

Transport, Economy and Environment Overview and Scrutiny Committee

21 October 2021

Report of the Assistant Director - Travel, Environmental and Countryside Services

Allerton Waste Recovery Park – update report

1.0 Purpose of Report

- 1.1 To provide members of the Transport, Economy and Environment Overview and Scrutiny Committee with an update on Allerton Waste Recovery Park performance since the facility became operational.

2.0 Key Background Information

- 2.1 The long term Waste PPP contract was signed by North Yorkshire County Council and AmeyCespa (AWRP) SPV Limited (Amey) on 30 October 2014. Following contract completion, Amey began a three year construction phase with the development commencing on 05 January 2015.
- 2.2 Allerton Waste Recovery Park (AWRP) has been operational since 01 March 2018 and consists of a Mechanical Treatment (MT) plant, an Anaerobic Digester (AD) and Energy from Waste (EFW) facility.
- 2.3 The site also has a Visitor and Education Centre where members of the public and groups can visit the facility to learn about management of waste. The facility can receive up to 320,000 tonnes of waste per annum in accordance with the Planning Permission.

3.0 Value for Money (VfM)

- 3.1 AWRP was sized primarily to accept and treat residual household waste arising from across North Yorkshire and York over a 25 year contract period. Residual waste is the material left after separating out the recyclable and compostable fractions. Each year the Authority provides a tonnage forecast to Amey who then look to source material from third parties for overall inputs to reach a maximum of 320,000 tonnes each year.
- 3.2 The Services delivered under the Contract are paid for through the Unitary Charge. This is calculated based on the number of tonnes that the Authority forecast delivery of each year. At the end of each Contract Year, the forecast tonnages are reconciled against actuals and any payment/credits are managed through the Annual Reconciliation process.
- 3.3 There are three pricing bands for tonnages set out in the contract. To help to achieve optimum value from the contract, the Authority forecasts delivery to the top of Tonnage band 2 (TB2) each year. The amount of TB2 tonnage available to the Authority increases from just under 270,000 tonnes initially to around 317,000 tonnes per year by the end of the contract period.

- 3.4 Currently, residual household waste arising for North Yorkshire and York are around 224,000 tonnes/annum. The Councils work with Yorwaste to provide the balance of tonnage up to the top of TB2 and receives an income for this material. Since operations commenced, the Councils and Yorwaste have met their tonnage delivery obligations each year.
- 3.5 Prior to signing the Contract, the Councils modelled likely cost/tonne based on the Unitary Charge, pass through costs and projected income. Since services commenced, the contract has performed around £3/tonne cheaper than the original modelled costs.
- 3.6 Therefore in consideration of the overall performance of AWRP, the Contract has delivered value for money (VfM) for the Councils.

4.0 AWRP Performance update

- 4.1 The Contract includes a set of key performance indicators for the Services provided at AWRP, and in addition, Amey report against a number of other metrics and targets.
- 4.2 The primary indicators for performance relate to the proportion of contract waste diverted from landfill and the proportion recycled each year. The table below shows performance against these requirements.

Authority requirement	Target	2018-19	2019-20	2020-21	2021-22 Projected performance
Recycling/composting of Contract Waste	5%	1.16%	1.58%	1.08%	c1.5%
Landfill diversion of Contract Waste	70%	82.22%	82.82%	80.94%	c87%

Table 1. Performance against Authority requirements.

Recycling performance

- 4.3 Recycling performance has fallen short of the Authority requirements since operations commenced. Amey have taken actions to improve performance by reconfiguring equipment in the MT to optimise separation of recyclables, but a significant factor has been the difficulty in placing materials into the market.
- 4.4 AWRP separates recyclables from residual waste meaning that the quality of the product is necessarily poorer than recyclables collected separately from households. At times of over supply (which we have seen as a result of the Covid-19 pandemic) recycling re-processors will chose higher quality materials over poorer quality ones meaning that despite the materials being separated at AWRP they cannot be placed into a market. Amey continue to explore new outlets for recyclable material extracted from the waste stream.
- 4.5 Amey take the risk around recycling performance and placing materials into the market. Conditions in the markets are out of Amey’s control, however they are continuing to explore new offtakers and have sent a number of trial loads to different facilities over recent months. Missing the contractual targets has resulted in the following annual performance deductions being levied for each Contract Year.

Year	Deduction
2018-19	£186,878.96
2019-20	£162,182.50
2020-21	£303,842.13
	£652,903.59

Table 2. Recycling performance deductions (KPI1).

4.6 Between April and August 2021, recycling performance averaged 1.13%. AWRP had a planned maintenance outage during April and May which resulted in Contract Waste being diverted away from AWRP. Since the planned outage, there have been mechanical issues with MT equipment and shift/staffing impacts due to Covid-19 and staff undertaking isolation periods. Amey are forecasting recycling performance of around 1.5% by the end of the year as markets (particularly for plastics) slowly improve.

Landfill performance

4.7 Minimum landfill diversion performance has been achieved in all years although Amey have identified there is still room for improvement. Key contributing factors to minimising diversion from landfill are consistent availability and maximising plant throughput.

4.8 AWRP has two planned maintenance shutdowns per Contract Year (totalling three weeks' downtime – one week in April and two in October). During these periods Amey direct the delivery of Contract Waste to alternative treatment/disposal points known as Contingency Delivery Points.

4.9 AWRP has suffered some issues with defects which have resulted in planned outage periods taking longer than anticipated, and the plant has also had a number of unplanned outages since Services commenced. These unplanned outages have resulted in more material being diverted away from AWRP than anticipated and impacted overall landfill performance. Since the April/May 2021 planned maintenance outage, availability of the EFW has averaged 98.16%.

4.10 Amey and Yorwaste continue to work together to improve waste reception arrangements with a view to minimising impacts on plant availability. The project team are also exploring ways for Amey to secure more treatment outlets for material during planned outages rather than using landfill sites for the majority of contingency arrangements.

4.11 Between April and August 2021, AWRP landfill performance has averaged 81.63%. The second planned maintenance shutdown is scheduled to take place between 02 – 14 October 2021 which will see a proportion of Contract Waste delivered to landfill sites. Amey are forecasting overall landfill diversion performance for 2021-22 to be around 87%.

Key Performance Indicators

4.12 The contract contains a set of Key Performance Indicators which overall performance is measured against. Performance deductions were made in each Contract Year which resulted in a payment (or netting off invoices) to the Authority. The table below sets out Performance Failure Points for the last three Contract Years.

KPI	KPI description	2018-19	2019-20	2020-21
1	Contract Waste recycling	137,000	116,000	211,500
2	Quality Management system accreditation	0	0	0
3	Environmental Management system accreditation	0	0	0
4	Health & Safety system accreditation	0	0	0
5	Failure to provide reports in line with Contract	36,600	17,100	9,900
6	Visitor Centre availability	0	0	0
7	Community & public Care	0	0	0
8a	Daily average turnaround MT (not exceeding 20 mins)	12	3	28
8b	Daily average turnaround EFW (not exceeding 30 mins)	0	0	
9a	Max turnaround time MT (30 mins)	4,850	2850	400
9b	Max turnaround time EFW (40 mins)	1,150	650	300
10	Amenity Value (road sweeping A168 monthly 1 mile in either direction of AWRP)	500	0	0
		180,112	136,603	222,128

Table 3. Performance Failure points per contract Year

- 4.13 Over the last three years there has been a general improvement in overall performance with the exception of KPIs 1 and 8a. The Performance Framework contains a ratchet mechanism which increases the number of points applied for a performance failure over a period of time (which is part of the reason for the increases in points for KPI1).

Improvement plan targets

- 4.14 Amey provide an annual improvement plan as part of their contractual reporting obligations. The table below sets out the improvement targets for 2021-22. Amey report progress against these targets to quarterly Joint Project Board meetings.

	2021-22 Contract Year targets
Contract Waste through MT	75%
MT availability	80%
MT bypass mode line 1	<15%
MT bypass mode line 2	<15%
EFW availability	87.67%
Improve Recycling rate	2.90%
Improve landfill diversion	90%
AD throughput	100 tonnes/day

Table 4. 2021-22 Improvement Plan targets.

- 4.15 To understand the impact waste composition has on AWRP performance a 10 week trial was undertaken in 2021. During the trial, the predominant waste type processed at AWRP was 'black bag' material with commercial and bulky waste diverted to alternative destinations. The impact on plant availability, tonnage throughput, electricity generation, performance etc. will be reviewed to consider whether a longer term arrangement benefits both parties.

Visitor centre

- 4.16 Since Services commenced, around 5,000 people have visited AWRP with over 300 schools and other community groups making bookings. During 2019-20, Amey introduced individual/small group sessions on the last Tuesday of each month which were often oversubscribed.
- 4.17 When the social distancing and lockdown restrictions were put in place due to the Covid-19 pandemic, Amey developed an online virtual tour which was presented to around 250 people over the last year. The visitor centre reopened on 16th August in line with the Governments easing of restrictions. There is a maximum limit of 8 for an on-site tour to enable social distancing in the Visitor Centre. Amey are now delivering a mixture of online and in person tours.
- 4.18 On 28 October 2019, AWRP hosted a celebration event to mark the facility saving 100,000 tonnes of carbon since operations commenced. The event was attended by Councillors, advisors and members of the project team (past and present).

5.0 Resources & waste strategy

- 5.1 During 2019, the Government proposed changes to the Environment Bill and issued a number of consultation documents including Extended Producer Responsibility, Deposit Return Schemes and Consistency in collections. The Council responded to the (delayed) second round of consultations in mid-2021 and a project team including Amey are working on potential implications for AWRP.
- 5.2 The team are reviewing options around utilisation of the full capacity of the AD plant for separate weekly food waste collections and potential re-configuration of the MT plant. This work will also be impacted by the Local Government Review and the single unitary authority across North Yorkshire. Work is ongoing to review and streamline collection/waste management services across the area.
- 5.3 If there are any changes to operations at AWRP as a result of responding to the Resources and Waste strategy, part of the project will include reviewing Authority Requirements and the performance framework to ensure meaningful performance can be measured for the remainder of the contract term.

6.0 Human Resources

- 6.1 The report is a factual summary of the information provided by Amey as part of their Annual reports required under the Contract. There are no human resources implications of this report.

7.0 Legal

- 7.1 The report is a factual summary of the information provided by Amey as part of their Annual reports required under the Contract. There are no legal implications of this report.

8.0 Equalities

8.1 The report is a factual summary of the information provided by Amey as part of their Annual reports required under the Contract. There are no equality impacts of this report.

9.0 Environmental Impacts/Benefits including Climate Change Impact Assessment:

9.1 A Climate Change Impact Assessment has not been completed. This report does not require a decision to be made and the environmental impacts were considered as part of the Financial Close report to Council in 2014.

10.0 Conclusion

10.1 Overall, general performance across the contract has been good with a small number of areas identified as requiring improvement. Work is ongoing between the Authority and Contractor to try and maximise plant operations and improve overall availability. This in turn should increase percentage of material diverted away from landfill and overall recycling performance.

10.2 The second planned maintenance outage for the year will take place in October. During this time, some Contract Waste will be diverted away from AWRP. Once the maintenance has been completed, it is hoped that performance and availability will remain consistent resulting in improved performance during 2021-22 when compared against the previous Contract Year. Significant progress has been made with joint working between Amey, Yorwaste and the Councils to improve waste reception arrangements at site and build positive long term working relationships.

10.3 There will be large amounts of work required to conclude the Resources and Waste Strategy and LGR work streams. The team will take the opportunity to make improvements where possible and conclude the most favourable option for utilising the assets at AWRP.

11.0 Recommendation

11.1 To note the contents of this report.

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Presenter - Michael Leah, AD TECs

Date – 21 October 2021

Background papers relied upon in the preparation of this report: - None
For further information contact the author of the report

Key Implications

Local Member

If any particular Ward(s) are affected, state these. If none, say none.

It could be that it is an issue that affects all Wards. In which case tick box

All