

AUTHORITY REPORT: CONTRACT MONITORING TO 31 MARCH 2012

1. Confidential Report

1.1 No

2. Recommendation:

2.1 Members are asked to note this report.

3. Purpose

3.1 To provide an update on the monitoring, outcomes and actions taken with regards to the management of the IWMS contract for the period to 31 March 2012.

3.2 To provide a summary of the contract performance for the 2011/12 contract year.

4. Contract Performance for March 2012

4.1 Contract waste tonnage for March 2012 was 34,811 tonnes which was 3,231 tonnes below forecast.

4.2 The recycling performance for March was 22.7%, slightly lower than expected largely due to the fines material from the BioMRFs being sent to landfill.

4.3 Diversion from landfill was very strong achieving 71.3% rate. This step up in diversion performance reflects the improvements the contractor has made to the bailing and wrapping equipment for the export of SRF material.

4.4 The table below provides an overview of the recycling performance for March 2012 however these figures are subject to ratification by Defra.

	% Recycling Performance
LBBD	24.6%
LBH	32.0%
LBN	19.5%
LBR	25.3%

5. 2011/12 Contract Performance

5.1 Overall the contract performance for the year end for recycling fell just short of targets in the ABSDP. An increase in recycling performance in the first half of the year, primarily due to green waste, overcame the shortfall in recycling performance in the latter part of the year. The final contract recycling performance was 26.92%.

5.2 The diversion from landfill performance achieved higher levels than contractual targets, and was higher than ABSDP targets. The result of this is decreased costs to the Authority due to lower reimbursement of landfill tax payments. This was principally from the result of a strong finish to the contract year in relation to the performance of the BioMRFs and the new outlet for Solid Recovered Fuels (SRF). The final contract overall diversion from landfill performance was 61.9%.

5.3 The financial benefit of increased diversion was enhanced by the reduction in waste tonnages delivered into the contract. The forecast for the year was 469,627 tonnes whilst the actual tonnage of contract waste for 2011/12 was 429,877 tonnes, 39,750 tonnes lower than budget.

5.4 The controls introduced at the RRC sites realised a 22% reduction in waste arising at the sites which can be equated to approximately £1.2M savings in contract costs. This far exceeds the original forecast in the proposals.

5.5 Highlights of the most significant operational issues and developments during the 2011/12 contract year are considered elsewhere on the agenda.

5.6 Defra have confirmed that the Landfill Allowance Trading Scheme will not continue beyond 2012/13. However the Authority's allowance for the amount of biodegradable waste that could be sent to landfill for 2011/12 was 164,000 tonnes. The actual amount

of biodegradable waste sent to landfill used 109,768 tonnes of allowances, therefore the Authority operated within its allowance.

6. 2011/12 Borough Performance

6.1 The table below summarises the ELWA Borough's performance for the whole contract year 2011/12. These are still subject to confirmation by Borough officers and data is still being ratified by Defra.

	% Recycling Performance	% Recycling Performance
	2010/11	2011/12
LBBD	28%	29.9%
LBH	31%	35.4%
LBN	15%	22.7%
LBR	27%	32.4%

7. Conclusion

- 7.1 A strong contract performance in the beginning of the year and in March resulted in all budget targets being met or exceeded.
- 7.2 A good contract performance, the introduction of controls at the RRCs and a reduction in waste in general put the Authority in a good financial position in relation to contract costs and delivered significant savings against the budget.

8. Relevant officer:

Mark Ash, Head of Operations / e-mail: mark.ash@eastlondonwaste.gov.uk / 020 8724 5614

9. Appendices attached:

9.1 None

10. Background Papers:

10.1 None

11. Legal Considerations:

11.1 None

12. Financial Considerations:

12.1 Tonnage levels and landfill tax liabilities continue to be the main drivers of cost within the IWMS contract. The reduced tonnages therefore have led to a financial saving for the Authority in this period. Also improved contract recycling and diversion performance has financial benefits to the Authority as it means that there is a reduced landfill tax liability.

13. Performance management considerations:

13.1 None

14. Risk management considerations:

14.1 None

15. Equalities considerations:

15.1 None

16. Follow-up reports:

16.1 None

17. Websites and e-mail links for further information:

17.1 None

18. Glossary

ABSDP = Annual Budget & Service Delivery Plan

BioMRF = Biological Materials Recycling Facility

EA = Environment Agency

ELWA = East London Waste Authority
IWMS = Integrated Waste Management Strategy
LATS = Landfill Allowance Trading Scheme
LBN = London Borough of Newham
NI192 = National Indicator (Household Waste Recycled or Composted)
RRC = Reuse & Recycling Centre(s)
SRF = Solid Recovered Fuel
SEL = Shanks.east london

19. Approved by management board

19.1 23 April 2012

20. Confidentiality:

20.1 Not applicable