	HRRC improvement projects, including black bag sorting, aim to make the most of the opportunities for talking with residents about their waste and recycling behaviours.
Sustainable decision making	N/A
Climate adaptation and decarbonisation	See Section 16
Dealing with financial challenges whilst delivering on climate change	HRRC improvements will deliver financial savings to Boroughs, directly through separating more recyclables, and indirectly through residual waste savings to WLWA.  The major waste legislative reforms provide an opportunity for Boroughs and WLWA to improve the efficiency of operations and secure extended producer responsibility payments.

## 18. Impact on Joint Municipal Waste Management Strategy

The framework of a joint plan for 2030 to be developed by WLWA and Boroughs was agreed in March 2022 and is shown below.



The HRRC improvements discussed in Sections 8 and 9 will tackle some of the key materials in the diagram above through increased diversion of materials from residual waste.

The major legislative reforms described in Section 11 will help to develop A Plan for 2030 and Capture Systems 2030.

## 19. Impact on statutory, national and London targets

The HRRC improvement programmes and the major legislative reforms will help address the target 65% recycling by 2035 (2030 in London).

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