

Agenda Item No:

NORTH LONDON WASTE AUTHORITY

REPORT TITLE:

CONTRACTS ACTIVITY

REPORT OF:

HEAD OF WASTE STRATEGY AND CONTRACTS

FOR SUBMISSION TO:

AUTHORITY MEETING

DATE:

9th December 2009

SUMMARY OF REPORT:

This report informs Members on operational activities and associated issues dealt with by the Contracts section of the Strategy & Contracts team from April to September, 2009.

RECOMMENDATION

The Authority is recommended to note the contents of this report.

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

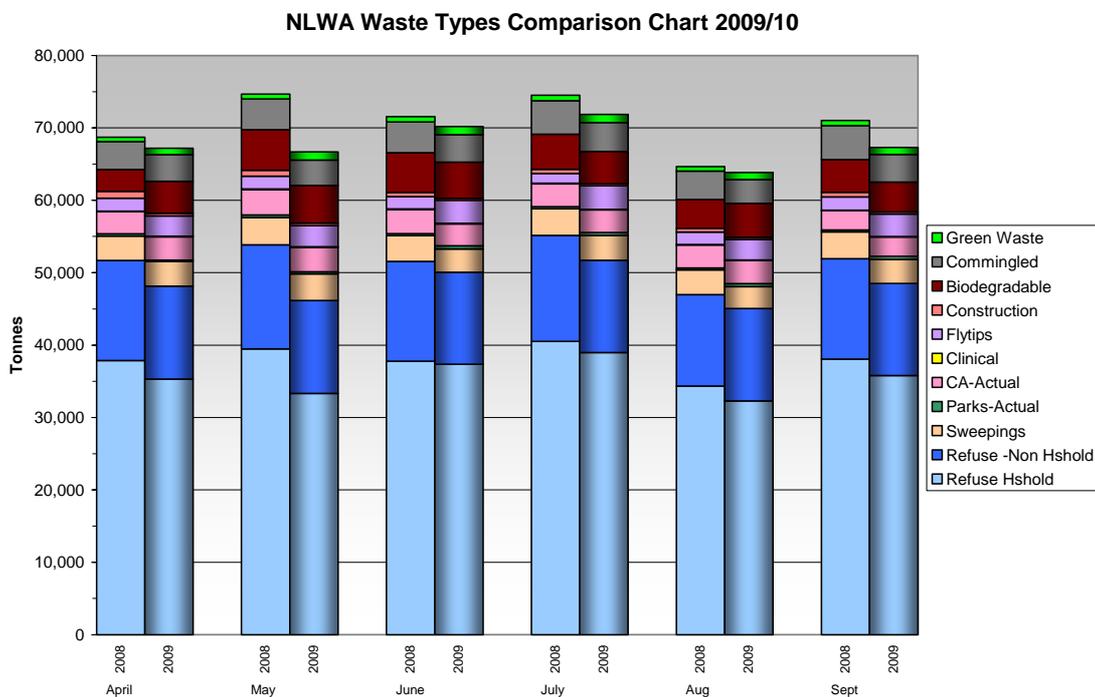
A handwritten signature in black ink, appearing to read 'A. Payne', is positioned to the right of the signature line.

Date: 30th November 2009

1.0 BACKGROUND

- 1.1 The Contracts Section is responsible for managing contracts covering disposal of household, commercial, clinical and civic amenity waste produced by constituent boroughs, and is increasingly managing recycling and composting services.
- 1.2 The 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.

2.0 TONNAGE INFORMATION – April to September, 2009



3.0 MAIN WASTE DISPOSAL CONTRACT

- 3.1 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, 2009 a total of 86 visits were made; Hornsey Street and Hendon were visited an average of once weekly, and Edmonton was visited over double the target level. 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 6.13% of delivery transactions (6,941 of 113,418 waste deliveries) was carried out and this data was reconciled against claims for payment by LWL.
- 3.2 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 Section to investigate.
- 3.3 The same tonnage data is used to validate LWL's claims for payment, for the reporting to boroughs set out at section 6 below and for forecasting future tonnage arisings to assist resource planning and LATS modelling.
- 3.4 A fundamental part of the work is pre-registering waste vehicles used by our boroughs or their contractors so that LWL 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 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 LWL's weighbridges. Vehicles are de-registered automatically if set up as a temporary hired vehicle initially or manually when the borough disposes of it or returns it to the leasing company for 'permanent' vehicles.
- 3.5 Monthly contract liaison meetings are held with LWL to monitor and resolve issues under this contract and the Civic Amenity contract below. One default was issued during the period against the Main Waste Disposal Contract. This was due to a borough vehicle exceeding the contractual minimum turnaround time.

4.0 CLINICAL WASTE

- 4.1 Clause 3.3 of the Specification of the Main Waste Disposal Contract requires that vehicles delivering waste remain at the disposal point for no longer than 30 minutes, including queuing. The majority of vehicles delivering clinical waste are hand unloaded and as such take longer to discharge their loads than tipping vehicles.
- 4.2 Clinical waste also is subject to much more stringent controls in relation to its handling, treatment and disposal. Sharps are sterilised in batches using steam from the energy recovery facility at Edmonton prior to disposal. Dog waste, incontinence pads and other similar wastes are segregated and placed into a container and emptied into a dedicated bunker at the incinerator. It therefore costs the Authority more per tonne than ordinary waste.

5.0 IN-VESSEL COMPOSTING

- 5.1 The in-vessel composting facility at LWL's site at Edmonton has been receiving waste since September 2005, and was formally opened in March 2006 when the first loads of finished compost were handed over to constituent borough councils for local use. The facility is designed to receive and process up to 30,000 tonnes per annum of biodegradable waste.
- 5.2 LondonWaste has recently obtained permission to extend this to up to 40,000 tonnes and the Authority has negotiated a preferential disposal rate to utilise some of this extra capacity.
- 5.3 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.
- 5.4 Boroughs deliver biodegradable tonnage that far exceeds the 30,000 tonnes per annum that the compost plant can accommodate. Between April and September alone 27,912 tonnes was delivered. This tonnage is approximately the same amount as delivered during the equivalent period last year. We therefore have to arrange for third parties to receive and compost the excess amounts which are bulked at Edmonton and transported by LondonWaste, through whom this service is contractually arranged at present.

6.0 COMMINGLED DRY RECYCLABLES

- 6.1 During this period the Authority had an Interim Bulking Agreement which enabled boroughs to deliver commingled recyclates via the Authority. 22,083 tonnes were delivered during this period. While this is 3,500 tonnes less than the equivalent period last year it should be noted that in mid April Enfield ceased to deliver commingled waste via the levy. This means that in real terms commingled tonnage delivered during the period has increased by around 22%. Vehicles from participating boroughs were registered under separate code numbers to allow them to tip at Edmonton and Hornsey Street. LWL then transported the recyclate to Materials Recycling Facilities.
- 6.2 Although outside the period of this report the new contract for the delivery of commingled recyclates was launched on 1st October, 2009 and early indications are that the service is good and that recycling rates have been improved.

7.0 CIVIC AMENITY TRANSPORT CONTRACT

- 7.1 There are currently nine re-use and recycling centres operated by the boroughs in the NLWA area generating some 18,624 tonnes of residual waste from April to September, 2009. Residual waste from these centres has only reduced by 1.5% compared to a reduction of 4.6% in the overall residual waste tonnage collected. Boroughs currently make their own arrangements for recyclable and compostable wastes from these sites except Waltham Forest, Camden, Islington and Hackney which dispose of green waste under the Authority's recycling arrangements that are funded through the levy.
- 7.2 Site visits are made by Authority officers to ensure the quality of the service meets contractual standards. Monthly liaison meetings are held with LWL for this contract and the main waste disposal contract above. No defaults were issued against the Contract during the period.
- 7.3 The Contract was awarded in 2003 for a period of five years with an option to extend for a further two years. Service levels have been of a high standard over the full contract term, as only seven defaults have been issued since the start of the contract in 2003. The Authority approved an extension to the contract last December. The Contract now expires at the end of June 2010 and invitations to tender for a new Contract have been issued.

8.0 WEEE DIRECTIVE

- 8.1 The WEEE Directive was implemented on 1st July 2007. The Authority registered 16 sites, on the boroughs' behalf, as Designated Collection Facilities (DCF's) for collection of up to five categories of household WEEE including fridges, televisions, lamps, and large and small domestic appliances. A total of 1990 tonnes has been collected during the six month period of this report compared to 2,122 tonnes during the same period last year; much of the reduction being a result of fewer fridges and freezers being thrown away. Under this legislation waste is collected by a Producer Compliance Schemes ("PCS") under contract to the Authority, but at no cost to the Authority.
- 8.2 The Authority's approved PCS is DHL and the current contract operates until May 2010. The level of service provided is very good and no complaints have been made against this contract during this period. The Authority is currently negotiating an extension of this contract to December 2010.

9.0 PERFORMANCE MANAGEMENT AND LEGAL COMPLIANCE

- 9.1 The Section deals with all aspects of data reporting for performance management and legal compliance purposes. It gathers monthly information from boroughs on over 30 categories of recycling materials. These are 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.
- 9.2 The Section carries out weekly surveys to establish the NLWA proportion of recycle of residual waste at Edmonton. It is hoped that the introduction of an automatic number plate recognition system currently being trialled on site by LWL may enable the Authority to record actual input tonnages in order to accurately apportion recycling tonnage to boroughs. A survey is carried out annually at Hornsey Street Re-use and Recycling Centre to determine the user split between Islington and Hackney. A new annual survey has been introduced last year to check 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.

- 9.3 Similarly to DIY wastes, fly-tipped wastes are also excluded from National Indicator targets for household waste. Historically the Authority has relied on boroughs registering specific vehicles as delivering fly-tipped wastes so that their loads could be separately recorded. However, for clear operational efficiencies boroughs have been increasingly collecting fly-tipped wastes alongside other wastes on single vehicles. This has led to the Authority and the boroughs reporting different tonnages to WasteDataFlow. In an effort to quantify and mirror the reported tonnage the section approached the EA, DEFRA and the Audit Commission and asked them to agree a survey methodology put forward by Hackney for measuring such tonnage. This has now been agreed and other boroughs have been invited to carry out surveys using this methodology or to come forward with robust alternatives. The Authority is now much closer to being able to mirror all borough data, although two boroughs still report fly-tipped tonnage using methodologies outside that currently agreed as above. We are therefore still working towards an agreed methodological basis across all seven boroughs.
- 9.4 The Authority had concerns regarding 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. Consequently the Authority has recently instituted a system of quarterly audits to validate and reconcile such data with that provided to the Authority in monthly returns. Accuracy is important as this dataset is used to calculate NI performance and LATS compliance or fines. This system is still in its infancy and will be refined over the coming quarters. The only real difficulty that arose was that after the Authority had audited the data, some boroughs made further changes, and each time Authority officers had to ascertain the reasons so that it could still approve the data.
- 9.5 The Authority agreed a new method to establish the level of non-household waste produced in 2007 and non-household charges since 2008/09 reflect the new system. Based upon current levels of activity the income from non-household charges for 2009/10 is currently estimated to be £11.408m. In order to quality assure and reconcile data submitted by boroughs we require updated information on a quarterly basis accompanied by a declaration signed at Director level. In 2010 the section will also be reassessing the volume:weight ratio for non-household waste that underpins the conversion of borough trade waste contracts defined by container size and collection frequency to tonnage-based disposal charges; separate analyses will be needed for non-household wastes collected for recycling or composting.

- 9.6 In accordance with the data derived from the above and with preliminary borough notifications of April-September recycling and composting tonnages (that remain subject to change), the current straight-line forecast for the Authority-wide recycling and composting rates are 17.46% and 11.97% 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 will be a surplus of approximately 60,000 tonnes. This is less than half the surplus reported last year and is due to the fact that incineration levels are commensurately low due to problems with turbines and boilers.
- 9.7 The Section also has responsibility for ensuring the Authority's compliance with Duty of Care Regulations. It maintains a register of waste management licences for all borough and contractor sites, authorised treatment facilities for WEEE, third party outlets for compost and materials recycling facilities for commingled recyclates. Regular visits are made to all such facilities to ensure compliance with Duty of Care. This year 5 sites have been visited at locations including Suffolk, Cambridgeshire and Kent. The Section carried out Duty of Care visits to MRFs in Bow, Greenwich, Rainham and Tilbury more frequently and undertook audits to check documentation detailing end destinations, although as noted above, new contractual arrangements started in October 2009.
- 9.8 The Section keeps copies of all waste carrier registrations for any organisation likely to deliver or collect waste under the Main Waste Disposal Contract, the Civic Amenity Transport Contract and other ancillary agreements such as tyres, asbestos, CRTs etc. It also raises annual waste transfer notes for all waste streams with each borough and their contractors. There are currently around 100 notes which are signed by up to five relevant parties. Because all these copies must, by law, have original signatures this is not done by post but, rather, by physical visits to all those parties. The section also keeps copies of hazardous waste producer registrations and advises boroughs and contractors about such registrations.
- 9.9 The Section manages 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. The annual cycle is to invite such organisations to apply for pre-registration in December; to assess likely tonnages and measuring systems, verify legal compliance and make recommendations to the Authority in February; to receive, assess and pay claims to organisations approved by the Authority from April to the following March; and to put this tonnage towards local National Indicator and LATS performance targets.

10.0 LONG-TERM PROCUREMENT

- 10.1 The team has always provided data and assistance in connection with the long-term procurement but has recently been called upon to become more involved in this. The Procurement Team has been provided with extensive tonnage information for 2007/08 and 2008/09 to enable them to refresh the OBC and been given assistance to set up and run a waste composition analysis exercise being done by Entec at Greenstar.

11.0 CHRISTMAS AND NEW YEAR

- 11.1 The Section is currently gathering data on borough working arrangements and liaising with contractors on the opening times of re-use and recycling centres and waste reception sites in order to co-ordinate collection and disposal service provision to an optimum level. This year extended hours have been negotiated to accommodate boroughs carrying out collections on the weekend following Christmas and New Year.

12.0 CONTRACTS SECTION – OTHER RESPONSIBILITIES AND RESOURCES

- 12.1 The Section provides general office management support to the whole Strategy & Contracts Team and deals with enquiries from the public. It processes all non-contract orders and invoices for the team and for the Procurement Section. It maintains risk assessments for all the Team's office and outdoor work functions. It manages the Authority's website and the 'real nappy' subsidies for those boroughs not participating in Real Nappies for London. It also maintains an I.T. Service Level Agreement with LB Haringey.
- 12.2 Tonnage and financial information arising from the Section is essential for much of the work of the Finance Officer, so a close two-way working relationship exists here.
- 12.3 The Section is comprised of a manager and five members of staff, one of whom is currently taking on the additional duty of managing the short-term procurement of the Civic Amenity Transport contract.

13.0 RECOMMENDATION

- 13.1 The Authority is recommended to note the contents of this report.

14.0 COMMENTS OF THE FINANCIAL ADVISER

14.1 The Financial Adviser has been consulted in the preparation of this report and has no comments to add.

15.0 COMMENTS OF THE LEGAL ADVISER

15.1 The Legal Adviser has been consulted in the preparation of this report and has no comments to add.

Local Government Act 1972 – Access to information

Documents used: None

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