



City of Westminster

Cabinet Member Report

Decision Maker:

Cabinet Member for City Management and Customer Services

Date:

8 December 2016

Classification:

For General Release

Title:

Extension of Waste and Recycling Collection, Street Cleansing and Ancillary Services Contract with Veolia ES Ltd.

Wards Affected:

All Wards

Key Decision:

Yes

Financial Summary:

There are no direct financial implications associated with this report. The current cost of the Waste and Recycling Collection, Street Cleansing and Ancillary Services contract with Veolia ES Ltd. is £39.6m per annum.

Report of:

Executive Director of City Management & Communities

1. EXECUTIVE SUMMARY

- 1.1 This report recommends that the current Waste and Recycling Collection, Street Cleansing and Ancillary Services Contract with Veolia ES Ltd. is extended by a further three years (from 16th September 2017 to 15th September 2020).
- 1.2 The principal reason for this recommendation is to realign the duration of the contract term with the fleet purchase timetable. The current fleet of 85 'dustcart' vehicles were to be introduced at contract commencement in September 2010 but a decision was taken to defer their introduction until summer 2012 for the London Olympics. This deferred purchase of the fleet by Veolia delivered a saving of £1m to the council but means the fleet is now scheduled to end its reliable working life in Summer/Autumn 2020.
- 1.3 The current contract is considered to be performing to a high standard with the most recent City Survey reporting customer satisfaction ratings of 90% for street cleansing, 88% for waste collection and 88% for recycling collection services.

2. RECOMMENDATION

- 2.1 That the Cabinet Member for City Management and Customer Services approves the extension of the Waste and Recycling Collection, Street Cleansing and Ancillary Services Contract with Veolia ES Ltd. by a further three years (from 16th September 2017 to 15th September 2020).

3. REASONS FOR DECISION

- 3.1 The proposed contract extension will realign the duration of the contract term with the fleet purchase timetable. This will enable a range of new electric and gas vehicle technologies to be fully tested to ensure they are sufficiently resilient to consistently meet the demands of 24/7 operations whilst delivering the council's Greener City Action Plan objectives for sustainable transport.

4. BACKGROUND

- 4.1 The contract broadly covers the collection of waste from households, schools, charities and businesses, street cleaning and street washing, litter bin emptying, on-street waste and recycling containers, bulky waste collections, special and exceptional events services, janitorial services at street markets and similar locations, hazardous and clinical waste collection services, removal of dead animals and winter maintenance services ('gritting'). All collected waste and recyclable waste is delivered to disposal points nominated by the council.

4.2 The contract currently manages 195,000 tonnes annually and involves the deployment of 658 contract staff and 122 collection/cleansing vehicles on a daily basis (services operate 24/7).

4.3 **Contract Performance**

Annual Contract Key Performance Indicators are set by a Partnership Board which is jointly chaired by the council's Executive Director for City Management & Communities and Veolia's Regional Director for Greater London. 'Standing' KPI's include:

Customer Satisfaction – The most recent City Survey reported satisfaction ratings of 90% for street cleansing, 88% for waste collection and 88% for recycling collection services.

Independent Survey of Cleanliness – Keep Britain Tidy are commissioned to provide an objective assessment of street cleanliness every four months. These surveys have demonstrated consistent improvement for the past four years.

Commercial Waste Income – Veolia directly manage all aspects of the council's commercial waste business. Income has consistently exceeded target levels for the past four years and currently stands at £16.6m per annum.

4.4 **Continuous Improvement**

Officers will continue to work in partnership with Veolia's senior management team to deliver the council's objectives for this contract. Key issues for the period of the extension will include:

Air Quality and Sustainable Transport – testing a range of next-generation vehicles to inform the fleet procurement decision to be taken in 2019.

Recycling – increasing recycling rates to deliver the council's target of a 35% recycling rate by 2020.

Crossrail and the Night-time Economy – efficiently and effectively managing the projected increase in the volumes of waste and litter generated by visitors to Westminster.

5. **BUSINESS PLAN IMPLICATIONS**

5.1 In addition to delivering the council's flagship Clean Streets commitment the Veolia contract also contributes to a range of the City for All objectives. City for All is the council's three-year plan to support a city that is confident, tolerant and where everybody is able to share in the benefits of economic success.

5.2 **Aspiration: Getting Westminster Working**

Veolia currently work in partnership with Recruit London, Cross River Partnership and the council to promote local employment opportunities. The most recent phase of this project involved 11 long-term unemployed local residents undertaking a month's trial as street sweepers. Six of the eleven were subsequently offered and accepted permanent employment. Twelve new apprentice LGV driver positions have also commenced in November 2016.

5.3 **Choice: Customer Reporting**

Veolia's IT systems are directly connected to 'Report It' to enable customers to directly report issues (e.g. missed collections or fly-tipping). This ensures that waste collection vehicles and street cleansing staff can be automatically directed to address issues without delay. Further development and integration of Veolia's IT systems will continue with specific requirements including:

- fully functioning development/test environment. This would ensure we test all development properly before go-live.
- functionality for Veolia to accurately provide live status updates for customers by email and reference numbers.
- Veolia systems (e.g. Echo) to accept and utilise photo uploads from customers (with geo-location metadata where available).

The proposed contract extension agreement with Veolia will include specific contractual requirements, and appropriate default remedies, that the above IT improvements are fully implemented within six months of commencement.

5.4 **Heritage: Greener City Action Plan**

The Veolia contract is one of the cornerstones for delivering the Greener City Action Plan and tackling the city's key environmental issues.

6. **FINANCIAL IMPLICATIONS**

- 6.1 The council has a statutory duty under the Environmental Protection Act 1990 to keep highways clean (to prescribed levels), collect household waste and collect commercial or industrial waste if requested. Additionally under the Highways Act 1980, the authority has a duty to ensure highways are protected against snow. The total budgeted contract cost in 2016/17 is £39.6m. Charges can be made for collection of commercial and industrial waste and this service currently generates income of £16.16m.

7. **LEGAL IMPLICATIONS**

- 7.1 The OJEU notice published when this contract was tendered makes specific provision for an extension of the contract for a period or periods up to a further seven years from an advertised end date of 15th September 2017.

7.2 The Councils standing orders provide that exercising an option to extend the term of a contract shall require the same approvals as a new contract, appropriate to the aggregate value of the contract.

8. STAFFING IMPLICATIONS

There are no staffing implications associated with this report.

9. CONCLUSIONS AND REASONS FOR THE PROPOSED DECISION

Traffic congestion and air quality continue to be major issues for central London and this contract comprises the largest number of large vehicles deployed on any council service. A comprehensive review and testing of emerging vehicle technologies will therefore be of considerable benefit in ensuring that the council's next fleet purchase decision supports its sustainable transport objectives for central London.

APPENDICES

None

BACKGROUND PAPERS

City for All

Greener City Action Plan

For completion by the **Cabinet Member for City Management and Customer Services**

Declaration of Interest

I have <no interest to declare / to declare an interest> in respect of this report

Signed: _____ Date: _____

NAME: **Councillor Melvyn Caplan** _____

State nature of interest if any

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(N.B: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendation in the report entitled:

“Extension of Waste and Recycling Collection, Street Cleansing and Ancillary Services Contract with Veolia ES Ltd.” and reject any alternative options which are referred to but not recommended.

Signed

Cabinet Member for City Management and Customer Services

Date

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:
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If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law, City Treasurer and, if there are staffing implications, the Director of People Services (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.