NORTH LONDON WASTE AUTHORITY

REPORT TITLE: SERVICES UPDATE

REPORT OF: HEAD OF STRATEGY AND SERVICES

FOR SUBMISSION TO: AUTHORITY MEETING

DATE: 24 June 2021

SUMMARY OF REPORT:

This report informs Members about the latest operational activities and associated issues dealt with by the Strategy and Services team of the Authority.

RECOMMENDATIONS:

The Authority is recommended to:

A. Note the latest tonnage performance in the current year;

B. Note the operational update provided since the last report to the Authority on 22 April 2021; and

C. Note the change in third party residual waste off-taker for North London Waste Authority residual waste.

SIGNED: M Clark .... Head of Strategy and Services
DATE: 24 June 2021

1. BACKGROUND

1.1. This report provides Members with an update of the main operational matters that have arisen since the Authority meeting held on 22 April 2021. In addition, it details the latest available validated tonnage information from municipal waste collected by the seven constituent Boroughs of Barnet, Camden, Enfield, Hackney, Haringey, Islington and Waltham Forest.

1.2. The North London Waste Authority (NLWA) has a statutory responsibility for providing municipal waste disposal services for the seven constituent borough councils and has powers to arrange for the reuse, recycling and composting of municipal waste and to operate Reuse and Recycling Centres (RRCs).

2. PERFORMANCE OVERVIEW

2.1. NLWA officers met with counterparts from the Boroughs in December 2020 to review forecast for 2020/21 and for setting the 2021/22 budget. The forecasts were framed against an expectation that COVID-19 protocols would be relaxed over the Christmas period and that we would see increased tonnages as the economy grew and residents returned to work.

2.2. However, we see from the table below that January and February in particular did not benefit from the expected relaxation in COVID-19 restrictions and as such tonnages remained significantly lower than forecast by 11 percent. During March and April as COVID-19 restrictions were relaxed tonnages moved closer to forecast and are tracking at -0.72% across March and April.

2.3. The Hackney outturn was influenced by the service change in March 2021.

RESIDUAL	Actual					Forecast Q4 for 2020/1 and Q0 for 2021/2					Variance to Forecast					%age Diff to Forecast				
Partner	Jan-21	Feb-21	Mar-21	Apr-21	YTD	Jan-21	Feb-21	Mar-21	Apr-21	Forecast	Jan-21	Feb-21	Mar-21	Apr-21	Total	Jan-21	Feb-21	Mar-21	Apr-21	Overall
Barnet	8,637	8,022	9,687	9,189	35,534	9,617	9,617	9,617	9,349	38,200	-980	-1,595	70	-160	-2,666	-10.19%	-16.59%	0.72%	-1.72%	-6.98%
Camden	4,643	4,403	5,201	5,066	19,313	5,780	5,089	5,226	5,213	21,308	-1,137	-686	-25	-147	-1,995	-19.67%	-13.48%	-0.48%	-2.82%	-9.36%
Enfield	7,077	6,344	7,542	7,131	28,094	7,453	7,560	7,560	7,340	29,913	-376	-1,216	-18	-209	-1,818	-5.04%	-16.08%	-0.23%	-2.85%	-6.08%
Hackney	6,309	6,180	7,387	6,651	26,527	6,917	6,408	6,710	7,516	27,551	-608	-228	677	-865	-1,024	-8.79%	-3.56%	10.09%	-11.52%	-3.72%
Haringey	5,551	5,189	6,222	6,048	23,011	6,416	5,672	6,157	6,023	24,268	-865	-483	65	25	-1,258	-13.48%	-8.52%	1.05%	0.42%	-5.18%
Islington	5,200	5,079	5,882	5,649	21,810	5,985	5,407	5,727	5,999	23,118	-785	-328	155	-350	-1,308	-13.12%	-6.07%	2.71%	-5.84%	-5.66%
Waltham Forest	5,365	5,047	6,060	5,986	22,458	5,750	5,750	5,750	5,867	23,117	-385	-703	310	119	-659	-6.70%	-12.23%	5.40%	2.02%	-2.85%
Total	42,782	40,264	47,982	45,719	176,748	47,918	45,503	46,747	47,307	187,475	-5,136	-5,239	1,235	-1,588	-10,728	-10.72%	-11.51%	2.64%	-3.36%	-5.72%

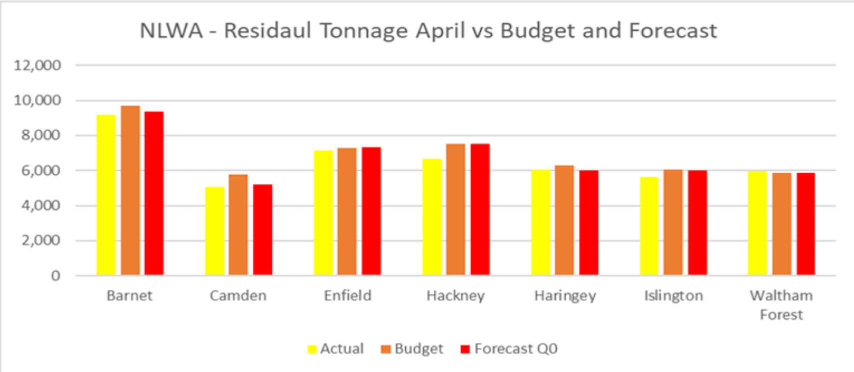
Table 1a

2.4. Taking account of recent trends and variations since the 2021/22 budget was set, officers now expect that the residual waste tonnage for 2021/22 (Column C) is likely to be below the budgeted projection (Column B). This is shown in the table below (table 1b).

MDR Tonnages	20/21 Actual Tonnage	21/22 Budget Tonnage [B]	21/22 Forecast Q0 (April) [C]	Variance April v Budget [C-B]	% Variance April v Budget [C-B]
NLWA	121,970	118,924	121,715	2,791	2.35
Barnet	30046	29,600	29,552	-48	-0.16
Camden	15718	16,452	17,052	600	3.65
Hackney	19872	20,927	21,072	145	0.48
Haringey	20167	18,303	20,448	2,145	11.72
Islington	16339	16,184	15,824	-360	-2.22
Waltham Forest	19827	17,458	17,813	355	2.03

Table 1b

The table below (1c) provides further detail for the month of April for residual waste against the budget and latest forecast. In most cases the actual is aligned to the updated forecast and slightly below the initial forecast on which the budget was set.



Graph 1c

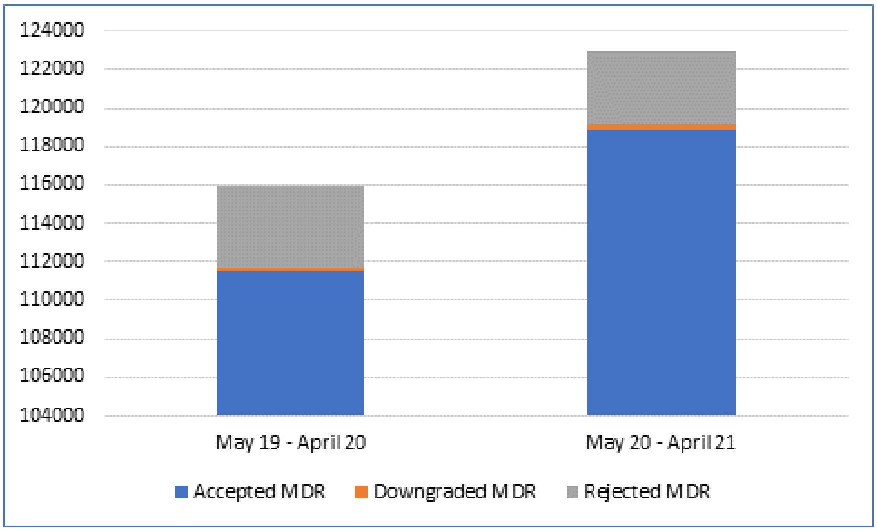
2.5. Taking account of recent trends and variations since the 2021/22 budget was set, officers now expect that the mixed dry recycling waste tonnage for 2021/22 (Column C) is likely to be above the budgeted projection (Column B). This is shown in the table below (table 1d), sustaining higher volumes seen recently.

Residual Waste Type	20/21 Actual	21/22 Budget Tonnage [B]	21/22 Forecast Tonnage (April) [C]	Variance Forecast v Budget [C-B]	Variance % Forecast v Budget [C-B]
Total	570,394	**582,142**	**573,753**	**-8,389**	**-1.44**

Table 1d

3. MATERIALS RECYCLING FACILITY (MRF) SERVICES UPDATE

3.1. The graphic (1e) below compares tonnages of mixed dry recyclate delivered in 2019/20 with the corresponding period for 2020/21. The increase in recycling tonnage can broadly be attributed to residents producing more recycled waste and materials at home during lockdown.



Graphic 1f – MRF tonnages May to 2019/20 and 2020/21

4. RECYCLING DESTINATIONS

4.1. Biffa have announced two acquisitions since the last Authority report. The first was the purchase of a plastic recycling plant in Scotland, the second and large purchase is of the collection business and certain recycling assets from Viridor for £126m.

4.2. The Recycling assets include four MRF's located in Milton Keynes, Ford (Arundel), Plymouth and Ipswich.

4.3. These acquisitions strengthen Biffa's network of facilities across the country and is seen as a step towards greater resilience and step towards treating more UK generated materials within the UK and Europe.

4.4. The latest destination data is set out in table 1f below, based on the prior year there has been a 5% improvement for fibre being recycled in the UK and 32% for glass. There has also been an improvement as some mixed paper is being redirected and recycled in Europe instead of the Far East. All other commodities are recycled 100% in the United Kingdom.

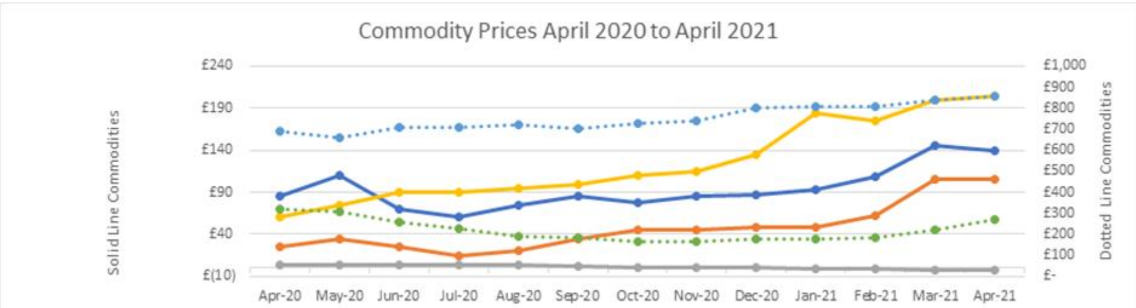
	Actual						Target					
Material	**Mar-20**			**Mar-21**			**2023**			**2030**		
	UK	**Europe**	**Far East**	**UK**	**Europe**	**Far East**	**UK**	**Europe**	**Far East**	**UK**	**Europe**	**Far East**
Cardboard			100%	5%		95%	10%	50%	40%	100%		
Mixed Paper	43%	19%	38%	43%	51%	6%	70%	30%		100%		
Glass	68%	32%		100%			100%			100%		
Aluminium Cans	100%			100%			100%			100%		
Steel Cans	100%			100%			100%			100%		
Plastic Bottles	100%			100%			100%			100%		
Other Plastics	100%			100%			100%			100%		

Table 1f

5. COMMODITY PRICING UPDATE

5.1. Glass prices have remained below zero. However, as reported to previous meetings, the Biffa contract protects the Authority against negative pricing with all values capped at £0. This means any additional cost associated with processing negatively priced commodities fall to Biffa. The value of all commodities has seen an increase since February with Fibre slightly reducing in April.

5.2. With the increase in commodities NLWA is forecasting an increase against its budget expectations. The Bureau of International Recycling (BIR) attributes the rising prices to improvements in economies across Europe with the relaxation of strict lockdowns. The increase in revenue associated with volume and price increases is included in the latest financial projection.



	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21
Cardboard	£85	£110	£70	£60	£75	£85	£78	£85	£87	£93	£108	£145	£140
Paper	£25	£35	£25	£15	£20	£35	£45	£45	£48	£48	£62	£105	£105
Glass	£3	£3	£3	£3	£3	£2	£0	£0	£0	-£1	-£1	-£2	-£2
Steel Cans	£60	£75	£90	£90	£95	£100	£110	£115	£135	£185	£175	£200	£205
Aluminium Cans	£690	£660	£710	£710	£720	£705	£730	£740	£800	£810	£810	£840	£860
Plastics (weighted average)	£318	£308	£259	£226	£189	£181	£167	£167	£178	£180	£184	£220	£267

Graphic 1h – Commodity prices April 2020 to April 2021

6. RESIDUAL 3RD PARTY OFF TAKE ARRANGEMENTS UPDATE

6.1. The move from Hendon Rail Transfer Station to Wembley provided an opportunity to retender the residual third party off taker contract. This contract is necessary because the existing energy from waste plant does not have the capacity to take all of north London's residual waste. In addition, the third-party contract provides resilience against outages at the energy from waste facility.

6.2. A recent OJEU procurement exercise has been completed and the contract has been awarded to McGrath group. The new contract, set to begin in July 2021, will see up to 60,000tonnes of Authority waste being treated at the McGrath Plant in Barking.

6.3. The solution will see residual waste being processed through a sorting station with recyclables being removed and the remaining residual waste being prepared for Refuse Derived Fuel (RDF).

6.4. The new contract provides a zero to landfill promise and significantly reduced haulage miles when compared to competing companies and our existing arrangements.

6.5. The contract for approximately 10 percent of the Authority's waste represents a saving against current arrangements, which have been included in the 2021/22 budget. This saving arises as a result of taking the lease for the Wembley transfer station – providing greater flexibility for companies to tender for this service compared with options at Hendon.

7. WEMBLEY/HENDON UPDATE

7.1. The Wembley Transfer Station (Wembley TS) site opened in early January 2021 as a temporary replacement for Hendon Rail Transfer Station.

7.2. The transfer station is fully operational accepting circa 3000 tonnes per week from Enfield and Camden.

7.3. The site contains a Picking Station, allowing a certain volume of residual waste to be sorted via mechanical and manual means to extract recyclable materials. Reconfiguration of the Picking Station, primarily focused on guarding and emergency stop procedures has been completed. LEL have also completed the recruitment and training of employees to manually sort material and plant operators to manage the various plant configurations that optimise performance.

7.4. The first commissioning loads were put through the Picking Station in May. At the time of drafting the report 90 tonnes of waste has been processed through the picking station, comprising 80 tonnes from fly-tipping and 10 tonnes from our RRC.

7.5. At this very early stage some nine percent of materials have been extracted from the waste put through the picking station, consisting of metals, wood and mattresses. This percentage is expected to rise as there is an increase the range of target materials, for example cardboard.

7.6. Officers will continue to report back on progress with the initial commissioning and test phase as part of the Authority's continued commitment to circular economy goals.

7.7. Officers plan to complete a formal hand over with London Borough of Barnet colleagues and representatives in June 2021 for the Hendon Rail Transfer Station.

8. RECYCLING UPDATE

8.1. Officers have made progress on the introduction of two new recycling streams at our network of RRCs.

8.2. Following extensive conversations with the British Plastic Federation, led by the Chair of the Authority, the parties have agreed to a year-long Expanded Polystyrene (EPS) trial at South Access Road and Summers Lane RRC.

8.3. The trial requires purpose-built EPS shredders and compactors be installed at participating sites. Unfortunately, the footprint of the compactors prevents them from being used more widely. However, we plan when the trial is up and running to install EPS bins at smaller sites to capture this previously difficult to manage material.

8.4. It is expected this trial will begin in early August, due to the lead time for building Compactors.

8.5. In 2017 it was estimated that over 7m mattresses per annum were disposed of in the UK. In north London we deal with around 36,000 mattresses every year. These are currently pre-treated before being processed at our an energy from waste facility (in Edmonton or currently at the Greatmoor plant under contract with FCC).

8.6. The mattresses are delivered by residents into our network of RRC's and come via direct deliveries from collection vehicles operating on behalf of our constituent boroughs.

8.7. Working closely with LEL we have identified a third party off-taker that recycles mattress. Matt UK, based in Lewisham, who currently operate a pan-London mattress collection service, and process around 20,000 mattresses per month. They collect mattresses from an established client base across London and extract Metals, Polyester, Cotton and PU foam for recycling.

8.8. We will extract mattresses from two RRCs, Summer Lane and South Access Road, at source by creating dedicated areas for their storage.

8.9. At the remaining RRC sites we will continue to accept mattresses into the residual waste stream, however these mattresses will be easily extracted at the bulky waste facility at the EcoPark and set aside in a new dedicated storage area.

8.10. At the Wembley Transfer Station mattresses will be extracted from loads delivered by Camden and Barnet and put aside for onwards transport to Matt UK. in parallel we will continue to explore alternative providers to ensure best value from this commodity.

8.11. The trial is set to begin on the 9 June, initially at our Wembley site before being taken forward this Summer as described. This phased roll out will enable us to establish the cost/income implications of carrying forward the operation in the longer term. Our assessment indicates costs are likely to be modest but that will depend on the success of Matt UK in getting value from the mattress materials.

8.12. Officers will report back on progress with the initial trial phase of this initiative.

9. EQUALITIES IMPLICATIONS

9.1. There are no equalities implications associated with this report.

10. COMMENTS OF THE LEGAL ADVISER

10.1. The Legal Adviser has been consulted in the preparation of this report and comments have been incorporated.

11. COMMENTS OF THE FINANCIAL ADVISER

11.1. The Financial Adviser has been consulted in the preparation of this report and comments have been incorporated.

List of documents used:

Letsrecycle Website: -Trade website
Available at: www.letsrecycle.com
Recycling initiative update
Government consultations on a Deposit Return Scheme (DRS) and Extended Producer Responsibility (EPR) 2021

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