



**Report for:** Cabinet, 15 October 2024

**Title:** Waste and Street Cleansing Services Review

**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

- 1.1 This report follows a report to Cabinet at its meeting of 19 September 2023 where it was agreed to extend the Veolia Environmental Services contract by 2 years until April 2027. It was recognised that the Council needed more time to enable it to undertake a holistic review of service delivery options to fully understand the implications of external Political, Economical, Social, Technological, Legal and Environmental (PESTLE) factors on the services and enable it to take forward the most appropriate option to maximise service delivery outcomes and best value.
- 1.2 This paper presents the outcome of a series of assessments which have been delivered under the 'Waste Service Review', focusing on developing recommendations across three broad areas:
  - (1) **Service Delivery** – who will deliver the services (i.e. in-house, outsourced contract, further extension of the current contract, Local Authority Trading Company (LATCo)),
  - (2) **Service Design** – how will services be designed to improve recycling and waste minimisation performance (i.e. smaller waste containers/frequency of collections etc), and improve cleanliness of streets
  - (3) **Fleet** – how will we transition to a Zero Emission (ZE) fleet.
- 1.3 The existing contract with Veolia has been in place for almost 14 years and is due to expire in April 2027. Following the Waste Service Review and subsequent consultation exercise, it is now proposed that the Council undertake a procurement process to approve a service provider to deliver recycling and waste collection, street cleansing and ancillary services from April 2027.

## 2. Cabinet Member Introduction

- 2.1 The Council has an opportunity to develop and shape our recycling and waste collection and street cleansing services to have a lasting impact in the years to come. We need to

ensure that the future services are adaptable, well designed and continue to meet the needs of the borough.

- 2.2 This document sets out the Council's ambitions for the future of these services. Whilst we lead the way to a circular economy, we will help residents and businesses reduce their waste, whilst recycling as much as possible, and keep our streets clean and free from litter, whilst reducing our impact on the environment.
- 2.3 Veolia have delivered an excellent service over the past 14 years, and will continue to do so until 2027. A decision needs to be taken now as to how services will be delivered and who they will be delivered by from 2027.
- 2.4 Changes in government legislation is bringing a period of change to how recycling and waste will be collected across England, we want to meet these challenges, and ensure that we provide services which meet these needs. The changes proposed are designed to encourage residents to reduce the amount of waste they generate, and to recycle more – we know that over half of the content of the non-recycling bin is material that can be recycled. A lot of this is food waste, which is collected weekly from most properties, and will soon be available to all.
- 2.5 We also acknowledge the need to reduce the impact our large fleet has on the local air quality. We will be purchasing a new fleet for 2027, including a number of electric vehicles, to replace the current diesel alternatives, which will see a reduction in the climate impact these vehicles have. Where we can't replace a vehicle with electric, we will look at using a more sustainable source of fuel.

### **3. Recommendations**

3.1 It is recommended that Cabinet:

- 3.1.1 notes the outcome of the Waste Service Review at Appendix 1 and Exempt Appendix A, the outcome of the Best Value Consultation at Appendices 2A and 2B and has due regard to the findings of the Equalities Impact Assessment at Appendix 3 and the outcome as summarised in the Equalities comments at paragraphs 9.20 to 9.27 of this report;
- 3.1.2 agrees to procure a new outsourced contract, and undertake a procurement process to find a capable service provider to deliver recycling and waste collection, street cleansing and ancillary services from April 2027;
- 3.1.3 approves the Procurement Strategy as set out at Appendix 4, and agrees that the procurement process for the new recycling and waste collection, street cleansing and ancillary services will be undertaken in accordance with it; and (as envisaged in paragraph 6.90 of this Report) delegates authority to the Director of Environment and Resident Experience, following consultation with the Lead Member for Resident Services and Tackling Inequality, to make minor amendments to the Procurement Strategy as may be required;

3.1.4 agrees the following changes to the recycling and waste collection and street cleansing services as further described in paragraphs 6.23 – 6.62 of this report to form part of the new contract and take effect from 2027:

- (1) A weekly food waste collection service to cover all properties across the area,
- (2) Reduce the size of non-recyclable waste bins to 180 litres from 240 litres for all kerbside properties (subject to mitigation policies as set out in the Equalities Impact Assessment at Appendix 3 and summarised in section 9.20 - 9.27),
- (3) Reduce the frequency of garden waste collections from weekly to fortnightly, and
- (4) Implement intelligence-led street cleansing that moves to needs-based cleansing on a street by street basis.

3.1.5 agrees that the procurement of future services will include a requirement to reduce carbon emissions of the fleet, as set out in 6.63 - 6.72 specifically for:

- (1) all vehicles below 7.5 tonnes GVW to be Electric Vehicles (EVs) where available; and
- (2) all non-EVs to use Hydrotreated Vegetable Oil (HVO) as a transition fuel with the view that the Council will continue to assess the opportunities to transition from HVO to EVs for any future vehicle purchases.

and agrees that such fleet is to be purchased by the Council at the indicative cost as set out in section 3 of Exempt Appendix B.

3.1.6 subject to 3.1.3, - 3.1.5, agrees to delegate authority to the Director of Environment and Resident Experience, following consultation with the Lead Member for Resident Services and Tackling Inequality to approve the contract specification and key procurement documents; and

3.1.7 notes that officers are preparing a Recycling, Waste and Street Cleansing Service Offer to be brought back to Cabinet or Lead Member for approval following the conclusion of the procurement process as further described in paragraph 6.83 - 6.85 of this report.

#### **4. Reasons for decision**

4.1 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 spaces clean, and clear of litter. This duty is currently fulfilled on the Council's behalf by Veolia through an Environmental Services contract, which commenced in 2011 and is due to expire in April 2027, following a 2-year extension.

4.2 To inform next steps the Council has undertaken a thorough review of the services. The service review has followed the Council's enabling framework and has been developed to ensure that the Council can:

- 4.2.1 continue to deliver high quality waste collection services from 2027,

- 4.2.2 meet MTFS targets and support the Council's financial position,
  - 4.2.3 move towards the Council's and Mayor's London Environment Strategy (LES) target to recycle 50% of waste by 2030,
  - 4.2.4 meet the requirements and challenges of changing legislation including Simpler Recycling, Extended Producer Responsibility and Emissions Trading Scheme (ETS), and
  - 4.2.5 meet the Council's requirements under the Climate Change Action Plan to review the fleet and move towards a Zero Emission fleet by 2027. From 2027, however the service is delivered a new fleet will be required.
- 4.3 The Council must ensure that it has services in place from April 2027, and as such a decision must be made now, to determine how these services will be delivered from 2027, ensuring that if required the services can be procured and mobilised or in-sourced with sufficient time.
- 4.4 To address the future needs of the service, and ensure the Council has flexibility to manage the services going forward, it is recommended to engage the market in a competitive process. This will enable the Council to enter a new contractual arrangement that better reflects the needs of the borough and the waste-related legislative developments that have recently come into force and/or are due in the future to come into force under the Environment Act 2021.
- 4.5 The Council must also decide how the services will operate from 2027, to meet new legislation, such as the expansion of food waste collection, as well as the Council's commitment to improve recycling rates and provide an improved service across the borough.
- 4.6 The introduction of borough-wide food waste collections together with a reduction in waste bin sizes will enable the Council to meet legislative requirements and increase recycling rates to meet efficient and effective metrics under Extended Producer Responsibility (EPR). The proposed changes to the street cleansing services will remove the disparity in the quality of streets across the borough.
- 4.7 The final element of the decision relates to the Council's commitment within the Carbon Management Action Plan, which requires the Council to review the impact of its outsourced fleet with an aim to move to a Zero Emission (ZE) fleet by 2027. From 2027, no matter which option is chosen to deliver the services, a new fleet will need to be purchased. Veolia currently purchase the fleet to deliver the services, however there are alternative options from 2027, such as the Council purchasing all vehicles required to deliver the services, which may be on behalf of a future outsourced contractor.
- 4.8 The Council has a commitment to be net zero carbon and seek to reduce its climate change impact. The proposal to introduce some ZE vehicles whilst using a less

polluting fuel for those vehicles that cannot be electrified will move the Council in the right direction towards this commitment.

- 4.9 The review considered the approach to purchasing the vehicles, whether Authority Purchase, Contractor Purchase or Hire-Purchase. Due to the better interest rates that the Council can secure and following similar trends across the market – as set out in the Procurement Strategy, it is recommended that any future vehicles be purchased by the Council, subject to an evaluation of the cost.

## **5. Alternative options considered**

### **Service Delivery**

- 5.1 The Council could **do nothing**, which would result in the contract with Veolia expiring without any plan for delivering services from 2027. This is not an option as the Council has a statutory duty to provide waste, recycling and street cleansing services, and so must have a service in place from April 2027.
- 5.2 The Council reviewed a total of 10 options, and following an initial assessment these were consolidated into four options that were consulted on with residents and businesses through a Best Value consultation (Appendix 2A).
- 5.3 Option 1: to deliver the services in-house. This would provide the Council with more control over the day-to-day operations of the services. However, as the most expensive option, this control comes at a significant additional cost versus the current service costs. This option also increased the level of financial risk to the Council. The Council currently does not have the expertise to deliver such services. This option is not therefore recommended.
- 5.4 Option 2: to deliver services through a new outsourced contract (this is the recommended option).
- 5.5 Option 3: to extend the current contract with Veolia. Whilst this was the preferred option of consultees who responded to the Best Value consultation, this option scored less than the recommended Option 2 (to deliver services through a new outsourced contract). Additionally, the current contract is 14 years old, and it is believed that significant changes are needed to modernise and further future-proof the contract to be flexible up to expiry. A further consideration is that this option could only offer a service delivery solution for a further 5 years, to 2032. This option is not therefore recommended.
- 5.6 Option 4: to set up a Local Authority Trading Company (LATCo). This option provides the Council the ability to make changes to services quicker than out-sourced services, however, would not give the Council day to day control over how the services are delivered. This option also comes at an additional cost compared with the current services. Whilst some of the risk would sit with the LATCo, the Council would be ultimately responsible for the performance of the company. This option presented the greatest risk overall to the Council in terms of financial, operational, implementation and capability risk. This option is not therefore recommended.

- 5.7 A number of Hybrid options were discounted at an earlier stage due to duplication of operational costs and risks, however, there remains an opportunity to assess the viability of in-sourcing smaller elements of the services individually at a later date, and throughout the procurement process.

### **Service Design**

- 5.8 The Council could **do nothing**, which would result in the services continuing to be delivered as they are now.
- 5.9 This is not recommended, as it would not support the Council's Destination 50%, and the Mayor's London Environment Strategy (LES), target to recycle 50% of waste by 2030 or reduce waste arisings. Additionally, without introducing food waste we would not meet legislative requirements, and failing to increase recycling rates could lead to the Council not meeting efficient and effective metrics under Extended Producer Responsibility (EPR). Without making changes to the street cleansing services, there will continue to be a disparity in the quality of streets across the borough.

### Recycling

- 5.10 Operating collections of dry recycling on a **fortnightly frequency** was excluded due to the impact that it would have on the amount of recycling that residents can put into their bin on a weekly basis. Reducing the frequency is likely to reduce the amount of recycling which can be collected and work negatively against the aims of the service to increase recycling rates. During engagement with residents, it was clear that they preferred a weekly recycling service, to ensure they had sufficient space to recycle as much as they could. A change to fortnightly dry recycling collections is not therefore recommended.
- 5.11 Introduction of **'two-stream' dry recycling** asking residents to separate their recycling into two containers (one for paper and card, the other for tins/cans, plastics and glass). This option would require all properties to have an additional bin, we know from engagement and feedback from residents that this would be difficult, over 45% of kerbside properties have been assessed as not having space for an additional container. This is not therefore recommended.

### Garden waste

- 5.12 The Council could **keep the garden waste service weekly**, however, to expand the food waste service and continually increase garden waste collection provision, these services must be operationally split. Additional vehicles and staff costs above the current baseline cost would be required to keep the garden service weekly and evidence shows that the garden recycling rate is not significantly impacted by moving from weekly to fortnightly collections. Across the north London authorities 5 out of 7 collect garden waste fortnightly, more widely across London most other authorities also collect fortnightly. Retaining weekly garden waste collections is not therefore recommended

### Street Cleansing

5.13 The Council could retain the frequency-based cleansing operation of once weekly sweep on residential roads, however internal and externally verified data confirms this methodology is not sufficient to maintain cleanliness levels in between sweeps and engagement with residents evidences a desire for change to a needs-based approach. Continuation of the current cleansing model also reduces the affordability of services currently out of scope, for example SUD cleansing and cycle path cleansing.

## **Fleet**

5.14 The Council could **do nothing**, which would result in having no clear requirement to move towards a ZE fleet from 2027 and bidders would be open to continue utilising diesel vehicles. This would not meet the Council's aims to be a net zero carbon Council, or the Mayor's LES to transition waste fleets to zero or low emission.

5.15 The review considered 3 options for the fleet, which were narrowed down from a long-list of 5. Other options were ruled out due to an assessment of their current operational feasibility which identified they were not suitable for the waste and street cleansing services.

5.16 The Council could **fully electrify** the fleet of over 100 vehicles; however, this would require significant infrastructure development works, and significant upfront capital costs to purchase EVs. In the Council's current financial position, this is unaffordable and not therefore recommended.

5.17 The Council could **continue to use diesel** across its fleet, however this would not move the Council towards its target of being a Net Zero Council by 2030 and is not therefore recommended.

5.18 The Council could **choose to not purchase** the new vehicles; however this would likely cost the Council more, due to the lower interest rates the Council is able to secure compared to the rates available to contractors.

## **6. Background information**

### **Waste Service Review**

6.1 In 2022 an independent waste consultancy, Eunomia Research and Consulting Ltd. ('Eunomia') was appointed as technical advisors to provide support to the Council to assess the options available to the Council on all aspects of the service review. This support has continued since the previous Cabinet report in September 2023 to finalise the review, considering the PESTLE analysis and waste-related legislative developments that have recently come into force and/or are due in the future to come into force under the Environment Act 2021. Additional support in technical areas was also provided by independent waste consultancy, PlanB, who are operational specialists.

6.2 Full details of the Waste Service Review is provided in Appendix 1 and a summary is set out below, separated into the themes of (i) Service Delivery, (ii) Service Design and (iii) Fleet.



- 6.3 It should be noted that the costs shown as part of the Waste Service Review at Appendix 1 and Exempt Appendix A have been developed through a range of known costs and quantities, estimated costs, benchmarking against similar authorities and industry assumptions to undertake a fair appraisal of the options based on the potential future costs to deliver the services.
- 6.4 The actual costs of the future services will be determined during the procurement process, in line with the Procurement Strategy, provided in Appendix 4, to deliver best value, using dialogue with bidders to design an efficient and effective service.

(i) Service Delivery

- 6.5 Eunomia undertook an options appraisal to identify the four available approaches to delivering these services:
- (1) Option 1: In-house,
  - (2) Option 2: Outsourced contract,
  - (3) Option 3: Extension with Veolia for 5 years (maximum allowable under the Contract terms), and
  - (4) Option 4: Local Authority Trading Company (LATCo).
- 6.6 A total of 10 options were considered, based on the above four options with several hybrid approaches, in which different services are delivered separately. For example, street cleansing delivered in-house whilst waste is delivered through an outsourced contract.
- 6.7 These options were refined with Eunomia, following cost modelling and initial evaluation, and it was determined to take forward the four core approaches for consultation through a Best Value consultation (see sections 6.73– 6.79 below).
- 6.8 There is a possibility of reviewing smaller service elements at a later date, and during the procurement process, if it is believed some discreet services could be better managed differently through a hybrid model. Any decision on this will be subject to further review and Cabinet approval.

Evaluation of the options

- 6.9 The appraisal considered both financial and quality when assessing suitability of options which followed the Council's enabling framework, the agreed commissioning review practice, which sets out the minimum service delivery options to consider and the criteria for evaluating against. Each option is scored out of 100, with individual scores against each criterion. The overall evaluation was weighted 30% for finance and 70% for quality.

Finance evaluation

- 6.10 A cost model was developed from bottom up to estimate the cost of delivering services in 2022/23 as a baseline model. Details including, number of staff and vehicles, salaries and vehicle costs were calculated alongside estimates of other operational and support

costs. Full details of the financial evaluation, and the results, are set in section 3 in Appendix 1.

6.11 Each option was modelled on the financial change to the baseline cost dependent upon how the service was delivered within each approach. For example, in-sourcing the services would lead to higher staff costs.

6.12 The modelled service costs were scored out of 25, whilst financial and commercial risk was scored out of 5, for the total of 30 points.

	2022/23 Modelled Cost	Difference from baseline	Evaluation Score
Baseline: Current Service	£20,634,000		
Op 1: In-house	£22,685,000	£2,029,000	22.0
Op 2: Outsourced contract	£19,978,000	-£677,000	25.0
Op 3: Extend Veolia contract	£20,406,000	-£228,000	24.5
Op 4: LATCo	£21,676,000	£1,020,000	23.0

6.13 Procuring a new outsourced contract scored the highest, representing the best value for money. The model estimates that the overall margin of a future contract will reduce due to the Council purchasing vehicles in the future, with additional service efficiencies obtained through a procurement process.

6.14 The in-house option is the most expensive and scored the fewest points. This was due to the workforce costs being higher for staff directly employed by the Council.

6.15 An extension with Veolia was also cheaper than the baseline, as negotiations with Veolia concluded a cost reduction to continue the contract for a further 5 years.

### Qualitative evaluation

6.16 Each option was also scored across several quality criteria, on a scale of 1 to 5, with a score of 1 being the lowest and 5 being the highest. Full details of the quality evaluation, and the results, are set in section 4 in Appendix 1.

6.17 Each criterion was weighted based on the relevant importance to the Council, to a total score of 70. The financial risk evaluation was also undertaken at this stage, as although this factored into the 30% financial weighting, this was scored on a qualitative basis rather than on a modelled quantitative figure.

	Weight	Op 1: In-house	Op 2: Outsourced contract	Op 3: Extend Veolia contract	Op 4: LATCo
Financial & Commercial Risk	5%	1.0	5.0	5.0	1.0
Service Quality	10%	8.0	8.0	6.0	8.0
Capacity	10%	6.0	10.0	10.0	6.0
Capability	7.5%	3.0	7.5	7.5	3.0
Social Value	5%	4.0	5.0	3.0	4.0
Operational Risk	10%	4.0	8.0	8.0	4.0

Market Conditions	10%	10.0	8.0	8.0	10.0
Control and Ability to Change	10%	10.0	6.0	6.0	8.0
Implementation Risk	7.5%	3.0	4.5	6.0	3.0
Timing	5%	5.0	5.0	5.0	5.0
<b>Total</b>	<b>75%</b>	<b>54.0</b>	<b>67.0</b>	<b>64.5</b>	<b>52.0</b>

6.18 The highest scoring option is to procure a new contract, scoring highest in the areas around risk, as it transfers a lot of financial and operational risk away from the Council. Additionally, this option scored highly against capacity and capability risks, as outsourced providers have significant resources and experience and are able to provide support during service delivery if required.

6.19 The lowest scoring option was the LATCo, as it scored low in many areas including financial and operational risk, as well as areas such as implementation risk and capability. A LATCo provides some level of control to the Council, although doesn't give day to day control, which would be managed by the LATCo in a similar way to an outsourced contract.

6.20 Extending the current contract with Veolia was just 2.5 points away from the option to procure a new outsourced contract, as the risks are similar. Extending with Veolia scored higher than a new outsourced contract on implementation risk as there is limited risk when there is no service change in the service provided. However, consideration was given to the benefits associated with the ability to modernise and future proof the contract through a new procurement process, which would allow the Council to seek to improve quality of the services offered and that better reflects the waste-related legislative developments as well as seek social value benefits.

### Evaluation summary

6.21 Overall, the highest scoring option was to procure a new contract, whilst the LATCo was the lowest scoring option.

	Finance	Quality	Total Score
<b>Op 1: In-house</b>	23.0	53.0	<b>76.0</b>
<b>Op 2: Outsourced contract</b>	30.0	62.0	<b>92.0</b>
<b>Op 3: Extend Veolia Contract</b>	29.5	59.5	<b>89.0</b>
<b>Op 4: LATCo</b>	24.0	51.0	<b>75.0</b>

### Depots

6.22 Veolia currently utilise the Council's Depot and several sub-depots, located throughout the borough. The Council's Corporate Landlord is currently undertaking a wider piece of work to review the Property Model, which will determine the future available sites. The main depot, at Watermead Way, was purpose built for these services and so will be made available to operate the services from.

## (ii) Service Design

### The need for change

- 6.23 The Council has an ambition to increase recycling rates to 50% by 2030, from 28.45% in 2023/24, which forms part of our commitment to the GLA to support the London Environment Strategy and the Mayor's own target, through our Reduction and Recycling Plan (RRP).
- 6.24 The Council disposes of waste via our Waste Disposal Authority - North London Waste Authority (NLWA) - through the levy system. The Council has set an MTFs target for waste minimisation of £850k in 2027/28 and £850k in 2028/29. To achieve this, the Council needs to divert further waste for recycling.
- 6.25 The UK Government has announced policy changes which will affect how waste and recycling is managed, and how services are funded. We will need to provide services which align with these requirements and are designed to collect as much material for recycling as possible. Failure to do so may result in financial deductions to the Authority.
- 6.25.1 The Government's **Simpler Recycling** sets out the minimum services that Council's must provide to households and businesses to manage their waste, which the Council is already largely aligned with. These requirements are:
- (1) Collection of a core set of recyclable materials which will include paper, card, tins/cans, glass, plastic bottles, mixed rigid plastics by 2026 (the Council meets this, except for the requirement to collection plastic film from 2027)
  - (2) Weekly food waste collections from all properties by 2026 (the Council provides most households with this service but needs to expand the service to more flats and flats above shops)
  - (3) Minimum of fortnightly non-recycling collections
- 6.25.2 The **Extended Producer Responsibility (EPR)** scheme is based on the 'Polluter Pays' principle, in which those who are putting plastic packaging onto the market should cover the costs of collecting and disposing of it. Through EPR packaging produce will pay a fee for each tonne of packaging, these fees will be used to provide funding to local authorities for managing the packaging. The collection system must be 'efficient and effective', and local authorities will be monitored on performance and costs.
- 6.25.3 The **Deposit Return Scheme (DRS)** requires a deposit to be paid when purchasing a single-use drinks containers, which can be returned when the containers is taken back to the retailer. The scheme has been delayed numerous times.
- 6.26 To achieve these targets and meet the upcoming legislative changes, the Council must make changes to the services firstly to ensure they remain compliant with legislative requirements, but also send a clear message to all residents that the priority should be to recycle as much as possible and put only what cannot be recycled in the non-recycling waste bin. This will require a mix of service changes, but also a clear approach to education and behaviour change.

- 6.27 The Council must provide a statutory food waste collection to all properties by 2026. Some funding has been awarded to Councils by the Department for Environment, Rural and Food Affairs (Defra) to introduce this service, however it does not cover the cost of the service in its entirety and is subsequently reflected in the cost of new service changes and fleet provision.

### Options

- 6.28 Eunomia supported the Council to develop 6 options for the future recycling and waste services. The options considered changes to all services and aimed to improve recycling performance. Eunomia undertook modelling to review the impact on recycling performance as well as operational and capital costs and the impact on the NLWA levy.
- 6.29 All options included expanding the food waste collection service to all properties, in line with the requirements of Simpler Recycling.
- 6.30 Like most local authorities across the country, garden waste collections are charged to those residents who require the service. These collections are made utilising a separate compartment on the food waste collection rounds, which is already near capacity. To enable borough wide food waste collections and continuation/expansion of the garden waste service, separate fleet is needed for the two waste streams. To ensure the services remain financially viable, it is also proposed to reduce the garden waste service to fortnightly instead of weekly. 5 out of 7 north London boroughs have moved to a fortnightly garden waste collection as it is a demand led seasonal service that not every resident requires. Should residents require more capacity, additional bins can be purchased.
- 6.31 All options included provision of house/population growth by property type to future proof the service.
- 6.32 The options also considered changes to the recycling services such as moving to a fortnightly collection and moving to a 'two-stream' approach where residents separate paper and card into separate containers.
- 6.33 Lastly the options considered the size and frequency of non-recycling bins, however, earlier in 2024 the Government announced that it would introduce a 'back-stop' to ensure non-recyclable waste collections were made at least fortnightly. Therefore options to decrease non-recycling collection frequency to 3-weekly were ruled out early in the process.

### Performance evaluation

- 6.34 Results of the modelling identified that the most effective way of increasing recycling rate was to reduce the size of non-recycling waste bins. The model used data benchmarked from authorities with similar demographics to Haringey and those who have introduced similar sized bins. Using conservative assumptions, it is expected that this could increase the recycling rate across kerbside properties by 4%. Full details of the performance evaluation, and the results, are set in section 7 in Appendix 1.

6.35 Results also showed that changes proposed to the recycling services, such as a two-stream system, would not have any additional impact on the recycling performance. Whilst there is the potential for decreased cost with less sorting out of the mixed recycling such that there could be a financial benefit to these services of introducing a two-stream system, there is a significant additional capital outlay for new containers. Moreover, our assessment has shown that over 45% of kerbside properties do not have sufficient space for an additional container.

	Current Service	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
Recycling	Weekly co-mingled	Weekly co-mingled	Fortnightly co-mingled	Weekly co-mingled	Alternate weekly two-stream	Fortnightly co-mingled	Fortnightly two-stream
Food waste	Weekly	Weekly	Weekly	Weekly	Weekly	Weekly	Weekly
Garden waste	Charged Weekly	Charged Fortnightly	Charged Fortnightly	Charged Fortnightly	Charged Fortnightly	Charged Fortnightly	Charged Fortnightly
General waste	Fortnightly 240 litre bin	Fortnightly 240 litre bin	Fortnightly 240 litre bin	Fortnightly 180 litre bin	Fortnightly 180 litre bin	Fortnightly 180 litre bin	Fortnightly 180 litre bin
Modelled Recycling Rate	29.8%	29.8%	29.8%	33.8%	33.8%	33.8%	33.8%

6.36 Haringey's Recycling performance peaked in 2014/15 at 37.3% following the move to fortnightly non-recycling collections in 2012. However, this has since decreased and reached a 10 year low in 2022/23 of 27.3%, this follows national trends of declining performance.

6.37 Following the move to fortnightly non-recycling collections in 2012, there was also a reduction in the overall amount of waste that was collected in non-recycling bins. This has remained a steady between 510kg / household and 530kg / household.

6.38 Extensive public engagement was undertaken in 2023 to gather views from service users as to their opinions on potential service change. The engagement captured over 9,000 responses from across the borough, and included a number of opportunities for residents to co-design the delivery approaches.

(1) It was clear from the engagement that residents were strongly opposed to a further reduction in frequency of collections, and preferred to keep recycling collections as is (weekly), rather than introducing a second bin to separate paper and card (two-stream).

(2) The engagement also showed that residents would prefer to keep the non-recycling waste bin the same size, rather than decrease the size.

6.39 Analysis of the non-recycling bins has shown that 50% of the material in the non-recycling bin could be recycled. It costs the Council more money to manage non-

recyclable waste than it does to manage food waste or recycling. If all material was placed into the correct bins for food waste or recycling, it would save the Council over £1m each year.

### Overall evaluation

6.40 Consideration of the engagement work was factored into the overall resulting in deselection of options as follows:

Option	Explanation	Result
1	Minimum required changes to meet legislation, however provided no benefit to improving recycling performance or waste minimisation.	Deselect
2	Similar to option 1, there was no improvement to recycling performance and the reduction of the recycling service would limit residents' ability to recycle as much as possible, as well as being an unpopular change with the public.	Deselect
3	A small change to the services, which could be easily managed whilst providing all residents with new container to replace the 10 year old existing bins. Moving to a smaller waste container of 180l was more acceptable by residents than reducing the frequency or changing the recycling service. This option keeps a weekly recycling collection, showing residents that this is the most important service	Preferred option
4	A significant change to all services, by which residents will set out a recycling bin each week, one for paper and card and the other for plastic, cans and glass the next week. The increase in recycling performance expected with the smaller non-recycling waste bin, however the two-stream approach would require additional containers for residents, which was unpopular with the public. There were also concerns with space available for the additional storage requirements.	Deselect
5	This option reduces the frequency of recycling to fortnightly but keeps the simple dry mixed recycling system. Residents were strongly against reducing the collection frequency, and reduce the ability of residents to fully recycle	Deselect
6	Like option 4, significantly change services however residents put out both bins on the same week. Again, this option was unpopular with residents due to the significant changes and the fortnightly collection of recycling.	Deselect

6.41 Option 3 is the preferred approach, as it meets the Council's aims to increase recycling rate and reduce non-recyclable through provision of an expanded recycling and food waste collection system which allows for standardisation of a slightly smaller bin (180l) for the small amount of waste which is not recyclable.

6.42 Introducing food waste, alongside the reduction in garden waste frequency costs an additional £540,000 (based on 2022/23 costs). This is due to the additional rounds that are needed to collect food waste from all properties and operate the garden waste rounds separately.

6.43 Additionally for option 3, there is a £190,000 (based on 2022/23 costs) cost when moving to a smaller non-recycling waste container. This is due to the additional recycling material which is expected to increase the number of vehicles needed to operate the

recycling rounds. This will be offset gradually by reduced waste arising costs through the levy as well as reducing annual revenue spend on an ageing container stock.

- 6.44 There is requirement to purchase new containers for both the expanded food waste collection, and the required 180 litre bins. The upfront cost for bins of approx. £1.7m with an additional £1m for vehicles is required, with an annual capital financing cost for both of £401,000.
- 6.45 Full details of the financial evaluation, and the results, are set in section 8 of Appendix 1.
- 6.46 The changes which are being recommended are largely due to the need to improve recycling performance, but also to ensure that the Council is aligned with the requirements of Simpler Recycling and EPR.
- 6.47 Defra are providing new burdens funding for Councils to meet the extra costs with operating additional food waste collections; however we are still awaiting final details of this funding.
- 6.48 Under EPR the Council will also be paid for the costs associated with collecting packaging which is in scope of the scheme. This funding will be based on the Council operating an efficient and effective service, the changes being made are aimed at ensuring we meet that requirement to qualify for full funding. It is expected that full details of this funding will be made available at the end of 2024.

### Street Cleansing

- 6.49 The current contract commenced with a twice weekly sweep for residential roads which was reduced to once weekly circa 2018 following a savings proposal. In the intervening years, borough growth and evolution has resulted in an inconsistent level of cleansing as adopting a blanket frequency borough wide does not reflect the differing requirements of cleansing across demographically different areas.
- 6.50 Now residential roads across Haringey are cleansed on a weekly basis whether this is required or not. This leads to significant variation in local environmental quality standards in different areas of the borough, as in some areas standards fall significantly quicker than others.
- 6.50.1 This is also clear from the Best Value consultation in which there are clear differences across views and comments, as well as through internal monitoring, and external validation from Keep Britain Tidy (KBT).
- 6.51 Streets are monitored by officers in line with the published NI195 methodology. The table below shows the results for wards across the west, centre and east of the borough between 2018 and 2022.

Area	Litter	Detritus	Graffiti	Flyposting
West	3.15%	6.25%	1.58%	0.48%
Central	8.51%	4.29%	3.10%	1.25%



<b>East</b>	12.67%	4.88%	6.54%	1.71%
<b>Target</b>	7%	11%	3%	3%

6.52 The results show a clear difference in performance across the borough. Under the current contract, Veolia have no obligation to offer additional cleansing of these areas if they fall below standards between weekly visits. It is also clear that litter and graffiti are significant issues in the east, regularly not meeting the target.

6.53 Currently there is no scope within the contract format to cleanse a residential road in between its weekly cleanse, whilst moving to a needs-based approach would mean a specification requiring all residential roads to be continually maintained at B grade (cleansed to an A grade).

### Options

6.54 Officers have undertaken assessment of the options to improve the quality of the services and address the imbalance across the borough. The approach that numerous authorities now embrace is to use data to inform frequency of cleansing in areas, and have a data driven approach.

6.55 The current service has also been reviewed by officers to determine areas which are not covered in the current contract. For example, Sustainable Drainage Systems (SuDS) and cycle lanes which have started to be installed in the years following the commencement of the existing contract.

6.56 There is limited scope to make adjustments within existing input-based contract constraints subsequently it is recommended to develop alternative approach for residential cleanings, addressing known gaps and including timely and cost effective rectification of issues.

6.57 The option assessed, as being the only alternative is to move to a data driven needs-based service which will determine on a street-by-street basis an appropriate level of cleansing as opposed to cleansing on a frequency basis only. There is no change to high roads or main roads.

### Evaluation

6.58 Modelling has been undertaken to test the baseline frequency approach to street cleansing versus a needs-based approach to cleansing. The results conclude that financial resources for demand led cleansing can be contained (and reduced) within the current cost structure (excluding indexation) as essentially resources are realigned in a more efficient manner to undertake cleansing where required rather than on a purely frequency-based approach.

6.59 Feedback from the 2022/23 engagement work also concluded that residents would like a service that cleans their streets on a needs-based approach rather than on a frequency-based approach.

6.60 This readjustment of resources allows for incorporation of some services currently out of contract scope, for example SUD cleansing and cycle path cleansing.

6.61 A needs based approach still adopts principles of frequency based cleansing but is more flexible to allow for greater cleansing where required, i.e. minimum frequencies would still apply but on the basis of need rather than purely frequency driven.

6.62 The strategy to determine level of cleansing required would be built up on a street by street basis using data intelligence including:

(1) Road locations, number, category, length

(2) Zoning and footfall data

(3) Digitally mapped GIS layers

(4) LEQ grades

(5) ME, Complaints and Service Requests

(6) LLPG, USRNs

(7) Projected population growth

### (iii) Fleet

6.63 In 2027 the Council will need to purchase a new fleet to continue delivering the services, therefore in line with the Council's Climate Change Action Plan a full review of the fleet options were considered. Full details of the fleet review, and the results, are set in section 11 of Appendix 1.

### Options

6.64 This review considered the fuels that are available to replace diesel, including HVO, electric, Compressed Natural Gas (CNG) and hydrogen. At the initial stage it was agreed that hydrogen is not currently a viable alternative in the short-term, and whilst CNG has been used in other London boroughs previously it has not become a viable option.

6.65 The review therefore focused on HVO and electric as alternatives to diesel but due to the high cost of e-RCVs, a hybrid option was also considered which used HVO for those vehicles as they are significantly more expensive to purchase as an EV.

### Financial evaluation

6.66 Modelling was undertaken by Eunomia to assess the lifetime cost of the different options, this included the upfront capital cost to purchase the vehicles, upfront cost for any infrastructure (such as sub-station upgrades and charge points), and the cost to run and maintain the vehicles.

6.67 The table below shows the total upfront capital costs for each option excluding the cost of financing the capital but including a 5% contingency to cover any potential inflation in the cost of vehicles.

	Vehicle upfront cost	Infrastructure upfront cost
Diesel	£15,357,300	
HVO	£15,357,300	
Full Electric	£33,962,000	£12,495,000
Electric & HVO	£18,649,000	£2,310,000

6.68 The cost of a full EV fleet would be double that of a standard diesel or HVO fleet, however when looking at only utilising smaller vehicles as electric, that additional cost is only £3.3m.

6.69 The table below shows the total annual costs for each option, including the costs for a diesel fleet.

	Annual Capital Financing	Annual Fuel & Maintenance	Total Annual Cost
Diesel	£2,762,000	£2,491,000	£5,253,000
HVO	£2,762,000	£2,655,000	£5,417,000
Full Electric	£7,423,000	£2,342,000	£9,765,000
Electric & HVO	£3,796,000	£2,553,000	£6,349,000

6.70 Although EVs are cheaper to fuel and maintain, the additional capital costs makes this option £4.5m more expensive than a diesel fleet. A hybrid fleet is a cheaper option than HVO from an annual fuel and maintenance perspective, but the additional borrowing costs make this £0.9m more expensive than just HVO.

6.71 Given the Council's priorities within the Climate Change Action Plan, it is important that steps are taken to reduce the carbon emission impact of the services, and moving towards an EV fleet is the best way to do this. However, given the financial position of the Council it is not currently sustainable to move to a full electric fleet, therefore a hybrid fleet is recommended as the best option.

6.72 The review also considered the approach to purchasing the vehicles, whether Authority Purchase, Contractor Purchase or Hire-Purchase. Due to the better interest rates that the Council can secure and following similar trends across the market – as set out in the Procurement Strategy - it is recommended that any future vehicles will be purchased by the Council.

### **Best Value Consultation**

6.73 A best value consultation was undertaken in line with the Council's obligations under Section 3 of the Local Government Act 1999, to consult with residents, business, and anyone who may use or have an interest in the services which we deliver to help the Council ensure that its approach to how it delivers its waste function will secure

continuous improvement having regard to a combination of economy, efficiency and effectiveness.

6.74 The consultation resulted in 273 responses; the consultation document is at Appendix 2A and the full results of the best value consultation are set out in Appendix 2B.

6.75 The consultation asked respondents to give their view on the Council's approach to evaluating the Service Delivery approaches.

6.75.1 The consultation identified that respondents thought the Council's approach to evaluating the Service Delivery options, as set out within the consultation document, was suitable and agreed to the approach that was set out by the Council to evaluate the options. 59% of respondents stated they thought the approach was either very suitable or suitable.

6.75.2 24% of respondents stated they did not know, if the approach was suitable, when asked to explain this largely respondents didn't believe they were able to make such a decision, and this was for the Council make. Only 16% of respondents believed that the approach taken was unsuitable, there were a variety of comments, some of which similarly stated that they didn't believe residents were able to make the decision.

6.76 Although the purpose of the consultation was to help ensure that the Council's approach to evaluating the options was suitable and would secure continuous improvement in how the waste function is delivered, respondents were also asked about their preference.

6.76.1 Overall, 54% of respondents supported the option of extending the existing contract with Veolia, rather than entering a new outsourced contract, or bringing the services in-house.

6.76.2 21% of residents supported a new out-sourced contract, and similarly 21% also supported an in-house service.

6.77 Respondents were asked to explain their answers to both questions.

6.77.1 Comments suggested that residents preferred to extend with Veolia because they currently provide a good service, and respondents believed the Council should stick to a service that works.

6.77.2 Additionally, comments stated that there were additional costs and risk associated with procuring a new service, or that the Council should negotiate further with Veolia to introduce new services or change existing services.

6.77.3 However, comments also stated that respondents didn't believe the service they received from Veolia met their needs and wanted better performing services. This shows that there is a disparity across the borough in the quality of services which are received.

- 6.78 A small number of respondents also suggested that the Council should look to other nearby authorities to deliver a shared service. This option was considered, however there are no nearby Council's who are in the same position as Haringey looking to review their service delivery approach. This approach also has its own disadvantages, such as a reduction in control the Council has over the services, as all areas have different priorities and budgets.
- 6.79 Although there is strong support for extending the contract with Veolia, this report recommends a new outsourced contract as the best approach for the Authority for the following reasons.
- 6.79.1 This approach was the highest scoring in the evaluation, which respondents agreed was an appropriate approach. Although extending with Veolia, was a close second.
- 6.79.2 When considering both support for extending the Veolia contract and support for awarding a new outsourced contract, there is support across respondents for the principle of outsourced services – with 75% of residents are supportive of the principle of an outsourced service.
- 6.79.3 A further question asked residents about the need to be adaptable and to deliver the most cost-effective solution. Although residents believed both were important, respondents felt that being adaptable and flexible to meet the needs of the service was more important. In order to provide this adaptability significant changes are needed, which will be best secured through a competitive procurement process.
- 6.79.4 The current Veolia contract is 14 years old, and although performs well in some areas, does not meet all the current needs across the borough. For example, areas of the highway such as Sustainable Drain Systems (SuDS) and cycle lanes are not part of the current requirements, and there is a disparity in quality levels across the borough. This was reflected in the contrasting comments about the quality of the current service, with some respondents believing the current service could not be improved, whilst others believed the service did not meet their needs.
- 6.79.5 From 2026, the Council will need to expand food waste collections to all residential properties, which is likely to require a review of resourcing and how food and garden waste is collected. We believe that the best way to deliver these additional services is to run a competitive process which allows the Council to develop the approach with bidders, and undertake an evaluation.
- 6.79.6 Some concerns were raised that a procurement process can be expensive, however, the Council will need to undertake a procurement in the next 5 years even if the existing contract is extended. It is anticipated that the benefit of securing a modern contract now will offset the additional costs that will be incurred now, rather than in 5 years time.
- 6.79.7 Some respondents queried whether it would be possible to enter into negotiations with Veolia. The Council has gone through a number of negotiation periods with Veolia, and engaged in discussions about the future improvements. The negotiation

resulted in Veolia offering a discount on the current service cost, alongside to agreeing to some changes to terms and conditions. Their best offer has been factored into the scoring and analysis when considering Option 3 (to extend the Veolia contract) as presented in this report.

6.80 As part of the service review, the Council has developed an understanding of what is believed to be needed to meet the needs of the borough. Through a competitive procurement process the Council will work with bidders to ensure that submissions meet, and where possible exceed, these needs.

### **Procurement strategy**

6.81 A Procurement Strategy has been developed, as set out in Appendix 4, following informal market engagement with several organisations, including Biffa, FCC, Serco, Suez, Urbaser and Veolia. This Strategy sets out key considerations for running this procurement process and developing the future contract, which include:

- (1) The scope of services included,
- (2) The length of contract,
- (3) Procurement procedure, and
- (4) Evaluation criteria.

6.82 The scope of services under the new contract will include all existing services provided by Veolia. Officers have also identified a number of changes to services which are recommended as part of this report. Additional services will also be incorporated in line with the Waste Service Review as described in this report, to meet the future needs of the borough.

6.83 The Council is preparing a recycling, waste collection and street cleansing service offer (the Service Offer), to provide a comprehensive description of the services, the Council's commitments, and the Council's expectations of residents and businesses. The Service Offer will be informed by the extensive engagement that has been carried out with residents, the Waste Service Review, and the procurement process to ensure that the service design meets the needs and demands of the borough whilst maximising service delivery outcomes and best value.

6.84 Officers have taken the findings of the engagement with residents to develop a set of 6 priorities that will underpin the Service Offer. These priorities are:



- 6.85 These priorities dovetail into the Council’s current reuse and recycling plan (RRP), the Councils Corporate Plan, Climate Change Action Plan and the draft North London Waste Authority’s “Joint Waste Strategy” to ensure a joined-up approach.
- 6.86 The Service Offer will be brought back to Cabinet or Lead Member for approval on the conclusion of the procurement.
- 6.87 On 16<sup>th</sup> September, the Government announced that it was delaying the implementation of the Procurement Act 2023 from 28 October 2024 until 24 February 2025. This means that where the Procurement Strategy is drafted based on delivering the process under the Procurement Act 2023, on the current timetable this would now be delivered under the existing Public Contract Regulations 2015 (PCR).
- 6.88 Officers have assessed the impact of the delay, and the potential risk of a further delay in the implementation of the Procurement Act 2023, to determine whether the Council should delay the procurement timetable to utilise the new legislation or continue with the existing timetable.
- 6.89 It has been determined that due to the tight timescales to procure the new contract, and the need to ensure there is sufficient time to engage the bidders, with the risk of further delays to implementing the Procurement Act, the best approach is to continue with the current timeline and procure the services under the existing PCR.
- 6.90 There will be some changes required to the Procurement Strategy, however it is not expected that there will be any material change in the Council’s overall approach.

6.91 Officers have determined that the procurement process should allow the opportunity for dialogue / negotiation with bidders. Under the existing PCR there are two procedures that enable this approach – the competitive dialogue procedure and the competitive procedure with negotiation. Further consideration will be undertaken by officers and the project advisory team (including technical consultants, the Chief Procurement Officer and legal advisors) to determine which of these procedures is the most suitable.

### **Overall Cost Impact**

6.92 This section is set out in the Exempt Appendix A of this report.

## **7. Contribution to the Corporate Delivery Plan 2024-2062 High level Strategic outcomes?**

7.1 This decision relates to the Responding to the Climate Emergency theme of the Corporate Delivery Plan, specifically supporting:

7.1.1 A cleaner, low waste Haringey,

7.1.2 A greener Haringey,

7.1.3 A zero carbon and climate resilient Haringey, and

7.1.4 Better air quality in Haringey.

## **8. Carbon and Climate Change**

8.1 The services in scope of this paper have a direct impact on carbon and climate change and the Council's ability to reduce its carbon impact.

8.2 A procurement process will give the Council an opportunity to ensure that future services are designed with carbon and climate change in mind. This may include carbon reduction targets and similar commitments under Social Value, which may not be achievable with a simple extension with Veolia. The proposed Procurement Strategy includes details on how the Council aims to tackle the climate impact of the services.

8.3 The changes to the service design are also aimed at reducing the impact of the services on climate change. The target to recycle more will lead to less recyclable material being incinerated, and moving towards a more circular economy, where materials are seen as a resource. Although to grow the food waste service will require additional vehicles, removing the garden waste collections allows for the food waste to be collected on smaller, more efficient vehicles whilst operating fewer garden waste vehicles to make fortnightly collections.

8.4 The fleet review has been conducted to ensure the services align with the Council's Climate Change Action Plan. The aim is to ensure that the Council fully understands the position to move to a ZE fleet when the time is right. Although it is not proposed that all



vehicles from 2027 will be electric, this will continue to be monitored during the contract and when new vehicles are purchased.

- 8.5 Since 2021 the Council has expanded the number of EVs operating these services, by purchasing a number of new smaller EVs.

## **9. Statutory Officers comments**

### **Finance**

- 9.1 See Exempt Appendix B – Financial Analysis.

### **Procurement**

- 9.2 Strategic Procurement have been consulted in the preparation of this report.
- 9.3 Strategic Procurement note the recommendations in section 3 of this report do not relate to a procurement decision but a decision on the strategy for provision of waste services and the undertaking of a procurement process to acquire that service.
- 9.4 Strategic Procurement will work with the service to undertake the procurement in a compliant manner.

### **Assistant Director of Legal & Governance (Monitoring Officer)**

- 9.5 The Assistant Director of Legal & Governance (Monitoring Officer) has been consulted in the preparation of this report.
- 9.6 Following a Waste Services Review undertaken by independent waste consultancy Eunomia Research and Consulting Ltd, this report seeks approval to undertake a procurement process in accordance with the Procurement Strategy, to source a service provider of recycling and waste collection, street cleansing and ancillary services from April 2027 when the existing contract with Veolia comes to an end. A small number of changes to the service are also recommended.
- 9.7 In accordance with sections 45 - 48 of the Environmental Protection Act 1990, the Council has statutory duties as a waste collection authority to arrange for the collection of household waste and, if requested, of commercial and industrial waste. The Council must comply with any directions about separation of waste given by North London Waste Authority (NLWA) as the waste disposal authority for its area.
- 9.8 Waste Collection policies differ across local authorities. It is noted that officers are preparing a recycling, waste and street cleansing service offer to be brought back to Cabinet or Lead Member for approval following the conclusion of the procurement process. This policy will need to be reasonable and comply with the Council's statutory duties, any internal policies such as the Climate Change Action Plan, and be informed by the engagement and consultation that has taken place. As indicated in this report, there are a number of new legislative and policy developments that have recently come into force and/or are due to come into force under the Environment Act 2021 (**EA 2021**) which will need to be factored into the design of the service offer:

#### 9.8.1 Simpler Recycling requirements (s57 of the EA 2021):

- (1) the collection of a core set of recyclable materials which will include paper, card, tins/cans, glass, plastic bottles, mixed rigid plastics by 2026 and a requirement to collect plastic film from households, businesses, non-domestic premises and micro-firms by 31 March 2027;
- (2) weekly food waste collections from households by 31 March 2026, businesses and non-domestic premises by 31 March 2025 and micro-firms by 31 March 2027;
- (3) at least fortnightly collection of non-recyclable waste from households by 31 March 2026.

9.8.2 The Extended Producer Responsibility (EPR) scheme (s50 and 51 EA 2021), where companies that produce packaging or sell packaged products in the UK are required to cover the full costs of collecting and sorting household packaging waste for recycling. These fees have been deferred for one year and are due to start in October 2025. The fees will be transferred to local authorities. Key to sustainable funding for the service, the Council will be compensated by packaging producers for the costs of “efficiently” and “effectively” managing household packaging waste.

9.8.3 The Deposit Return Scheme (DRS) (s54 EA 2021), which is expected to launch in October 2027 and will require those buying drinks containers to pay a small deposit, which can be reclaimed when the container is returned to the retailer.

9.8.4 Mandatory Digital Waste Tracking (s58 EA 2021), where waste producers will be required to digitally record information about the movements of waste. It is expected that mandatory digital waste tracking will be introduced from April 2025. Household waste collected from domestic premises is exempt however where the Council provides paid for waste collections for commercial businesses or industrial premises, it will be required to record those waste movements from the producers' premises.

9.9 It is noted that the changes to services recommended in this report, if approved, will ensure the Council's compliance with the Government's Simpler Recycling initiative.

9.10 In undertaking any procurement exercise, the Council will be required to comply both with the relevant provisions of the Council's Contract Standing Orders and with the relevant public procurement law at that time.

9.11 Public procurement law is currently in transition from the current procurement law regime (which includes the Public Contracts Regulations 2015) to a new regime (the Procurement Act 2023) and the applicable regime for any individual contract/procurement would be determined based on the date that the procurement process is commenced.

- 9.12 For the purposes of the procurement as envisaged in the recommended option, the commencement would be deemed to be the date that a particular form of notice is published by the Council as a call for competition.
- 9.13 For the reasons referred to in paragraph 6.89 of this report, officer advice is that the procurement should be commenced in line with the original timetable, i.e. before 24 February 2025, and therefore the applicable regime will be the Public Contracts Regulations 2015.
- 9.14 It is noted that some changes will be required to the Procurement Strategy as a consequence. Any material change in the Council's overall approach will require further approval by Cabinet or Lead Member of the Strategy. The report recommends that minor changes be delegated to the Director following consultation with the Lead Member.
- 9.15 It is anticipated that either the competitive dialogue procedure or the competitive procedure with negotiation will be used. Further consideration will be undertaken by officers and the project advisory team (including technical consultants, the Chief Procurement Officer and legal advisors) to determine which of these procurement procedures is the most suitable.
- 9.16 Were the procurement to be delayed for any reason and were to commence on or after 24 February 2025, the applicable regime would be the Procurement Act 2023 (i.e. the new regime, unless commencement of the Act is delayed).
- 9.17 As required under the current environmental services contract between the Council and Veolia, the Council is required to notify Veolia of its wish to retender the services as well as the Council's wishes regarding any transfer and/or purchase of certain assets upon expiry of the contract. This notification must be provided at least 18 months prior to the expiry date of the current contract of 16 April 2027. In other words, this notification must be provided to Veolia no later than 15 October 2025.
- 9.18 In accordance with the Council's duty under Section 3 of Local Government Act 1999, a best value consultation was undertaken seeking views on the Council's approach to evaluating the available service delivery options and with a view to helping the Council to secure continuous improvement to how it delivers its waste function. Consultees were also asked for their views on the 4 short-listed options being (i) in-house (ii) procurement of outsourced contract (iii) extension of current contract with Veolia and (iv) setting up a LATCo. The consultation was open for 8 weeks between 22 July and 15 September 2024.
- 9.19 The consultation resulted in 273 respondents and full consideration has been given by officers to the feedback provided in making the recommendation to proceed with option 2 to deliver services through a new contract. Accordingly, provided that Cabinet conscientiously assesses the consultation outcome and has due regard to the outcome of the Equality Impact Assessment as summarised below, there is no legal reason why Cabinet should not approve the recommendations of this report.

## Equality

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

9.20.1 Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act.

9.20.2 Advance equality of opportunity between people who share protected characteristics and people who do not.

9.20.3 Foster good relations between people who share those characteristics and people who do not.

9.21 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.

9.22 An Equalities Impact Assessment (EQIA) has been undertaken to identify any areas of the proposal that will have an impact on a protected group. This assessment is included in Appendix 3.

9.23 The outcome of the review has identified that there is no equalities impact relating to the recommendation to procure a new outsourced provider to deliver the services, as this decision specifically should make no changes to how residents access the service.

9.24 It has been identified that the recommendations relating to changes in service design may have a negative impact on some protected characteristics. The reduction of the non-recyclable waste bin to 180 litres from 240 litres may have a negative impact on those residents who may produce more non-recyclable waste, for example those who may require sanitary and hygiene products, such as women, young families, the elderly and disabled. Additionally, those who have medical needs and who may have sharps or other medical equipment which needs disposing of safely may also be negatively impacted. Those who celebrate religious holidays may have periods where additional waste is produced. Therefore, this change may have an impact on those with the protected characteristics of Age, Disability, Pregnancy and Maternity, Sex and Religion/Belief.

9.25 In order to mitigate this impact, those who feel they may be negatively impacted will be able to apply for a larger non-recyclable waste container. A clear set of requirements will be set out alongside the Service Offer, to ensure that where this is the case, a bigger bin will be made available for specific time frames or indefinitely, as required.

- 9.26 Additionally, it was noted that service change may be difficult for some residents to understand due to a specific protected characteristic. This could include where English is not spoken as a first language, or those with learning disabilities. This will affect those with the protected characteristics of Disability and Race. A clear communications plan will be developed with communities and local organisations to explain the service to all residents.
- 9.27 The recommendation to move to a hybrid fleet using HVO and electric will offer a positive impact to some protected characteristics, such as those who are affected by poor air quality. This move will ensure that the services are creating less air pollution across our streets.

## **10. Use of Appendices**

- 10.1 Appendix 1 – Waste Service Review
- 10.2 Appendix 2A – Best Value Consultation Document
- 10.3 Appendix 2B – Best Value Consultation Response
- 10.4 Appendix 3 – Equalities Impact Assessment
- 10.5 Appendix 4 – Procurement Strategy
- 10.6 Exempt Appendix A – Waste Service Review: Cost Impact
- 10.7 Exempt Appendix B – Financial analysis

## **11. Background papers**

- 11.1 Cabinet decision September 2023: Integrated Waste and Cleansing Contract  
<https://www.minutes.haringey.gov.uk/ieListDocuments.aspx?CId=118&MId=10555>

## **Reasons for exemption**

- 11.2 Appendices A and B of this report are not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 as they contain information classified as exempt under Schedule 12A of the Local Government Act 1972 in that they contain information relating to the financial or business affairs of any particular person (including the authority holding that information).
- 11.3 In all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.