

**Agenda Item No:**

**NORTH LONDON WASTE AUTHORITY**

**REPORT TITLE:**

**CONTRACTS ACTIVITY AND ANNUAL MONITORING REPORT**

**REPORT OF:**

**HEAD OF WASTE STRATEGY AND CONTRACTS**

**FOR SUBMISSION TO:**

**AUTHORITY MEETING**

**DATE:**

**6 December 2012**

**SUMMARY OF REPORT:**

This report informs Members about operational activities and associated issues dealt with by the Contracts section of the Authority from April to September 2012.

**RECOMMENDATIONS**

The Authority is recommended to:

- i) note the contents of this report and the publication of the 2011/12 Annual Monitoring Report of the North London Joint Waste Strategy; and
- ii) to award the contract for the provision and initial maintenance of a Waste Management Data System to Open Sky Data Systems Ltd as at para. 11 of this report.

**Signed by Head of Waste Strategy  
and Contracts**

**Date: 27 November 2012**

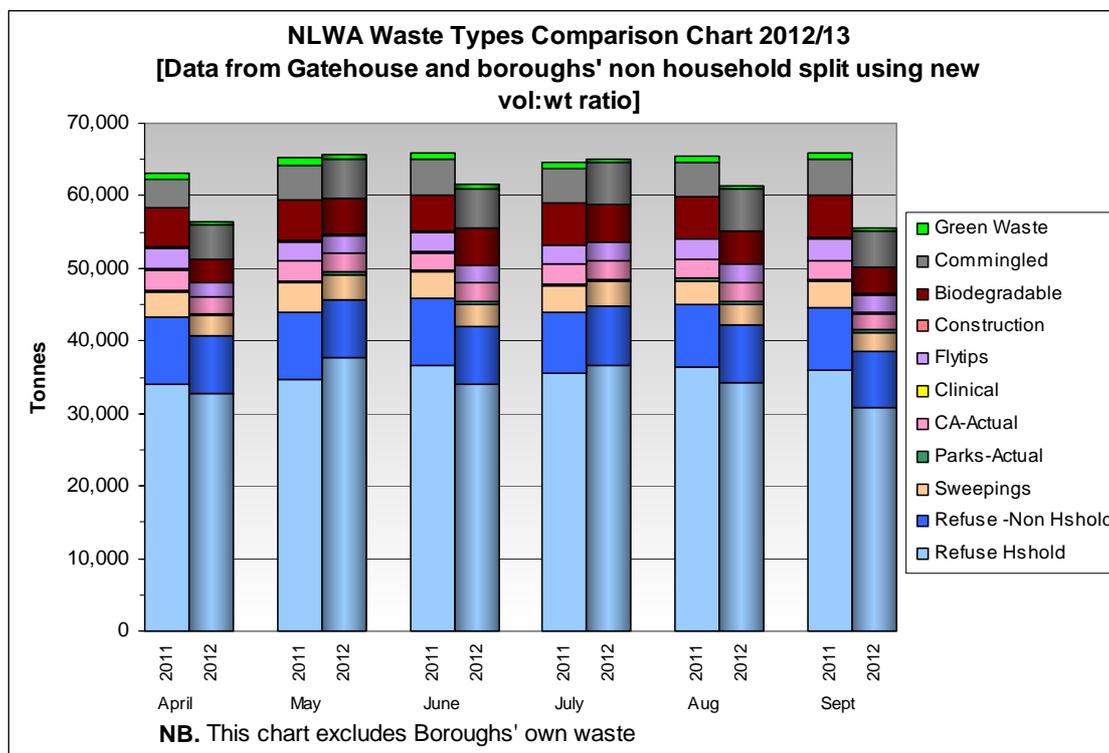
## **1. BACKGROUND**

- 1.1. The Contracts section is responsible for managing contracts covering disposal of household, commercial, clinical and civic amenity waste produced by constituent borough councils, and is increasingly managing recycling and composting services. Also, due to a change in legislation that leaves the Authority with the sole duty to provide HWRC services to north London residents, the Contracts section has managed programmed transfers of HWRCs from four of the seven north London boroughs since the beginning of April.
- 1.2. The Contracts section serves as the principal point of liaison between contractors and boroughs to resolve problems and find ways to improve existing services. It also assesses the practical implications of new legislation and investigates and secures new disposal methods/outlets as required.
- 1.3. It provides a full data reporting service on the Authority's operational activities to the boroughs and to central agencies.
- 1.4. A full description of the key sites and services is given in the Authority's Annual Report, as at the Authority's AGM in June and on the Authority's website.

## **2. STRUCTURE OF REPORT**

- 2.1. The remainder of this report is structured as follows:
  3. a graph showing first six month's tonnage information in 2012/13, compared to the same period in 2011/12;
  4. an outline of contract monitoring targets and activity;
  5. an outline of centralised composting activity;
  6. an outline of commingled recyclables activity;
  7. an outline of the long-standing contract for the transportation of wastes from household waste recycling centres (HWRCs) and the recent arrangements for the Authority managing several HWRCs;
  8. an outline of the WEEE contract and a note of the renewed temporary collection service that is free to residents and the Authority;
  9. a note of the tonnage of waste tyres treated;
  10. an outline of the data management and legal compliance work, service improvements and the Authority's third party re-use and recycling credit;
  11. a recommendation to award a contract for a new waste management data system;
  12. a note of other background activities; and
  13. a note of key elements of the 2011/12 Annual Monitoring Report (attached in full as Appendix 1).

### 3. TONNAGE INFORMATION – April to September 2012



### 4. MAIN WASTE DISPOSAL CONTRACT

- 4.1. The main waste disposal contract is monitored by the Contracts section using random routine inspection of each LondonWaste Ltd (LWL) site. The aim is to visit each site on a weekly basis but where this is not possible, emphasis is given to the busier sites in order to monitor 1,100 loads per month in total. Between April and September 2012 a total of 77 visits were made; Hornsey Street and Hendon were visited once weekly on average, and Edmonton was visited over the target level by one third. In addition 12 visits were carried out at the MRF where borough vehicles frequently deliver directly. These inspections are designed to highlight issues of health and safety, check vehicle turnaround times and ensure the sites are meeting borough needs. During the period covered, sampling of 5.52% of delivery transactions (6,280 of 113,688 waste deliveries) was carried out and this data was reconciled against claims for payment.
- 4.2. Tonnage data for all transactions, covering refuse, street cleansing, civic amenity, bulky, clinical wastes and biodegradable and commingled recycling was also sent to borough technical officers each week, month and quarter so that they could carry out their own checks on transactions and highlight problems for the Contracts section to investigate.

- 4.3. The same tonnage data is used to validate LWL's and other contractors' claims for payment, for the reporting to boroughs set out at para. 10 below and for forecasting future tonnage arisings to assist resource planning.
- 4.4. A fundamental part of the work is pre-registering waste vehicles used by our boroughs or their contractors so that LWL and other contractors can receive this waste knowing it to be at the Authority's expense. The Contracts section has direct access to LWL's computerised weighbridge system and communicates by e-mail with other contractors in order to authorise these vehicles. There are regularly over ten new entries and amendments every day. Usually, these are submitted by boroughs in advance, but on occasions time is critical as the vehicle is already in use, or already actually at one of the site's weighbridges. Vehicles are de-registered automatically if initially set up as a temporary hired vehicle, or manually when the borough disposes of it or returns it to the leasing company if it was initially set up as a 'permanent' vehicle.
- 4.5. Monthly contract liaison meetings are held with LWL to monitor and resolve issues under this contract and the Civic Amenity contract below. No defaults were issued against the Main Waste Disposal Contract during this period.
- 4.6. Clinical waste disposal is also dealt with under the main waste disposal contract. Wastes collected by boroughs that arise from residents' medical treatment at home, and from dog waste bins are managed as clinical wastes. They are received and processed separately and differently by LWL, and attract a higher gate fee than ordinary wastes.

## **5. IN-VESSEL COMPOSTING**

- 5.1. Most of the Authority's mixed food and green waste is processed at the in-vessel composting facility at LWL's site at Edmonton. The Authority benefits from a lower rate per tonne for each tonne the IVC processes over the original 30,000 tonne contractual limit, as no additional capital costs are required for its processing; in practice the maximum 'processable' on site is 35,000 tonnes p.a.
- 5.2. Already between April and September, 26,028 tonnes has been delivered. However in real terms, tonnage has decreased by 7,645 tonnes on the equivalent period last year; this is due to LB Enfield making its own direct arrangements for the composting of its mixed food and green waste with another company from October 2011.

- 5.3. Because of the seasonal variances with deliveries, we have to arrange through LondonWaste for third parties to receive and compost the excess amounts the IVC cannot process at some time each year; these amounts are sent out in bulk loads from Edmonton.
- 5.4. The compost facility is operated in accordance with the national 'Compost Quality Protocol' and the compost itself meets the Publicly Available Standard No. 100 (PAS 100) from the British Standards Institute.

## **6. COMMINGLED DRY RECYCLABLES**

- 6.1. On 01 October 2009 the Authority commenced contractual arrangements with two MRF providers outside of the Main Waste Disposal Contract. During the period April – September 2012, 32,496 tonnes were delivered which was an increase of 4,156 tonnes on the equivalent period last year. This means that in real terms commingled tonnage delivered during the period has increased by around 14.66%. Vehicles from participating boroughs were registered with the MRF provider where they can direct deliver; vehicles from boroughs that cannot direct deliver were registered under separate code numbers to allow them to tip at Hornsey Street, and LWL then transported the loads to the Materials Recovery Facilities.
- 6.2. The contract for the delivery of commingled recyclates is expected to return (via the commingled income payment scheme) an amount in excess of £2.1 million pounds to the Authority in its third contract year (but as prices have recently fallen, the forecast income for 2012/13 is slightly lower at just under £1.9m), as well as maintaining reject rates at around 5%.
- 6.3. No defaults were issued against these contracts in the period covered by this report however the Contracts section continues to work closely on turnaround issues which may arise with the contractors.

## **7. HOUSEHOLD WASTE RECYCLING CENTRES**

- 7.1. The Authority has a separate contract with LondonWaste Ltd for the transportation and disposal of wastes from household waste recycling centres (HWRCs – formerly known as civic amenity sites) that pre-dates the legislative change noted at para. 1.1 and described further below. As such, this contract applies equally to those sites that continue to be operated by constituent borough councils as well as those sites that are now managed by the Authority.

- 7.2. There are currently nine HWRCs in the Authority's area generating some 15,114 tonnes of residual waste from April to September 2012. Residual waste from these sites has reduced by 929 tonnes when compared to the equivalent period last year.
- 7.3. Authority officers regularly visit the sites to ensure the quality of the service meets contractual standards. No defaults were issued against this contract during the period.
- 7.4. Members will also recall that prior to April 2012 there had been two statutory duties in relation to HWRC services in force. The first arose from Section 1 of the Refuse Disposal (Amenity) Act 1978 (RDA) and applied primarily to the constituent borough councils; the second arose from Section 51(1)(b) of the Environmental Protection Act 1990 (EPA) and applied to the Authority. Following the repeal of s.1 RDA with effect from 1<sup>st</sup> April 2012, only the Authority has a duty to provide this service, but constituent borough councils still have the power to do so under other local government legislation. Members should note that although there were early indications that s.1 RDA would be repealed, the statutory instrument to repeal it was not issued until 20<sup>th</sup> March 2012.
- 7.5. In preparation for the repeal, the Contracts section had begun detailed operational and recycling costs analyses for each of the HWRCs to better inform the budget requirements that were subsequently set out in the HWRC Update report in February 2012.
- 7.6. In accordance with the draft Inter Authority Agreement, boroughs notified the Authority of their planned dates of transfer. On 1<sup>st</sup> April 2012 three HWRCs transferred to the Authority with a further two transferring in June. Although outside the period of this report the two Haringey HWRCs transferred on the 1<sup>st</sup> November 2012. It remains the intention of both Barnet and Enfield that their respective HWRCs remain in their control.
- 7.7. The Contracts section has overseen the staff TUPE transfer arrangements with LWL, arranged for condition surveys and asset registers to be completed at each HWRC, and reconciles all movements of waste and recyclables out of the sites for tonnage reporting purpose and invoice reconciliation as well as auditing the actual operating costs and income received from the sale of recyclates with LWL and other contractors used in providing the service.
- 7.8. The Contracts section also staffs the Authority's main telephone line and is now regularly receiving over ten calls per day from residents with enquiries regarding the HWRCs in their borough.

## **8. WEEE CONTRACT**

- 8.1. The Waste Electrical and Electronic Equipment (WEEE) Directive was implemented on 1<sup>st</sup> July 2007. The Authority registered 16 sites, on the boroughs' behalf, as Designated Collection Facilities (DCFs) for collection of up to five categories of household WEEE including fridges, televisions, lamps, and large and small domestic appliances. Under this legislation, waste is collected by a Producer Compliance Scheme (PCS) under contract to the Authority, but at no cost to the Authority. The Authority's approved PCS is DHL; the level of service provided is very good and no complaints were made during this period.
- 8.2. A total of 1,640 tonnes has been collected during the six month period of this report compared to 1,453 tonnes during the same period last year (a 12.87% increase); this increase is primarily due to the extra benefits the Authority receives as outlined at 8.3 and 8.4 below.
- 8.3. In addition, and at no charge to the Authority or boroughs, 59 bring site containers for the collection of small waste electrical and electronic equipment (sWEEE) have been placed across the seven boroughs.
- 8.4. To coincide with the digital switchover back in April 2012, the Authority with DHL and its delivery partners commenced a temporary kerbside collection of WEEE for all residents in north London. The temporary collection period expired at the end of June and was very successful with over 3,000 residents receiving a free collection from their home, with over 100 tonnes of WEEE collected. Following on from this a further temporary kerbside collection began in October 2012 and will run until the end of February 2013.

## **9. WASTE TYRES**

- 9.1. The Contracts section also arranges for the recycling of waste tyres on behalf of the five boroughs that choose to dispose of these via the levy. In the period April to September 2012, 35.60 tonnes of tyres were delivered, down from 49.12 tonnes in the same period last year.

## **10. PERFORMANCE MANAGEMENT AND LEGAL COMPLIANCE**

- 10.1. The Contracts section continued to deal with all aspects of data reporting for performance management and legal compliance purposes. As part of the regular quarterly cycle it gathered monthly information from boroughs on over 30 categories of recycling materials. These were collated with other data from the main waste contract and ancillary agreements and submitted to Environment Agency/DEFRA via a national system known as WasteDataFlow (WDF). This information is used by the Authority, among other things, to project its likely position on landfill allowances, to establish the Authority's and the boroughs' National Indicator (formerly Best Value Performance Indicator) progress, and for budget planning purposes.
- 10.2. Various other statistical work continues to be undertaken by the Contracts section in relation to:
- the amount of residual waste recycling by LWL;
  - the allocation between Hackney and Islington of residual wastes at the Hornsey Street HWRC;
  - the amount of DIY waste disposed at household waste recycling centres (this allows the Authority and the boroughs to report such waste as non-household waste for National Indicator purposes, which improves household recycling percentages); and
  - the amount of fly-tipped waste collected in the Authority's area (which is, like DIY waste, excluded from the National Indicator targets for household waste).
- 10.3. In relation to the fly-tipped waste, six constituent borough councils now use the same methodology for establishing the amount they co-collected with other street cleansing or refuse waste streams; the Authority is now much closer to being able to mirror all borough data.
- 10.4. The Contracts section has also continued to verify borough submissions to WDF as the Authority needs to be independently satisfied with the accuracy of data entered on WDF by boroughs for their directly recycled tonnages as the Authority holds no data of its own on them, but is still required to approve them in WDF and is liable for fines if they are wrong.
- 10.5. The Authority's Contracts section organises surveys to establish a volume:weight ratio for non-household waste which it uses to convert borough trade waste contracts defined by container size and collection frequency to tonnage-based disposal charges. The ratio used since April 2012 is based on a survey conducted in 2011, but the ratio is unchanged from the previous survey. One borough conducts its own local volume:weight survey and another now has dedicated trade round collections and reports these tonnages monthly to the Authority.

- 10.6. In accordance with the data derived from the above and with preliminary borough notifications of April to September recycling and composting tonnages (that remain subject to change), the current straight-line forecast for the Authority-wide recycling and composting rates are provisionally 20.06% and 13.04% respectively. This should be qualified, however, in relation to the high growth composting months having already occurred this year. The current projection on the Authority's LATS position is that there could be a surplus in excess of 130,000 allowances (noting that this is the final year of the scheme).
- 10.7. The Contracts section continued to ensure the Authority's compliance with Duty of Care Regulations, by maintaining registers of all relevant waste carriers and waste management licences and by carrying out Duty of Care visits to or contractors' sites. In relation to the MRF contractors the Contracts section also undertook audits to check documentation detailing end destinations of sorted recyclable wastes and to validate the income share arrangements.
- 10.8. The Contracts section together with LondonWaste Ltd also looked at practical ways of improving performance. LWL's new shredder and new Bulky MRF are both contributing particularly to our landfill diversion targets. Wood is one of the main waste streams the Bulky MRF is capable of separating but due to pressures within the wood recycling sector, less wood is likely to be sent for recycling with more sent for biomass incineration.
- 10.9. Following updates to the Waste and Emissions Trading Act 2003 (Amendment) Regulations 2011 a new interpretation of "municipal waste" was introduced to reflect the Landfill Directive definition of "waste from households, as well as other waste which, because of its nature or composition, is similar to waste from households". This has required terminology by which to differentiate between municipal waste collected by/for local authorities and similar waste collected independently by the private sector. It has also changed what can be classified as 'municipal waste' by local authorities, as some of our wastes are not similar to waste from households. The new term 'local authority collected municipal waste' (LACMW) no longer includes construction and demolition waste and the Authority is therefore unable to back-allocate rubble sent for recycling that was sorted through the Bulky MRF to the boroughs in support of borough recycling rates.
- 10.10. The Contracts section also continued to manage the third party re-use and recycling credit system, under which a range of organisations that reuse or recycle household waste that would otherwise have had to be disposed by the Authority can claim payment for each tonne diverted. During the first six months of 2012/13 the principal task has been to receive, assess and pay claims to the organisations registered in February 2012, and to record the tonnage data in WasteDataFlow.

## **11. WASTE MANAGEMENT DATA SYSTEM**

- 11.1. Members approved the procurement of a Waste Management Data System at the February 2012 Authority meeting which would better serve the growing needs of the Authority and boroughs in terms of data reporting. The Contracts section liaised with borough officers and procurement colleagues, and has also been supported by LB Camden's IT department in preparing the specification and evaluating the tenders. This will continue through the development and implementation of the final system.
- 11.2. One tender has been received and evaluated from Open Sky Data Systems Ltd. At the time of writing this report, it is evident that the company has undertaken very similar work for other waste disposal authorities in England, its technical solution and delivery programme is in accordance with the Authority's specification, its references are excellent, and its tendered price is within the overall combined projection given to Members when the contract letting was approved in February 2012 (circa £140,000 over the initial contract term of five years).
- 11.3. Subject to the final tender evaluation clarifications that will be completed by the time of the Authority meeting, it is recommended that the contract for the provision and initial maintenance of a Waste Management Data System is awarded to Open Sky Data Systems Ltd.

## **12. CONTRACTS SECTION – OTHER RESPONSIBILITIES AND RESOURCES**

- 12.1. The Contracts section continued to provide general office management support as set out in the Authority's Annual Report.
- 12.2. Tonnage and financial information arising from the Contracts section is essential for much of the work of the Head of Finance, so a close two-way working relationship exists here.
- 12.3. The Contracts section provides data and assistance in connection with the long-term procurement and is involved in bidder evaluations.
- 12.4. The Contracts section also liaises closely with borough Technical Officers and their staff on a day to day basis, on a range of operational and service development issues.
- 12.5. The Contracts section is currently comprised of a manager and four members of staff.

### **13. ANNUAL MONITORING REPORT**

- 13.1. Members previously decided that an Annual Monitoring Report (AMR) shall be produced, and those parameters which are to be measured and reported in it. The AMR for 2011/12 produced on behalf of the Authority and the seven constituent Boroughs is attached to this report as Appendix 1. The AMR describes progress made towards achieving the aims and objectives of the North London Joint Waste Strategy.
- 13.2. The primary objectives of the North London Joint Waste Strategy are to provide a recycling led solution to waste management in the area with the aim of achieving recycling and composting rates of 50% by 2020 and reducing the proportion of waste sent to landfill to 15%.
- 13.3. During 2011/12, a much greater focus was given to waste prevention, both for the environmental benefits and the financial savings to local people (directly by spending and wasting less in their daily lives, and indirectly by the partner authorities spending less tax-payers money on waste services than they otherwise would have done).
- 13.4. Also during 2011/12 the total amount of municipal waste collected by the partner authorities once again declined from the previous year. This was against the backdrop of a continuingly weak economy, and of national and enhanced local waste prevention work.
- 13.5. The amount of household waste that was reused, recycled or composted increased to 30% during 2011/12 and the amount of municipal waste that was sent to landfill fell to 23% of the total collected. The former was due to continuing efforts of the partner authorities to provide high quality recycling services and to encourage people to use them fully. The latter was partly due to the increased recycling and partly to an increase in the amount that was sent for energy recovery and a fall in the overall amount collected.

### **14. RECOMMENDATIONS**

- 14.1. The Authority is recommended to.
  - i) note the contents of this report and the publication of the 2011/12 Annual Monitoring Report of the North London Joint Waste Strategy, and
  - ii) to award the contract for the provision and initial maintenance of a Waste Management Data System to Open Sky Data Systems Ltd as at para. 11 of this report.

## **15. COMMENTS OF THE FINANCIAL ADVISER**

- 15.1. The Financial Adviser has been consulted in the preparation of this report and notes that the 2012/13 budget and 2013/14 budget forecast allow for the costs of the proposed Waste Management Data System.

## **16. COMMENTS OF THE LEGAL ADVISER**

- 16.1. The Waste Management Data System contract referred to in paragraph 11 of this report has an estimated value of £140,000 over the contract term and in accordance with contract standing order C11.4 must be awarded by the Authority.

### **Local Government Act 1972 – Access to information**

**Documents used:** None

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