

Report for: Cabinet 19 September 2023

Title: Integrated Waste and Cleansing Contract

Report authorised by : Barry Francis, Director of Environment and Resident Experience

Lead Officer: Beth Waltzer, Head of Waste

Ward(s) affected: All

Report for Key/ Non-Key Decision: Key Decision

1. Describe the issue under consideration
Veolia Extension

- 1.1 As a Waste Collection Authority (WCA), the Council has a statutory duty to collect waste and recycling from all households within the Borough, and to keep open space clean, and clear of litter. This duty is currently fulfilled on the Council's behalf by Veolia through the Environmental Services contract valued at £21.6m in 2023/24.
- 1.2 The contract with Veolia for the provision of waste and recycling collections, street cleansing and ancillary services commenced on 17 April 2011, with the initial 14-year term expiring on 16 April 2025. The Council had an optional break point in the 7th year, which was not executed, however discussions were held to ensure the contract continued to deliver quality and good value services.
- 1.3 The Council must have provisions in place to ensure frontline waste and cleansing services can continue from the expiry date without any disruption in service to residents, whether through an extension of the current contract, re-tendering the services or in-sourcing the services.
- 1.4 The contract provides the Council with the option to extend the contract for a period, or number of periods which shall not exceed a maximum of seven years.
- 1.5 Should the Council wish to extend the contract it must give notice to Veolia 6 months before the expiry date, for the current term this would be 15 October 2024. Should the Council wish to re-tender the services it must give notice to Veolia 18 months before the expiry date. For the current term this would be 15 October 2023.
- 1.6 Following a review of external Political, Economic, Social, Technological, Legal and Environmental (PESTLE) analysis it has been determined that there are several factors which impact waste and recycling collection and street cleansing services, which are not yet clear. This means it is not possible to determine the future requirements of the services at this point ahead of April 2025. The full analysis is set out in Section 6 and Appendix 1, but the main reasons include:
- 1.6.1 **Legislation Changes** - Upcoming legislation set out in the Environment Act and delivered through the Collection and Packaging Reforms (CPR) will

fundamentally change how waste and recycling is collected (and processed) over the coming years. The full details of these changes are not yet fully understood and have been subject to ongoing delays. Subsequently, implementing new arrangements in terms of service delivery without clarity carries a financial and operational risk to the Council.

- 1.6.2 The Council (along with 6 other boroughs) is part of the North London Waste Authority (NLWA) who provide reprocessing and disposal services for Haringey. NLWA have delayed the joint waste strategy in view of the forthcoming legislative changes.
- 1.6.3 **Technology Changes** - Advancements in this sector that can be used to deliver these services, such as zero emission vehicles is rapidly changing, with an expectation that costs may start to come down or new other suitable technologies starting to emerge.
- 1.6.4 **Economic Uncertainty** - The current economic uncertainty across the Country in terms of rising living costs, impacts from the war in Ukraine and overseas trading, is affecting staff, fuel and asset costs associated with waste and cleansing services.
- 1.7 A review of the current service and the future requirement for the service is currently being undertaken, which includes an appraisal of the service delivery options (extension with Veolia, in-sourcing, or re-tendering), the collection & street cleansing methodology options, and the options for a zero-emissions fleet. Due to the factors set out in 1.6 above, it has been determined that additional time is needed to fully understand the impact of these before determining the future of the services to avoid placing the Council at financial and operational risk.
- 1.8 Subsequently, it is proposed to extend the current contract with Veolia for an additional 2 years up to April 2027. Extending now ahead of October 2024 provides the Council with financial and operational certainty, whilst providing the necessary time required to undertake in depth modelling and analysis of longer-term options impacted by factors outlined in 1.6.

In-source Education, Communications and Outreach

- 1.9 As part of the contract Veolia provide the Council with an Education, Communications and Outreach team (ECO), which is made up of an ECO manager and two Outreach Officers.
- 1.10 The team's role primarily involves educating residents and community groups to increase recycling and minimise contamination. This is achieved through the delivery of the community engagement programme, delivering doorstepping activities and promoting the services delivered by Veolia. The team undertake a range of other tasks such as waste capacity checks, responding to recycling queries from members of the public, undertaking monitoring and analysing data.
- 1.11 The ECO team provides Veolia with an important tool to meet the Service Performance Indicator (SPI) target for recycling rate and is key to improving services and the Council's recycling performance.

- 1.12 It is proposed that the ECO team is in-sourced, transferring all 3 team members across to the Council. This will give the Council greater control over the communications and associated workstreams which improve waste and recycling behaviour as well as providing some consistency in the message that is being delivered.

2. Cabinet Member Introduction

- 2.1 A Political, Economic, Social, Technological, Legal and Environmental (PESTLE) analysis (Appendix 1) has shown that there are several significant areas which are currently impacting, or are likely to have a future impact, on the waste and cleansing services over the coming years. The most significant include:
- Ongoing delays to the implementation of the Government's Environment Act,
 - Cost and availability of Zero Emission vehicles,
 - Cost of living crisis impacting on staff costs,
 - Uncertain economic climate impact on costs,
 - War in Ukraine creating high fuel costs,
 - North London Joint Waste Strategy, and
 - Lead times for vehicles and equipment.
- 2.2 Due to these factors the Council is unable to fully determine the needs of stakeholders presently without significant operational and financial risks on the ability to deliver services from April 2025. A short-term extension on a well performing contract is the most prudent course of action to protect services for residents and businesses whilst ensuring financial certainty at a time of challenge in the waste sector and economy in general.
- 2.3 The extension will be based on the proven performance of the existing contractual terms and conditions and therefore all current waste and cleansing services will remain in place. The one exception to the existing arrangement is the proposal to insource the Communications, Education and Outreach function currently provided by Veolia.
- 2.4 We know that being able to communicate with our residents is key to encouraging behaviour change and see a reduction in the amount of waste we produce. As part of the Haringey Deal, the Council is committed to Co-production and Co Design of services and the Communications, Education and Outreach team are key to that as well as contributing to the Mayor of London and Council's target to achieving 50% recycling of household waste by 2030. Bringing this function in-house will allow us to expand the reach of this team in terms of involving residents in our service design as well as providing guidance and assistance on wider topics, such as our recycling banks at libraries, or our anti-littering and fly tipping campaigns.

3. Recommendations

- 3.1 It is recommended that Cabinet:
- 3.1.1 Agrees to exercise the Council's option to extend the current contract for a value of £21.6m per annum, based on 2023/24 costs and subject to indexation and variations with Veolia, on the same terms, by 2 years through to 16 April 2027, in

accordance with CSO 10.02.1 b) (Cabinet to approve contract extensions above £500,000), and

3.1.2 Agrees to vary the contract with Veolia to in-source the Education, Communications and Outreach service on 17 April 2024 and undertake the necessary TUPE process for the 3 staff members.

4. Reasons for decision - Veolia Extension

4.1 With the current contract expiring in April 2025, the Council has 18 months to agree how the services will be delivered and, if required, undertake the relevant extension, re-tendering or in-sourcing exercise.

4.2 The commissioning programme is currently underway to determine how waste and recycling collections and street cleansing services are delivered from April 2025.

4.3 Eunomia Research and Consulting Ltd and Plan B Management Solutions have provided the Council with specialist advice, support, and modelling to inform the recommendations across three key areas, which will impact on the cost and deliverability of services in the coming years:

- Service delivery approach (whether the services are in-sourced, re-tendered, or Veolia contract extended)
- Waste collection and street cleansing methodologies (the approach and service design required to improve quality and performance against targets)
- Fleet strategy (the approach, costs, and feasibility to support the implementation of Zero Emission (ZE) vehicles)

4.4 The support provided across each of these areas has resulted in a detailed review of the associated costs, benefits, and risks across a range of options. Each of the three key areas has implications for each other, and as such, a holistic review is required to fully understand the implications for the Council.

4.5 Between December 2022 and February 2023 engagement with residents, business and other stakeholders was undertaken as part of the Haringey Deal, to understand views and aspirations of services provided within the current contract. The engagement received over 8,000 responses, which will be incorporated into the future options and recommendations.

4.6 The Political, Economic, Social, Technological, Legal and Environmental (PESTLE) analysis (Appendix 1) has shown that there are several significant areas which are currently impacting, or are likely to have a future impact, on the services in the coming years. Due to these factors the commissioning programme is unable to fully determine the needs of the Council presently without significant operational and financial risks. It is expected that with additional time, the market may start to stabilise and requirements under the Environment Act will become clearer, allowing properly informed planning for the future of the services both financially and operationally.

- 4.7 In addition, high-level mobilisation timelines provided as part of the service delivery review indicate that a 2-year extension will allow the Council sufficient time to implement its chosen option including any re-tendering, in-sourcing exercises and an associated required mobilisation period. The extension builds in sufficient contingency to mitigate against financial, commercial and operational risks associated with the sheer size and complexity of the services.
- 4.8 The existing fleet and maintenance arrangements provided by Veolia will continue in place to deliver services until 2027 as future fleet requirements cannot accurately be confirmed without the finalised service design. This approach provides additional time for the cost of low emission vehicles to reduce, and advancements in technology to develop. The Council is currently reviewing the strategy for procurement of its future fleet, and how to transition to a ZE fleet.
- 4.9 The only long-term option which does not require a significant implementation or mobilisation period is to extend the current contract with Veolia for a further 7 years. At this stage the Council is unable to make this decision, as the review of service delivery options is still in development. As previously stated, this review needs to happen holistically with consideration to the implications on the future waste collection and street cleansing methodology and future fleet strategy, to ensure that best value service is provided.
- 4.10 If a long-term extension is determined to be the best option from April 2027, the Council can further extend the contract for up to an additional 5 years, to April 2032, in line with the maximum 7 years extension period.
- 4.11 The 2-year extension period impacts on the Council's ability to deliver significant changes to the contract. This is because the extension would be on the same terms as the current contract, with no change in the scope of services permitted. Any changes would have to go through the same change procedure as has been in place since 2011. The MTFS savings were based on the ability to re-scope services during the potential process of negotiating a 7-year extension to the contract, re-tendering or in-sourcing the services. Subsequently the current £1.3m MTFS savings target for 2025/26 will be addressed in the MTFS process for 2024/25 – 2028/29.
- 4.12 The additional time provided during the extension period will allow the Council to further understand the impact of the external PESTLE factors on services. This will enable intelligent and informed decision-making incorporating benefits of technology advancements, changes to the legislative framework of waste and cleansing services and greater economic stability.

In-source Education, Communications and Outreach

- 4.13 As part of the contract, Veolia have a Service Performance Indicator (SPI) target for increasing the council's household recycling rate, which has not been achieved since 2014/15.
- 4.14 Haringey's recycling rate has decreased from a high of 37.3% in 2014/15 to 30.4% in 2021/22, having reached a low of 30.1% in 2019/20. Changes in resident habits influenced by the cost-of-living crisis and post pandemic living, is impacting on tonnages as residents work to ensure they reduce the amount of food waste, and the amount that they purchase as well as changes in traditional

life/work arrangements. Others may be moving towards more sustainable choices such as like re-using and re-filling containers for essential items, recycling plastic film at supermarkets, or making use of services such as postal coffee pod recycling. In addition, Manufacturers are also investing in packaging and switching to lighter materials, which has a negative impact when using weight-based metrics. All these factors have contributed to Veolia not achieving the contract target for percentage of waste recycled since 2014/15.

- 4.15 Veolia are incentivised to meet this target via the risk of a financial deduction for non-performance, however this has not resulted in delivery against the targets. In line with current market conditions, Veolia will not agree to any contract change which would increase the value of this deduction for factors largely outside their control. As a result, the current performance mechanism will discontinue in 2025.
- 4.16 Following a reduction in service request by the Council as part of savings in 2018, the communication and outreach function delivered by the team is focused on services within the scope of the contract and does not include promoting all the additional services provided by the Council, such as recycling hubs at libraries, anti-litter campaigns, school outreach work or communications produced by the North London Waste Authority (NLWA) which is focussed on promoting waste reduction.
- 4.17 The team will transfer over to the Waste Team in Environment Neighbourhoods and Residents Experience who have responsibility for the contract, continuing to deliver key education, communications, and outreach functions, in line with a newly developed Outreach Plan.
- 4.18 This will provide the Waste Team a stronger ability to control the output and scope of the ECO work to deliver against the Council's RRP, ensuring the communications programme is more seamlessly supported with the Council's own communications team and agenda.
- 4.19 Over the coming years there is likely to be significant changes in how the Council delivers these services, due to changes in legislation and a need to drive improvement across the services. The ECO team will be vital to ensure residents understand the changes coming.
- 4.20 Considering the Haringey Deal, the ECO team are also key to ensuring residents are involved and listened to in relation to how we design and manage the service.
- 4.21 Veolia have proposed an annual contract price reduction, for Haringey to take on the services. The Council would use this reduction in contract price to fund the in-sourced function, including the staff as well as a dedicated communications budget, and therefore no saving or additional cost would result from this change. Please refer to the exempt part of this report for further details on the contract price reduction.
- 4.22 As part of the proposal, to assist the Council with their recycling targets, Veolia have agreed to continue with the contract target for recycling until 2025 despite the function transferring to the Council.

- 4.23 The transfer of this service would be subject to TUPE, as there are 3 staff members who currently deliver these services. This process will require support from Haringey HR, which has been included in the in-sourcing plan.

5. Alternative options considered

Veolia Extension

- 5.1 The Council could do nothing, which would result in the contract with Veolia expiring without any service delivery plans, and the Council unable to deliver its statutory services. This is not an option as the Council has a statutory duty to provide waste and recycling collection services, and so must have some form of service in place to deliver this from April 2025.
- 5.2 The Council could continue without a short-term extension to the existing contract, and plan to deliver the services through an alternative service delivery approach. This would include re-tendering the services through a procurement process or mobilising a new in-house service.
- 5.3 Any in-sourcing or re-tendering exercise would have to be undertaken within 18 months, ahead of April 2025. If the Council chose to re-tender or in-source the services within such a limited window it would represent a significant risk to the Council's ability to deliver quality and affordable services from the expiry of the current contract.
- 5.4 If the Council chose to re-tender for services now, there is a further risk that due to the current economic conditions, and the current volatility of staff and fuel costs, that the price may be higher than current or if services are tendered after the economy has had time to stabilise.
- 5.5 To meet the changes required under the Environment Act the scope of services under the current contract would need to change through a variation. This is unlikely to provide value for money, due to how the contract is currently costed. Making changes through a re-tender or via in-sourcing at an appropriate future point is likely to provide better value for money.
- 5.6 The changes coming under the Environment Act remain ambiguous, with recent updates being delayed by Defra again. It is therefore not currently possible to adequately prepare and allow for these ahead of undertaking an extension, in-sourcing or re-tendering.
- 5.7 Alternatively, the Council could decide to award Veolia a 7-year extension, however this option is being considered alongside other service delivery options, and as such the Council is unable to make this decision at this stage.

In-source Education, Communications and Outreach

- 5.8 The Council could do nothing, and Veolia could continue to provide this service; however, this would mean that Veolia continue to have direct control over the Council's ability to engage with residents, and directly influence the overall recycling rate.
- 5.9 For some of the reasons set out in Section 4.14, it is likely that Veolia will be unable to meet the contract recycling targets, which directly impacts on

Haringey's Destination 50% target, and other commitments set out in the corporate plan.

6. Background information

Veolia Extension

- 6.1 The commissioning programme plan is scheduled to deliver a recommendation for the future service delivery approach to Cabinet in April 2024.
- 6.2 The recommendation will consider the impact of the preferred service delivery approach, fleet strategy options and service design to ensure that the recommendation is affordable, delivers against the Council's targets and meets the Government's future policy requirements. The programme which is due a recommended decision in April 2024 will ensure a robust and holistic review of all options is undertaken to determine the best solution for delivering services from April 2027.
- 6.3 In addition to allowing for all options to be considered, the additional time between now and April 2024 is required to ensure that the external factors identified through the PESTLE analysis are understood fully, giving additional time for information to be released, developments in technology and stabilising of costs that will de-risk the process. Further details are set out below.
- 6.3.1 The last 5 years have seen the costs of delivering waste service change in completely unprecedented ways, contracted services usually take on the risk of fluctuations in costs year for year (above inflation), however in recent years this risk has become harder to manage for both contracted services and in-house services. Some of the key drivers for this include:
- 6.3.2 The UK is in a cost-of-living crisis, driven in large part by several of the following points, and this has created its own risk to cost of delivering services. In line with the point above Trade Unions have been active in undertaking strike action to ensure that their members receive pay rises. Staff remain one of the most significant cost elements of any operational service, and small changes can have significant financial implications. Whilst the cost-of-living increases, it is anticipated that staff costs may also need to increase at higher rates.
- 6.3.3 The war in Ukraine came suddenly and has impacted almost all industries in different ways. The biggest impact felt on waste services has been the significant spike in fuel prices, which, alongside staff costs, remain one of the most significant cost elements of waste operations. Although fuel prices have settled, it remains an unstable market and costs cannot be predicted. Other impacts, for example the costs of steel, also has an impact on the purchasing of fleet.
- 6.3.4 Whilst it is not clear when interest rates will settle (the Bank of England base rate continues to increase, recently set at 5%), or if fuel prices could fall to pre-2021 prices, it is difficult to predict how service costs may continue to increase over the coming years. This unpredictability will likely make it difficult for prospective contractors to price for services in the coming years.
- 6.3.5 COVID-19 although largely over, had a significant impact on the delivery of services, with staff shortages, increased volume of waste and implementation of

completely new working practices, a number of contractors required additional support from local authorities to continue running services during this period.

- 6.3.6 During 2021 and 2022 a number of industries across the UK faced a significant shortage of qualified HGV drivers, largely sited as being due to Brexit and COVID-19. Across the country a number of waste services struggled to fill driver vacancies, leading to increases in pay to attract and retain staff.
- 6.4 The UK Government introduced the Resource and Waste Strategy in 2018, setting out the most significant changes to how we should be managing our waste in a generation. The proposals set out by the Government have been continually delayed, and much of the detail is still unknown.
- 6.5 The Government's proposals for **consistency of collections** were due to be published in April 2023, however, was pushed back last minute until after the local elections in May 2023, and no publication date has been provided. The details of this will affect how Haringey collects waste in the future, and needs to be considered as part of this work. It is expected that the core requirements of this will include:
- Separate collection of the core dry recycling materials. The preferred approach is fully source separated collections; however, it is expected that a twin-stream approach would have been supported. It is anticipated that an assessment would be required to set out why a co-mingled collection was required from a Technical, Economical, Environmental or Practical (TEEP) basis.
 - Requirement to provide a separate collection of food waste from all properties (including flats). Although Haringey currently provides most properties with this service, there would be a capital investment and revenue requirement to further expand this service. It is expected that new burdens funding may be available from the Government, should the service become mandatory.
 - Requirement to provide a form of free garden waste collection service to all properties.
- 6.6 **Extended Producer Responsibility (EPR)** is so far the most advanced of the proposals coming from Government. It is expected that funding, for the net cost of managing packaging waste, will be provided to local authorities from October 2025 although there is still uncertainty around the commencement date. Local authorities are due to receive payments for the collection, transport, sorting, and disposal of packaging, where the process is deemed to be 'efficient and effective'.
- 6.7 Defra has set out the high-level assessment of how they will determine 'efficient and effective', which will compare local authorities against others similar authorities, however full details of how this will be done fairly is not yet known.
- 6.8 To assess 'efficient' a cost model will be built for each authority to determine the cost of collecting packaging (note: this is not the full cost of dry recycling, but the cost associated with the element of dry recycling that is packaging). The modelled cost will be compared with the modelled costs of other authorities. To assess

'effective' the recycling performance of each local authority will be compared with others.

- 6.9 Some assessment of differences and challenges will be taken to inform the value of payments to each authority. Due to this, it is not yet clear how Haringey will perform in each of these areas, or what funding may be provided. Therefore, any future service design will need to take into consideration the cost effectiveness and performance efficiencies of the service to ensure Haringey is eligible for funding.
- 6.10 **Deposit Return Scheme (DRS)** is currently the least developed of the three elements in the Environment Act which will impact on Haringey. The Government continues to postpone details of the implementation of DRS across England, although has given some indication of what may be included. There is a potential that DRS may impact on Haringey's waste stream removing large proportions of recyclable materials, having a significant impact if Haringey implemented a twin-stream approach, as one bin may become less full than expected, decreasing the efficiency of the collections. There may also be a process for Haringey to collect any unredeemed deposit on material collected at the kerbside.
- 6.11 Further consideration of the DRS is the potential impact on the street scene as waste compositional studies evidence a large proportion of street litter is drinks containers. The Government has indicated there is also funding to support street cleansing activities and resource requirements will fluctuate dependent upon litter levels.
- 6.12 The Council will need to review how it collects material and resources street cleansing once the Government has provided more information on the above legislation. This may require changes to the services, influencing the type of vehicles which are needed to deliver those. The intention is to continue to use the same vehicles until 2027 so that the Council can properly determine the type of vehicles which are needed at that point.
- 6.13 The Council has an ambition to have a Zero Emission fleet by 2027; currently to purchase an e-RCV (Electric Refuse Collection Vehicle) is over double the cost of a standard diesel vehicle, and there are limited options for other fuels (such as Hydrogen). As e-RCVs become more of the standard and production is scaled up, it is expected that the price of these vehicles will make them more affordable, when considered alongside potentially lower maintenance costs. It is also expected that other approaches, such as retrofitting vehicles, may become more available in the coming years, for example one of the UK's largest waste management companies, Biffa, has recently partnered with Lunaz to retrofit their current diesel fleet.
- 6.14 It is also expected that hydrogen will become more available in future years, as generation and fuel plants become more available. Supply of hydrogen is currently limited and additional research should be undertaken before committing to a full EV fleet, should hydrogen be a feasible alternative. This includes looking at partnering with other NLWA boroughs such as Enfield who have their waste/cleansing depot located near Haringey's waste and cleansing depot.

- 6.15 Once the decision has been made by Cabinet, the Council will immediately need to start mobilising the approved option, whether it be a tendering or in-sourcing process. High-level timelines (Appendix 2), show the work that is required for each of the options being considered from April 2024. It is expected that approximately 3 years will be required to undertake each of the options, ensuring that there is sufficient time to deliver a quality service for Haringey, reducing risk and providing sufficient contingency. A risk matrix has been developed identifying initial risks to the project (Appendix 3).
- 6.16 Through the contract Veolia provide services to other departments within the Council, namely housing, parks, highways, and corporate landlord. As part of the extension preparatory work, consultation has been undertaken with service users who have all confirmed no significant issues arise in extending the current contract for 2 years.
- 6.17 Engagement was undertaken with residents, businesses and community groups earlier in 2023 to understand views on how future services should be delivered. This was to inform the development of the Waste Strategy and service delivery review. This decision is being made in response to delays and the limited information from Government which is stopping the Council from progressing with the Waste Strategy. As a result, once additional information and clarity has been provided by Government these views will be taken into account when developing the Waste Strategy and service delivery review.

In-source Education, Communications and Outreach

- 6.18 The Education, Communications and Outreach (ECO) team has been operated by Veolia as part of the contract since 2011.
- 6.19 In 2017/18 through a MTFS saving the Council reduced the size of the team from 5 outreach officers to 2 FTE outreach officers. This limited the team's ability to improve recycling performance, so at the same time a reduction in the contract target for percentage of waste recycled was also agreed.
- 6.20 Veolia have not met the contract target since 2015, and as such the Council has determined that insourcing the outreach function provides greater opportunities to improve the recycling rate through behavioural change activities.
- 6.21 As part of developing this approach the Communications team have been consulted to determine how best to deliver these services. It has been agreed that the ECO team should operate as part of the Waste Team, delivering the communications and engagement work.
- 6.22 The proposed in-sourcing of the ECO service will be undertaken through the 'Council Change to the Services' process as set out within the Contract, governing how the Council will notify Veolia of the change, and how Veolia is required to respond.
- 6.23 The Council Notice of Change will inform Veolia of the intention to Terminate the ECO Services currently provided with the service specification and to bring the service in-house (insource) it. The TUPE provision within the Contract sets out the process at the Termination of all or any part of the Services and provides the

Veolia and the Council with a clear framework to effect a smooth transfer of service and staff.

7. Contribution to the Corporate Delivery Plan 2022-2024 High level Strategic outcomes?

7.1 Both elements of this decision relate to the Responding to the Climate Emergency theme of the Corporate Delivery Plan, specifically supporting A Greener and Climate Resilient Haringey and Growing the Circular Economy and Making Better use of Resources.

7.2 Alongside the two main high-level outcomes, the wider commissioning programme is working towards a Just Transition and a Low Carbon Place, ensuring that the future service delivery option considers the transition to a ZE fleet.

8. Carbon and Climate Change

8.1 Insourcing the Communications, Education and Outreach team is key in assisting the Council in its aspiration to reach 50% recycling of household waste by 2030 in line with the Mayor of London's Environment Strategy. Bringing this function in-house will allow us to expand the reach of this team in terms of involving residents in our recycling, reuse and waste reduction service design as well as providing guidance and assistance.

8.2 The Council has an ambition to have a Zero Emission fleet by 2027; however currently to purchase an e-RCV (Electric Refuse Collection Vehicle) is over double the cost of a standard diesel vehicle, and there are limited options for other fuels (such as Hydrogen). As e-RCVs become more of the standard and production is scaled up, it is expected that the price of these vehicles will make them more affordable, when considered alongside potentially lower maintenance costs. It is also expected that other approaches, such as retrofitting vehicles, may become more available in the coming years.

8.3 In line with the PESTLE analysis, the two year extension will allow for future services to be modelled in line with legislative changes which in turn will specify what new fleet is required to deliver these services. Additionally, the delay in purchasing vehicles will allow for further development in technology which should reduce the cost of ZE vehicles in the future, ensuring the Council can make the most of advancements in technologies and potential cost savings.

8.4 In the meantime, for the two year extension period, the vehicles used by Veolia are already ULEZ compliant and will continue to be maintained to ensure they operate effectively. Furthermore, further in line with the fleet replacement schedule, further electric vehicles will be implemented where possible.

9. Statutory Officers comments (Director of Finance, Procurement, Head of Legal and Governance, Equalities)

9.1 Finance

- 9.1.1 Veolia presently fulfils the Authority's statutory duty to collect Waste and Recycling via an Environmental Services core contract valued at £21.6m as at 2023/24.
- 9.1.2 The initial 14-year term of the contract expires on 16 April 2025. It is proposed to extend the contact period till April 2027 at a current value of circa £21.6m per annum subject to indexation and variations.
- 9.1.3 It is proposed that as part of the variation to the existing contract with Veolia, the Authority agrees to vary the contract with Veolia to in-source the Education, Communications and Outreach service on 17 April 2024 and undertake the necessary TUPE process for the 3 staff. It is anticipated that the variation in the contract will accommodate the cost of running the service in-house. The financial implication to In-source the ECO Team is set out in the Part B Exempt Report.
- 9.1.4 There is presently sufficient revenue budget per annum to accommodate the annual cost of the Veolia contract. The current funding sources for the core contract is split between General Fund of £18.9m and Housing Revenue Account Fund of £2.7m for Financial Year 23-24. The revised contract and client-side budget changes are set out in Exempt Part B Report. The revenue budgets are reviewed annually as part of the Medium-Term Financial Planning process.

9.2 Procurement

- 9.2.1 The Head of Procurement has been consulted in the preparation of this report and confirms the Recommendations stated in paragraph 3 of this report are not considered a material change to the current contract with Veolia and are therefore permitted under the Public Contract Regulations and are consistent with CSO 10.02.1 b) (variations to contracts exceeding £500,000 to be authorised by cabinet).
- 9.2.2 The Head of Procurement confirms there are no procurement related matters preventing Cabinet approving the Recommendations in paragraph 3 of this report.

9.3 Head of Legal & Governance

- 9.3.1 The Head of Legal and Governance (Monitoring Officer) has been consulted in drafting this report.
- 9.3.2 The extension and variation of contract which this report relates to comply with the Public Contracts Regulations 2015 (the 'Regulations') in particular Regulation 72 which governs extensions and modifications of contracts which are within the scope of the Regulations.
- 9.3.3 Pursuant to Contract Standing Order 10.02.1.b Cabinet has authority to approve the recommendations in the report.
- 9.3.4 Cabinet approval is also sought to vary the contract with Veolia to in-source the Education, Communications and Outreach (ECO) service on 17 April 2024 and undertake the necessary TUPE process for the 3 staff. TUPE (The Transfer of Undertakings (Protection of Employment) Regulations 2006) provides employment protection for employees where the qualifying conditions are met. The report informs that ECO is an organised group within Veolia assigned to the

service provision of education communications and outreach work. The insourcing of the ECO services will trigger TUPE and the consequent obligations and liabilities that are placed on the Council as the transferor or receiving employer. The contract sets out the framework to manage a TUPE transfer compliant with the Regulation. Officers are advised to liaise with HR colleagues to facilitate and comply with the TUPE process if the variation is approved. Officers must comply with all the provisions of TUPE. Particular attention should be paid to the obligation to inform and consult staff affected by the transfer that is staff of both ECO and LBoH given the intention to transfer the ECO Team to the Waste Team in Environment Neighbourhoods and Residents Experience.

9.3.5 The Head of Legal and Governance (Monitoring Officer) confirms there are no legal reasons preventing Cabinet from approving the recommendations in the report.

9.4 Equality

9.4.1 The council has a Public Sector Equality Duty (PSED) under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act.
- Advance equality of opportunity between people who share protected characteristics and people who do not.
- Foster good relations between people who share those characteristics and people who do not.

9.4.2 The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty. Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

9.4.3 The recommendation to extend the contract with Veolia does not bring about any significant change, except for in-sourcing the Education, Outreach and Communications team.

9.4.4 An Equalities Impact Assessment (EqIA) has been undertaken using experience of the current Veolia contract, which has been in place since 2011 and a review of the public engagement which was undertaken in 2023 to support the development of the new Waste Strategy, due to be published in 2024.

9.4.5 The results indicate that some protected characteristics could be impacted by waste and recycling collection and street cleansing services, however given there is no change to the current services that are being delivered, it is expected that there will be a neutral equalities implication as mitigations are already in place for those who may be impacted.

9.4.6 The most significant impact that was identified was on the disabled and elderly, who are more likely to have limited mobility to move their wheeled bins. The current service collects bins from within the property boundary, which removes the need for residents to move the bins. However, Veolia also provide an assisted collection service at properties where there is no one at the property who is able

to move the wheeled bins. This ensure that the bins are collection from, and returned to, an agreed point within the property ensuring that the bin is accessible for the residents.

9.4.7 As an organisation carrying out a public function on behalf of a public body, the Contractor A will be obliged to have due regard for the need to achieve the three aims of the Public Sector Equality Duty as stated above. Appropriate contract management arrangements will be established to ensure that Veolia continue to deliver services which do not result in any preventable or disproportionate inequality.

10. Use of Appendices

Appendix 1 PESTLE Analysis
Appendix 2 High-level timelines
Appendix 3 – EqlA

11. Background Papers

The Collection and Packaging Reforms – a summary of the reforms