

For General Release

REPORT TO:	Cabinet 11 December 2017
SUBJECT:	South London Waste Partnership (SLWP) – Looking to the new contract in 2018
LEAD OFFICER:	Shifa Mustafa, Executive Director – Place Steve Iles, Director of Streets
CABINET MEMBER:	Councillor Stuart Collins Deputy Leader and Cabinet Member for Clean Green Croydon
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT: Cleaner & Greener These services meet the Council’s Corporate priorities to: Provide value for money to its residents through the development of an integrated waste and street cleansing service alongside three neighbouring authorities, considerable savings and also improvements in contract performance Support improved use of Council assets and investment in energy and carbon management. Contribute to the local economy and environment through social value.	
AMBITIOUS FOR CROYDON & WHY ARE WE DOING THIS: As part of Ambitious for Croydon, the Council is working with residents and contractors to improve street cleanliness, maximise recycling, tackle fly tipping, instigate behavioural change, instil pride in our Borough and improve contracted services within the challenging financial constraints set by National Government.	
FINANCIAL IMPACT There are no new direct finance implications arising from this report. The cost of delivering the projects are to be funded from existing Revenue and Capital budgets and were agreed as part of the budget setting report presented to Cabinet in February 2017.	
KEY DECISION REFERENCE.: This is not a Key Decision	

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendation below:

1. RECOMMENDATIONS

That Cabinet:

- 1.1 Notes the arrangements for the forthcoming South London Waste Contract with Veolia
- 1.2 Note the enhancements to the current service, including the garden waste service running all year round, and the collection of Christmas trees from kerbside properties
- 1.3 Note the progress on the planned transitional improvements to the environmental service in advance of the new South London Waste Partnership contract.
- 1.4 Note the Council agreed to bring this Christmas tree collection service forward for January 2018, meaning residents will receive this service a year earlier than anticipated.

2. EXECUTIVE SUMMARY

- 1.1. This report details the arrangements for the forthcoming South London Waste Contract with Veolia, and the improvement it will have on Croydon's existing services, the governance arrangements for the new contract and the investment being made in environmental services prior to the commencement of the new contract.
- 1.2. The South London Waste Partnership (SLWP) was formed in 2003 between the boroughs of Croydon, Kingston, Merton, and Sutton and has a proven record of providing improved and more cost-effective waste management services through the procurement of complex waste disposal treatment, recycling and Household Reuse and Recycling Centre contracts. The SLWP itself is not a legal entity and thus procures its contracts through one of the borough members of the Partnership in this case, Croydon Council.
- 1.3. Officers from the four partner boroughs explored opportunities for future delivery of a range of high quality environmental services. An options analysis was undertaken to assess the merits of procuring services in partnership, as opposed to procuring alone, or retaining existing arrangements. The boroughs made an assessment of delivery, procurement options and modelling savings based on joint procurement by all boroughs. The modelling suggested savings in the region of 10% from procuring jointly with the potential to achieve savings in excess of this if the partner boroughs harmonised these services.
- 1.4. On this basis a business case for a joint procurement exercise for the following services was agreed in each of the boroughs between November 2014 and January 2015:

Lot 1 (All boroughs)	Lot 2 (Sutton & Merton only)
Waste collection	Parks and grounds maintenance
Street cleaning	Cemeteries
Commercial waste	Highway verge maintenance
Winter Maintenance	Tree maintenance (excluding inspections)
Vehicle maintenance and procurement	Sports and play facilities management

***NB at this stage Croydon is only procuring Lot 1 contracts but may opt-in to Lot 2 at a later date.**

- 1.5. Following an endorsement from the Joint Waste Committee on Tuesday 7 June 2016. On 11 July 2016 Cabinet endorsed Veolia as the preferred bidder for the Lot 1 Contract. The Contract was signed in March 2017.
- 1.6. Following contract procurement savings are around 20% and are forecast to save the four boroughs £56m over the next eight years (£47.4m on Lot 1 and £8.6m on Lot 2), based on a scenario where service budgets were inflated at 1% each year.
- 1.7. For Croydon, the original financial implications of the award of this contract to Veolia were revenue savings over the initial 8 year period of the contract of £34.297m against a cumulative budget of £98.489m over the same period. This has since been slightly revised to show revenue savings of £35.097m due to an adjustment for the cost of financing capital expenditure. This equates to an annual saving of £5.014m in 2018/19. This saving remains constant over the life of the contract, although contract costs will be uplifted for inflation each year (estimated at 1% per annum) which would reduce this saving in cash terms.
- 1.8. The contract also assumes capital investment of £9.648m over the first two financial years (2017/18 and 2018/19). This is broken down as £6.694m of expenditure on vehicles, £2.800m on containers, and £0.145m on depot refurbishment.









DETAIL

2. BACKGROUND

- 2.1. Croydon's waste collection and street cleaning contract runs until 3rd March 2017. It was originally let in 2003 to Cleanaway before the company was procured by Veolia in 2007. The current administration inherited the Veolia contract in 2014.
- 2.2. In recent times there has been a shift in the expectations regarding the standard to which Veolia delivered its services under the current contract, although the current contract is regulated by a set of Key Performance Indicators (KPIs), which

are not particularly robust by today's standards. The mechanisms by which residents can report service issues have also changed, resulting in considerably more requests via online reporting such as 'My Account' and the 'My Croydon' smartphone app.

- 2.3. The new contract for the SLWP will be underpinned by a more robust set of KPIs which will drive standards of service delivery and ensure there are appropriate penalties for service failures.
- 2.4. Currently the partner boroughs deliver their waste collection services differently, with some providing weekly food waste collections, fortnightly collection and twin stream recycling services with all of the boroughs providing a chargeable green garden waste service.
- 2.5. Croydon currently operates a fortnightly kerbside collection of landfill waste, with an alternating weekly collection of paper/card and dry mixed recycling (DMR) and a weekly collection of food waste and an optional chargeable garden waste collection service. All these services will remain, however, from October 2018 in the new contract paper will now be collected in a 240L wheeled bin as opposed to a 55L box. All other waste containers will remain the same. A summary of the current containers and services offered by the four boroughs vs those offered in the new contract are summarised below:

Borough	As Is	New
Croydon		
	Retain existing Containers for residual waste, garden waste, food waste, use existing boxes for DMR and receive a new bin for paper and card recycling	
Kingston		
	Retain all existing containers for use on new services	
Merton		
	Retain existing food waste and garden waste containers and receive a new bin for paper and card recycling and a new residual bin to replace existing residual waste sacks,	
Sutton		
	Retain existing residual and garden waste containers. Receive a new box or bag alongside the wheeled bin for kerbside recycling and new food waste caddies for food waste recycling	

3. HARMONISED SERVICE PROPOSALS

- 3.1. Veolia's solution involves harmonisation of services over time across the Partnership area.
- 3.2. Waste collection proposals include:
- Food waste collected every week
 - Residual (non-recyclable or 'black bag') waste collected every fortnight
 - Card and paper collected every fortnight
 - Tins, plastics glass collected every fortnight
- 3.3. Other services are also harmonised across the partnership area. The street cleaning service proposals operate on a neighbourhood basis. Parks and grounds maintenance service resource is flexible with dedicated staff at key locations. Boroughs are able to share depot space, enabling the services to operate more efficiently.

4. BENEFITS OF THE NEW CONTRACT

- 4.1. The objectives agreed prior to the commencement of the procurement exercise were:
- to target optimum savings on the costs of service provision through lower service costs and increasing recycle revenues;
 - to deliver residents a high performing service, achieving high levels of customer satisfaction;
 - to provide improved environmental and carbon outcomes in the way we deliver environmental services.
- 4.2. Whilst the provider of Lot 1 services is Veolia, the current provider of Croydon's waste and street cleansing services, there will be key enhancements to the way these services are delivered compared to the current contract.
- 4.3. Veolia's solution delivers significant benefits to Croydon over the course of the contract term. In addition to delivering considerable savings as detailed in paragraph 1.7, the new contract will be underpinned by a new set of performance indicators which set the Service Provider challenging targets aimed at driving up performance in key areas such as missed collections and street cleanliness. With strict penalties associated with failure to meet these targets, the Service Provider has also set out a robust monitoring approach to ensure these standards are upheld.
- 4.4. Changes to Streets Services (operational from March 2018)
- 4.4.1. Fly tips will be cleared twice as quickly as they are currently. The new service standard is to clear fly-tipped material within 24 hours of notification, compared to the current 48 hours.
- 4.4.2. Veolia will carry out Core Street Cleaning Services for all footpaths, public rights of way, adopted highway, pavements, housing estates (in Croydon only), and other public areas in the Boroughs' administrative areas.

- 4.4.3. Street cleansing will move from being a frequency based service, to being an outcome based service. Streets will be serviced to a grade A standard as detailed in National Indicator 195 (NI195) at the time of sweep and maintained to such a level that they never fall beneath a grade B. The definitions of the litter grades are provided in Appendix A.
- 4.4.4. In May of each Contract Year, the Contractor shall submit a draft Leafing Removal Programme to the Council for approval detailing the resources, equipment and vehicles to be used for leaf removal, and the start date for leaf clearance programme. Once approved, Veolia will be required to remove all autumn leaf fall from relevant land on or before the date specified in, the Leafing Removal Programme agreed. The Council may alter the dates due to seasonal conditions.
- 4.4.5. It will be a contractual target for orange bags from the street cleansing operation to be removed on the same day of production.
- 4.4.6. Where possible street cleansing schedules will complement the recycling service, meaning that problems associated with spillages and windblown litter are minimised. There will also be a harmonisation of standards across the partnership boroughs relating to response times for services such as removal of fly tipping.

5. Changes to Waste Collection Services (operational from October 2018)

- 5.1. The blue box which is currently used for paper and card will be replaced with a 240L wheeled bin, meaning residents have additional capacity for recycling and that windblown litter associated with the overfilling of paper boxes will be eradicated.
- 5.2. The addition of the blue box will increase the overall capacity for kerbside properties from 383 litres to 568 litres per fortnight, with an emphasis on increased recycling. Batteries will also be collected for recycling as part of the new contract, as will textiles. This represents a comprehensive kerbside recycling offer.
- 5.3. Flexibility is an important feature of the new service and residents will be able to request additional, larger or smaller containers if required, subject to meeting certain criteria, e.g.
- Household of six or more people
 - Residents with certain medical conditions
 - Families with two or more children in nappies

Alternative arrangements will also be made for properties with access issues, such as those above shops.

In these instance, or others as required, a larger bin i.e. 240/360l as agreed with each Borough, would be provided for an agreed period, dependent on the circumstances and needs.

- 5.4. The delivery of bins and other waste containers will be carried out within 5

working days, as opposed to the current 5-20 working days, meaning residents will receive replacement bins/boxes far more quickly than they presently do.

- 5.5. The Service Provider will work toward a target of thirty missed collections per one hundred thousand properties, whereas under the current contract it is ninety per one hundred thousand properties.
- 5.6. Garden waste will be an all-year round chargeable service instead of stopping in the winter. This means that instead of receiving approximately 13 collections each year, residents will now get 26 collections per year for just £1.50 more than the current rate.
- 5.7. Every year, for a two week period at the beginning of January, Veolia will arrange for the free collection of Christmas trees from kerbside residents, for composting.
- 5.8. Following negotiations with the Council, Veolia have agreed to bring this Christmas tree collection service forward for January 2018, meaning residents will receive this service a year earlier than anticipated.
- 5.9. The proposal to increase additional recycling capacity for paper and card alongside fortnightly collection of residual waste and enhanced recycling capacity will assist in contributing to the achievement of the Council's Ambitious for Croydon target of 40%.
- 5.10. It is anticipated that the new systems for waste collection will increase the recycling rate across the partnership by around 4%.

7. CHANGES TO HOUSING

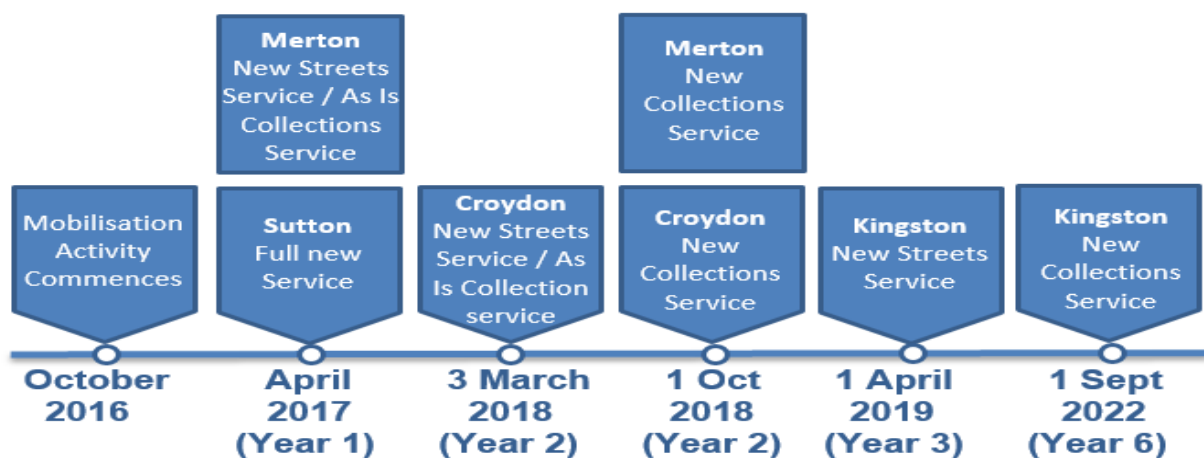
- 7.1. Under the new contract Veolia will undertake a waste capacity audit for all communal properties during the mobilisation period in which container provision **will be reviewed and amended to allow an equivalent capacity for each household** utilising the communal storage area to that of Kerbside collection properties. Veolia will ensure that sufficient capacity is provided and a collection schedule is established to meet the requirements of delivering this capacity.
- 7.2. Washing of communal food waste bins on a quarterly basis has been factored into the Street Cleansing 'washing' resource who will also complete litter bin washing.
- 7.3. As part of a drive across communal properties to incentivise participation, Veolia will use data collected from collection crews to benchmark, compare and report back at regular intervals on recycling performance of each block, estate, or other suitable grouping.
- 7.4. Veolia will explore ways to work with landlords and estates managers responsible for properties, and encouraging them to be accountable for the correct use and upkeep of bin-stores. This shift in approach to accountability will be supported with enforcement to ensure uptake, with crews instructed to tag bins where standards are not acceptable. By involving the management of the property as a joint stakeholder in the issue, another angle of approach and communications channel with customers is opened up, accessing the pre-existing relationship

between estate manager and resident, which may pose a more real sense of consequence.

- 7.5. For new developments a waste audit will be undertaken, containers will be allocated and delivered and the collection rounds will be adjusted accordingly. When notified a property has been occupied Veolia will deliver the correct receptacles within five Business Days with a service leaflet informing the new residents of how the service works, what containers are to be used for what item and the days on which collections will be made.
- 7.6. Another approach Veolia will explore is to directly engage landlords and estates managers responsible for properties, challenging them to become more accountable for the correct use and upkeep of bin-stores.
- 7.7. A team of eight cage vehicles, operating predominantly as driver plus one will provide cleaning for the housing estates in Croydon with a total of 8 Drivers and 12 Operatives delivering the service. The teams will provide support to the Village teams and the market cleaning teams as required.
- 7.8. Veolia will remove weeds from all relevant land and moss from the housing estates in Croydon to ensure that the land is weed and moss free.

8. SERVICE CHANGE TIMETABLE

- 8.1. The SLWP contract for Lot 1 commenced on 1 April 2017, although the new service for Croydon does not commence until 4th March 2018 for street cleansing, and 1 October 2018 for the new waste collection service as illustrated below.



9. PREPARATION FOR NEW SERVICE

- 9.1. Over the last year £1.3m has been invested in new technologies to help make a smooth transition into the new contract and achieve greater efficiency and improve standards of Street Cleansing, working with our Service Provider, Veolia.
- 9.2. 25 barrow beats are being enhanced with “Green Machine” vacuums which are ideal for town centres and areas of high footfall. The power and adaptability of these units is making a real difference in hard to reach areas such as the back lines of pavements and between parked cars. These vacuums are already being utilised on ten rounds, with the remainder set to follow shortly. These battery

powered machines have zero CO₂ emissions, and have created a real talking point among residents whose rounds they service, raising public perception of Croydon's Street Cleansing services. A competition will follow for local residents to name their vacuum, with the winning suggestions being liveried on the front of the machines.

- 9.3. Four new "mini" mechanical Schmidt sweepers: these have been introduced to support manual barrow beats, particularly on our 6-weekly schedules. They allow for a deeper cleanse, particularly on pavements and in housing estates where the larger brooms are unable to navigate. Seasonally, they provide more effective removal of moss and leaves.
- 9.4. There has also been a reinstatement of afternoon street cleansing shift in the town centre to ensure standards are maintained throughout the day and that orange bags used for street cleansing are collected on the day they are produced.
- 9.5. Two new Refuse Collection Vehicles (RCVs) have been purchased and are currently being utilised on a new borough-wide PM shift of fly-tip removal operating and also acting as a dedicated weekend resource for fly tip clearance. This resource is being used to proactively clear from known flytip hotspots and gives flexibility to be directed as the need arises. Working with the Cabinet Member and Veolia, Steve Reed M.P. has organised an anti-litter poster competition amongst schools in his constituency, with the winning designs set to appear on Veolia vehicles as part of the Council's anti-litter campaign.
- 9.6. The Introduction of the afternoon shift and a dedicated weekend resource for fly-tip removal to ensure clearance of fly tips within 48 hours (year to date: average 87.9% cleared within 48hrs versus 80.84% in 2016). This allows us flexibility to direct resource as needed. Alongside this, Veolia operates a proactive clearance of fly-tips where street cleansing operatives report fly-tips to their charge hands for clearance.
- 9.7. Two caged tippers vehicles have been purchased and are currently providing a solution for narrow access fly-tip clearance (e.g. housing estates, alleyways, etc.), meaning more flexibility and faster reaction times.
- 9.8. Eighty "Big Belly" Solar Compactor bins have been introduced mainly to areas of high footfall, rubbish deposited in these bins is compacted up to 8 times. The bins send a message to Veolia when full. This ensures they are only emptied when required, freeing up resource to be spent on improving street cleansing and removing fly-tips. All the bins have been adorned with posters from local school children, promoting anti-littering. In the next month, stencilled footprints will be added to the pavement leading up to the bins, so people can be in no doubt about the correct way to dispose of their waste.
- 9.9. Up to ten support teams and two extra mechanical brooms are being deployed over the Autumn/Winter leafing period in order to target leafing hotspots and support the regular sweepers.
- 9.10. Standards of street cleanliness have greatly improved, with over 90% of roads being swept to standard across the borough. This is due to the investments made, plus a new regime of joint monitoring of streets between council officers and Veolia's contract supervisors to ensure more proactive rectification of issues.

9.11. Along with investments in technology, it was important to review current service provision and see where minor improvements may be introduced that would have a noticeable effect. Croydon will join the South London Waste Partnership integrated waste management contract in 2018, therefore any operational changes need to take this into account as they would be fairly short-term arrangements. The following actions were taken:

- Reinstatement of afternoon street cleansing shift in the town centre to ensure standards are maintained throughout the day.
- Introduction of afternoon shift and a dedicated weekend resource for fly-tip removal to ensure clearance of fly tips within 48 hours (year to date: average 87.9% cleared within 48hrs versus 80.84% in 2016). This allows us flexibility to direct resource as needed. Alongside this, Veolia operates a proactive clearance of fly-tips where street cleansing operatives report fly-tips to their charge hands for clearance.
- Clearance of street cleansing bags: To support our aim of keeping the streets as clear of fly-tips as possible, it is important to practice what we preach. All street cleansing bags are cleared on the day of sweep, with a dedicated afternoon shift for bag removal operating borough-wide.
- Seasonal operations: Issues such as leafing affect operations and can be very weather dependent. Up to 10 support teams and 2 extra mechanical brooms are deployed over the Autumn/Winter leafing period in order to target leafing hotspots and support the regular sweepers.

9.12. A new regime of joint monitoring of streets between council officers and contract supervisors to generate more proactive rectification of the issues. Joint training was provided to all council monitoring officers and contract supervisors in order to ensure consistency across the contract. The training was provided by Keep Britain Tidy in order to familiarise staff with NI195 standards of cleanliness. As a result of this, over 90% of roads are now swept to the standard across the borough with over 200 inspections being undertaken each month.

10. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

Following an endorsement from the Joint Waste Committee on Tuesday 7 June 2016. On 11 July 2016 Cabinet endorsed Veolia as the preferred bidder for the Lot 1 Contract. The Contract was signed in March 2017.

Following contract procurement savings are around 20% and are forecast to save the four boroughs £56m over the next eight years (£47.4m on Lot 1 and £8.6m on Lot 2), based on a scenario where service budgets were inflated at 1% each year.

For Croydon, the original financial implications of the award of this contract to Veolia were revenue savings over the initial 8 year period of the contract of £34.297m against a cumulative budget of £98.489m over the same period. This has since been slightly revised to show revenue savings of £35.097m due to an adjustment for the cost of financing capital expenditure. This equates to an annual saving of £5.014m in 2018/19. This saving remains constant over the life of the contract, although contract costs will be uplifted for inflation each year (estimated at 1% per annum) which would reduce this saving in cash terms.

The contract also assumes capital investment of £9.648m over the first two financial years (2017/18 and 2018/19). This is broken down as £6.694m of expenditure on vehicles, £2.800m on containers, and £0.145m on depot refurbishment.

There are no direct financial implications arising from this report. The budget for the services delivered as part of the South London Waste Partnership and the Don't mess with Croydon Campaign will be funded from existing revenue and capital budgets that have previously been agreed by Cabinet as part of the budget setting report.

The financial investment in services and education of our residents will enable revenue savings to be generated which are to be reinvested into improvements in the current service prior to the new SLWP contract. The new contract when operational will also deliver significant savings for the council which have been documented in previous cabinet reports.

Approved by: Lisa Taylor, Director of Finance, Investment and Risk and Deputy S151 Officer

11. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

The Council Solicitor comments that there are no legal considerations arising directly out of the recommendations set out in this report.

(Approved by: Sean Murphy, Principal Corporate Solicitor (Regeneration), on behalf of the Director of Law and Monitoring Officer).

12. HUMAN RESOURCES IMPACT

There are no human resources implications arising from this report
Approved by: Jenny Sankar, HR Lead for Place.

13. EQUALITIES IMPACT

An initial equality analysis was undertaken as part of the development of the environment enforcement policy. This covers the proposals to make Croydon a cleaner and greener borough. The initial equality analysis indicates that the actions arising from this report are unlikely to directly affect equality groups that share a "protected characteristic". The direct impact will be upon anyone committing an environmental offence rather than a particular group.

The initial equality analysis is currently work in progress and will be reviewed and updated as the education and enforcement actions arising from this report are planned and delivered. For instance, we will ensure that different equality / community groups and schools are engaged in a campaign to educate and raise awareness of the clean and green agenda and any communication / information that we produce is accessible.

14. ENVIRONMENTAL IMPACT

- 14.1 The recommendations of this report impact significantly on the environment as they specifically designed to address enviro-crime such as fly tipping and littering. They will send a clear message that the council working with the communities in taking pride in the environment will not tolerate these offenses, should change attitudes to fly tipping and littering and will ultimately make the borough a cleaner and greener place to live, work and visit.

15. CRIME AND DISORDER REDUCTION IMPACT

The recommendations of this report will impact on crime and disorder as they will intensify the councils approach to identifying and prosecuting people for fly tipping and littering for which these are the offences the council has powers to enforce.

16. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 16.1 The recommended that the council continues to adopt the clean and green approach and the range of interventions and engagement with our communities. Introducing the capital investment into the service will provide efficiencies within the service to enable resources to be diverted to areas of the borough with the greatest need. This investment will also allow the current service to transition to the new South London Waste Partnership contract in March 2018.
- 16.2 This is consistent with the environmental enforcement policy, which clearly sets out what the council's position is regarding tackling fly tipping and littering and other offenses.

17. OPTIONS CONSIDERED AND REJECTED

- 17.1 The range of interventions described above take the existing service provision and powers the council has combining them under a new strategic and operational approach to develop further in order to transition the existing service to the new South London Waste Partnership contract in March 2018. There are options to introduce this approach without including residents, businesses, our schools and contractor but that would undermine the "inclusive" nature of the Clean and Green Strategy and would lead to an approach which did not have partnership at its core.

CONTACT OFFICERS:

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Background document: none

Appendix A – Street Cleansing Gradings

GRADE A - no litter or refuse



GRADE B - predominantly free of litter and refuse except for some small items

