

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, is operating well despite continued challenges from ongoing strike action.
- Improvement projects are being delivered at all Borough HRRCs
- Forthcoming legislative change may have an impact on WLWA and Boroughs, but further clarification is needed and is being sought.

RECOMMENDATION(S) The Authority is asked to:

- 1) Note the information within this report.

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 5.3% (target 2.1%). 96.2% of Contract Waste for Treatment was sent to SERC.

At the time of writing, the Contractor has managed the impacts of three series of rail strikes, on 26 November, 13 to 17 December and 24-27 December. Additional problems on the rail network led to further cancelled or disrupted trains on 2, 3, 8, 9 and 20 December. Despite these difficulties, the Contractor has managed to deliver the services with little disruption to Boroughs, and November saw 27,810 tonnes of WLWA's waste treated at SERC, the highest monthly tonnage of the year so far. Catch-up trains, and additional road haulage has helped keep waste moving to SERC despite the rail disruption.

Further rail strikes are taking place on 2 to 7 January. The Contractor has extensive contingency plans for this period, including maximising use of rail on the days that trains are running, and additional road haulage has been booked throughout the festive period and early January. Capacity levels at the time of writing are good at both transfer stations, and the forecast for the weeks ahead is within storage limits, although Victoria Road is expected to be near full capacity by 7 January. The Contractor is working with its rail haulage contractor to try and schedule trains during the January strike period, which will further improve capacity levels if successful.

The Contractor is developing plans to increase the resilience of the rail service under the assumption that strikes will continue in the medium-term. The plans include securing additional train paths so that trains can run at different times in the event of disruption.

Despite the operational challenges, the Contractor and its operating sub-contractor, Suez, continues to invest in major improvement projects to improve the transfer station service for Boroughs. This includes:

- Upgrade of fire suppression systems, costing £4m in total, now in place at Transport Avenue and is being installed at Victoria Road.
- Replacement of the waste compactors to increase the load weights on the trains, reducing carbon and increasing reliability of the transfer station operation. Cost: £2m
- Installation of more weighbridges, speeding up vehicle movements through the sites. Cost: £0.5m
- Replacing the ageing waste cranes at Victoria Road transfer station to increase the speed and reliability of the operation, at a cost of £3.5m

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.

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). At the December Authority meeting, it was verbally reported that on 30 November a tractor tyre exploded, seriously injuring the legs of two site workers. Both workers are now out of hospital and recovering at home following surgery. The accident is being investigated. WLWA has since visited and inspected the site and will return for a further unannounced visit.

Operationally, 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.

At its December meeting, the Authority was informed of the loss of one mobile plant operative due to a heart attack, and the loss of another who was dismissed for gross negligence. Since then, agency cover has been provided and recruitment for replacement drivers is taking place. A long-standing vacancy for an Operations Data Officer has been filled and the appointee is settling into the position well.

Circular economy activities on site are progressing well, with more outlets secured for re-usable and repairable bicycles received from the Abbey Road and Richmond HRRCs. Lottery funding for the Fixing Factory, which repairs laptops on site, has been extended and an analysis is currently underway to understand the strengths and areas of improvement for the project so far, so that a plan can be put in place to get the best learning from the remaining funding period.

The Operations Project Manager is developing a trial 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, and a communications plan is being developed for the trial.

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. To retain the funding, Boroughs must achieve a minimum diversion rate of 40% for the full year 2022/23. Hillingdon and Harrow are close to this threshold and WLWA colleagues are working with these Boroughs to support them in exceeding 40%. A year-end project report will be brought to the Authority's meeting in March.

Richmond has appointed WLWA's Operations to provide operations management for its two waste sites: Townmead and Central Depot. The team is also providing operations cover to Hounslow for its Space Way transfer station/HRRC over the Christmas period.

10. Legislative change

Persistent Organic Pollutants (POPs)

The Environment Agency has announced its intention to enforce segregation of waste materials containing Persistent Organic Pollutants (POPs) – which are commonly found in fire retardants and are common in upholstered domestic seating. These items are collected at Borough HRRCs. POPs can cause harm to humans and the wider environment and therefore must be managed safely and not end up in landfill. The Environment Agency has written to waste authorities requiring them to separate out POPs-containing materials that are destined for disposal and send them separately for incineration.

West London's authorities already send these materials to energy recovery facilities, but the Agency is asking for them to be handled separately before they get there. This reduces the efficiency of the process, leading to additional cost and carbon impacts throughout the system, including at Borough HRRCs, and it is unclear how it will improve the safe management of POPs. WLWA is therefore working with industry associations to push for a more pragmatic and risk-based approach that safely manages POPs while maintaining efficient waste systems.

All POPs containing upholstered domestic seating is currently sent to energy recovery facilities, which destroys the POPs and therefore this approach is compliant with the legislation. The WLWA operations team is working with Boroughs and contractors to demonstrate that current methods of managing upholstered domestic seating prior to incineration are legally compliant.

Major waste reforms

Over a year has passed since the Government consulted on major reforms to waste and recycling, including Waste Prevention, Extended Producer Responsibility (EPR), Deposit Return Scheme (DRS), and Consistency of Collections. The Government has so far only responded to the EPR consultation results, saying that it will be introduced for household waste, but the roll-out for business waste will be delayed. The Government is expected to publish its responses to DRS and Consistency of Collections early in the New Year. The outcomes of these consultations

will have major impacts on the composition of wastes that WLWA and Boroughs manage, and is likely to influence how recyclables are collected.

Electricity Generators Levy

The levy, announced in the Government's recent mini budget, applies to electricity sold at over £75/MWh from low-carbon electricity generation. The levy provides an allowance for the first £10m per annum of generation above this level that will not be subject to the levy, and a de minimis meaning the levy will only apply to companies or groups of companies generating more than 50 gigawatt hours per annum. Further detail is expected in March.

It is currently unclear if the levy will impact WLWA's contracts. The National Association of Waste Disposal Officers has written to the Government expressing that the levy must not lead to a reduction of income to Local Authorities with income waste contracts that share income from electricity generation.

11. Health and Safety Implications

Additional waste at the rail linked transfer stations, due to the operational issues discussed in Section 2, could increase the risk of accidents involving visiting vehicles due to temporary changes to the layout of the transfer stations and traffic flows. This Contractor will mitigate this by informing site users of changes upon arrival.

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

Officers are awaiting the outcomes of the investigation into the WLC incident to determine any improvement actions.

New staff at Abbey Road, including agency staff, will be fully inducted to work safely on the site.

A risk assessment for the sorting of black bagged waste is being developed by the Authority's health and safety manager in consultation with the Operations Project Manager.

12. Financial Implications

The disruption caused by rail strikes, described in Section 2, leads to additional costs, largely from delivering more waste to SERC by road when rail is unavailable. These additional costs are paid for by the Contractor. In the event that 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. Should this come to pass, it would not affect the budget position because this is additional income received after financial year end.

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 low because of the Contractor's proven ability to get waste to SERC regardless of the disruption, and because this year 178,000 tonnes has been treated already.

The improvement projects described in Section 2 total around £10m. These 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.

Increased use of agency staff to cover vacancies at Abbey Road will be financed through savings made at site, including from increased trade waste income.

HRRC improvements are being delivered within the £200,000 per Borough allocation from WLWA. Boroughs must achieve over 40% diversion in 2022/23 to retain the funding.

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 impact of the

Electricity Generators Levy on WLWAs contract is unclear and further information from the Government is needed to clarify this.

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.

13. Staffing Implications

Agency staff are covering vacant positions at Abbey Road whilst recruitment is taking place, as described in Section 8.

14. Legal Implications

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

WLWA and Boroughs are compliant with legislation on POPs, because domestic seating is not sent to landfill.

15. 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.

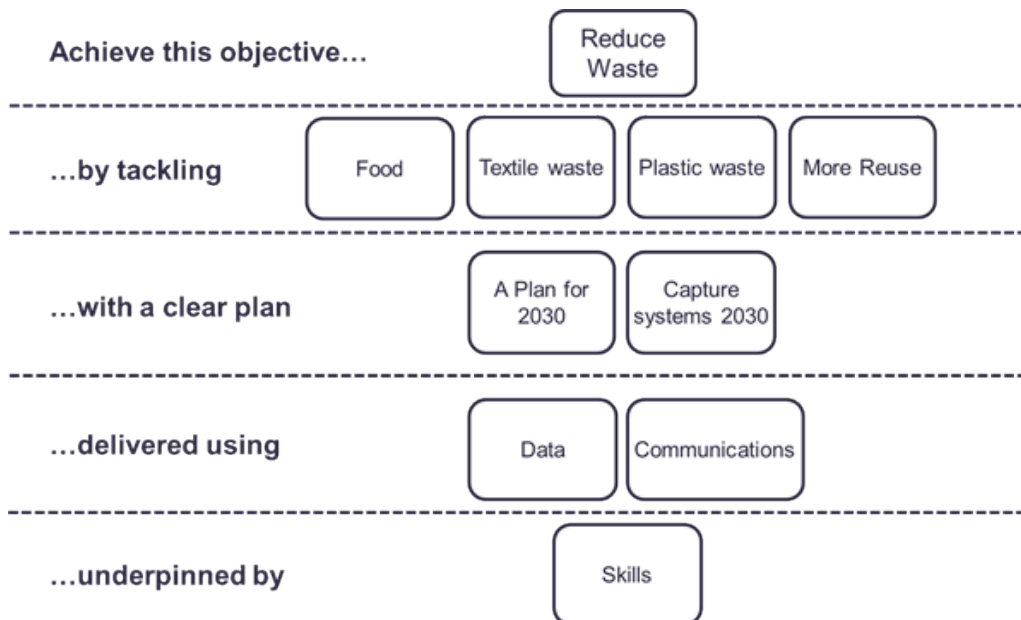
Any requirement by the Environment Agency to separately manage POPs containing domestic seating would increase the carbon impact of the operation.

16. 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 15
Dealing with financial challenges whilst delivering on climate change	<p>HRRC improvements will deliver financial savings to Boroughs, directly through separating more recyclables, and indirectly through residual waste savings to WLWA.</p> <p>The major waste legislative reforms provide an opportunity for Boroughs and WLWA to improve the efficiency of operations and secure extended producer responsibility payments.</p>

17. 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.

18. 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).

Contact Officers	Tom Beagan, Head of Service Delivery tombeagan@westlondonwaste.gov.uk	01895 545516
	Arron Alison, Operations Manager, arronalison@westlondonwaste.gov.uk	01895 545515