

Merton Council

South London Waste Partnership Joint Committee Agenda

Membership

Councillors:

Martin Whelton
Ross Garrod

Substitute Members:

Mark Allison
Nick Draper

Date: Tuesday 7 June 2016

Time: 5.30 pm

Venue: The Town Hall, Katherine Street, Croydon, CR0 1NX

This is a public meeting and attendance by the public is encouraged and welcomed.
For more information about the agenda please contact
democratic.services@merton.gov.uk or telephone [020 8545 3616](tel:02085453616).

All Press contacts: press@merton.gov.uk, 020 8545 3181

South London Waste Partnership Joint Committee Agenda

7 June 2016

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Note on declarations of interest

Members are advised to declare any Disclosable Pecuniary Interest in any matter to be considered at the meeting. If a pecuniary interest is declared they should withdraw from the meeting room during the whole of the consideration of that matter and must not participate in any vote on that matter. If members consider they should not participate because of a non-pecuniary interest which may give rise to a perception of bias, they should declare this, withdraw and not participate in consideration of the item. For further advice please speak with the Assistant Director of Corporate Governance.

LONDON BOROUGH OF CROYDON, MERTON & SUTTON AND ROYAL BOROUGH OF KINGSTON UPON THAMES

SOUTH LONDON WASTE PARTNERSHIP JOINT COMMITTEE

Meeting held on Wednesday 9th March 2016 at 5:30pm in Room F10, Croydon
Town Hall, Katharine Street, Croydon CR0

MINUTES - PART A

Present: **London Borough of Croydon**
Councillor Stuart Collins - Deputy Leader and Cabinet Member for
Clean Green Croydon (Chair)
Councillor Stuart King

Royal Borough of Kingston upon Thames
Councillor Ian George - Lead Member - Resident Services

London Borough of Merton
Councillor Judy Saunders - Cabinet Member for Environmental
Cleanliness and Parking

London Borough of Sutton
Councillor Nighat Piracha – Vice-Chair of the Environment &
Neighbourhood Committee
Councillor Jill Whitehead - Chair of the Environment and
Neighbourhood Committee

Also present: Annie Baker (SLWP Strategic Partnership Manager, LB Merton),
Charles Baker (Strategy and Commissioning Manager, LB Merton),
Matt Clubb (Executive Head of Environment Commissioning, LB
Sutton), Deborah Flintoff (Service Manager - Waste, RB Kingston),
John Haynes (SLWP Communications Advisor, RB Kingston), Steve
Iles (Director of Streets, LB Croydon), Andrea Keys (SLWP Contract
Manager, RB Kingston), Rachel Lewis (Head of Environment, RB
Kingston), Michael Mackie (Head of Finance Business Data &
Reporting, LB Sutton), Jo Negrini (Executive Director of Place, LB
Croydon)

Absent: Councillors Kathy Bee, Terry Paton and Andrew Judge and Cormac
Stokes (Head of Street Scene & Waste, LB Merton)

Apologies: Councillors Kathy Bee, Terry Paton and Andrew Judge and Cormac
Stokes (Head of Street Scene & Waste, LB Merton)

A1/16 **DISCLOSURE OF INTEREST**

There were no disclosures of pecuniary interest not already
published on the websites of the four boroughs.

A2/16

**MINUTES OF THE MEETING HELD ON THURSDAY 10TH
DECEMBER 2015**

The Minutes of the meeting held on 10 December 2015 were agreed as a correct record.

A3/16

CONTRACT MANAGEMENT REPORTING

Andrea Keys (Contract Manager, Royal Borough of Kingston) summarised the main points of the report:

- Contact 1 - Transport and Residual Waste Management - no operational issues
- Contract 2 - HRRC (Household Reuse and Recycling Centres) services:
 - Fisher's Farm performance only 58% for December 2015
 - Issues for rigid plastics and mattresses so suspending, due to the difficulty of finding outlets - the cost of fuel is currently very low
- Contract 3 - Marketing of recyclates and treatment of green and food waste - no operational issues
- The redevelopment of Garth Road site has been brought forward

The following issues were raised:

- Councils are under pressure from the media about recycling rates. How is this being addressed? Is there a method for putting out the statistics?

Response: The figures can be put together. There was a good article in the press a week ago about the plastics issues. We can pull together industry press and facts and figures.

- Recycling is down or static across London - it is not just south London. A recycling campaign has been running in Merton for several months and is proving successful. Complaints have gone up but is this due to the reorganisation and new layout?
- Is it possible to make the charts clearer?

Response: It will be easier to judge the analysis when we have a full year's statistics. There have been comments about the steps increasing from 4 up to 8 and also about other elements of the new layout. We will look at trying to make the information more accessible.

- We need to get positive communications out to explain why the rates are down.
- Are Veolia not accepting rigid plastics and mattresses now? Does that explain the drop?

Response: Rigid plastics do come in but only a very small element can be recycled. They are still accepted but there is no market for them.

- What is the impact on residual waste?

Response: It only accounts for 2% of overall recycling. There is a financial implication for Contract 1 but it is a very small proportion. Changes to services can impact on material types the partnership receives. Reduction has a knock on effect to the HRRC. Communication messages are industry wide but there are also some local ones and some might be borough specific.

- Is there a market for mattresses?

Response: They are broken down into component parts - metal coils, textiles and filling. The textiles market has dropped. It is all done by hand, which is expensive, so we are looking at a mechanical solution which would be cheaper.

The Committee **NOTED** the report.

A4/16

SOUTH LONDON WASTE PARTNERSHIP BUDGET REPORT 2015-16

Michael Mackie (Finance Lead - Head of Finance Business Data & Reporting, LB Merton) presented the report:

- Budget for core activities - underspend £89k
- The partnership is currently undertaking one project - HRRC - estimated to cost £116k - underspend of £57k
- Forecast total underspend for all activities of £146k or £36k per authority.

The Committee enquired how it is intended to use the underspend. There had previously been mention of additional communications. Officers explained that it is for individual boroughs to decide. The underspend may be used to cover overspend in other services. Also the committee's jurisdiction covers waste disposal but the partnership is involved in an Environmental Services procurement which includes waste collection. This means authorities have to take into account all activities they are involved in, and funds may move between the disposal element and this project. However, all the boroughs need to agree. The decision will need to be based on the budget for the year.

Communications will be considering more generic awareness campaigns and looking at track funding.

The Committee **NOTED** the contents of the report.

A5/16 RISK REGISTER

Annie Baker (Strategic Partnership Manager, LB Merton) gave a brief summary of the report:

- Legal risk number 7.7 (LEG 7), relating to the risk of a legal challenge is now closed and has been removed

As there are a lot of risks, it was requested that the list be clarified, so it is easier to understand.

The Committee **NOTED** the key developments on the Risk Register and the mitigation of these risks.

A6/16 ANY OTHER BUSINESS

The date of the next meeting is Tuesday 7 June 2016 at 5:30pm in Room F10 at Croydon Town Hall, Katharine Street, Croydon CR0 1NX.

There was to have been a workshop after the meeting but it was cancelled. It was suggested that it should take place later in the year, possibly July,, once the individual boroughs have assessed their needs, rather than having a 'one size fits all' approach. A report for endorsement will come to the next meeting, with each borough having its own decision making process.

MINUTES - PART B

None

The meeting ended at 5:59pm



Report to: South London Waste Partnership (SLWP)
Joint Waste Committee

Date: 7th June 2016

Report of: SLWP Management Group

Author(s):
Andrea Keys, Contract Manager

Chair of the Meeting:
Councillor Doyle, Chair SLWP Joint Waste Committee

Report title:

Phase A & B Contract Management Report

Summary:

This report provides Joint Waste Committee with an update on the performance of the three Phase A Contracts applicable to the South London Waste Partnership:

- i. Contract 1 - Transport and Residual Waste management
- ii. Contract 2 - HRRC services - HRRC site management and material recycling
- iii. Contract 3 - Marketing of recyclates and treatment of green and food waste

This report provides quarter 4 performance data for the period 1st January 2016 to 31st March 2016.

This report also provides Joint Waste Committee with an update on the Phase B Contract.

Recommendations:

Joint Waste Committee is asked to note the contents of this report, and comment on any aspects of the performance of the Partnership's Phase A & B contracts.

Background Documents:

Contract Performance Monitoring updates have been presented to the Joint Waste Committee since 22 July 2010. The most recent reports were presented at the meeting on 9th March 2015 by the Contract Manager.

PHASE A BACKGROUND

- 1.1.** Contract 1 is operated by Viridor Waste Management Ltd and includes the bulk haulage of material and the disposal of residual waste.
- 1.2.** Contract 2, the HRRC service is operated by Veolia (ES) (UK) Ltd. The contract commenced on the 1st October 2015 and includes the management of the 6 Partnership HRRC sites in addition to the marketing of recyclates collected at each of the sites.
- 1.3.** Contract 3 is operated by Viridor and includes the marketing of recyclates and the treatment of green and food waste.
- 1.4.** The London Boroughs of Croydon, Sutton and Merton direct deliver kerbside collected waste, organics, and recyclates into the Beddington site, operated by Viridor.
- 1.5.** The Royal Borough of Kingston (RBK) direct delivers kerbside collected waste, organics, and recyclates into the Kingston Villiers Road Waste Transfer Station (WTS). Viridor operate Villiers WTS on behalf of RBK under Contract 1.

2. PERFORMANCE DETAIL

2.1. Contract 1: Transport and Residual Waste Management (Viridor Waste Management Limited)

- 2.1.1.** Under Contract 1, during the quarter four period from 1st January 2016 to 31st March 2016, the Partnership managed just under 39,000 tonnes of residual waste. Please see Appendix A Section 2 for further detail.

2.1.2. Landfill Diversion: Year to date just over 27,000 tonnes of Partnership residual waste was diverted from landfill via the Lakeside ERF. This equates to 11% diversion from landfill. Viridor have direction on which Borough's waste is diverted to Lakeside, largely determined by the location and capacity at the facility receiving the waste. Please see Appendix A Section 3 for further tonnage data.

2.1.3. The Contract is operating effectively. There were no major operational or performance issues, and no formal complaints were reported under Contract 1. There were no KPI failures reported under Contract 1.

2.2. Contract 2: Management of the Household Reuse and Recycling Centres (Veolia (ES) (UK) Ltd)

2.2.1. Contract Management: the scope of the HRRC services can be summarised in three parts: the general management of the sites including staffing, equipment, and site layout improvements; the transportation of materials; and the recycling, treatment, and/or disposal of waste collected at the HRRC sites (excluding green and residual waste).

2.2.2. HRRC Mobilisation: the most notable changes for site users were the reconfiguration of the site layouts, and the containerisation methodology which moved from a three-step compaction system to the more economic nine-step open container system.

2.2.3. HRRC Site Upgrades: site works commenced in November 2015. The upgrade timetable is delayed with completion now expected July 2016 at all sites except Purley Oaks and Fishers Farm. The upgrade works at the Fishers Farm HRRC site are on hold until work required by the Environment Agency is complete. Purley Oaks upgrade works require the site to close for a minimum three week period due to the lack of space. A timetable for this closure is therefore being considered.

2.2.4. Key Performance Indicators: the contract specification focuses on site user experience, health and safety, and material recycling. Appendix A Section 4 provides a summary of the contract KPIs.

2.2.5. Key Performance Indicators - Recycling Performance: Section 6 of Appendix A details the monthly recycling percentage at each site. The year to date

average recycling rate across all of the sites for 2015/16 is 69.1%, this is a drop of 2.4% against the previous year.

- 2.2.6.** All sites saw a significant drop in recycled rigid plastics, as expected following the market issues this year. On average rigid plastic tonnages dropped 45% when compared to figures from last year. All sites have also seen a significant decrease in green waste tonnage, with the average drop at 14%. The drop in green waste at the HRRCs follows the trend at the kerbside where green waste dropped by 6.3%, potentially pointing to seasonal variations, as opposed to an operational change. The Contractor is looking to target new waste streams in order to reverse the downward trend.
- 2.2.7.** Garth Road showed an improvement on the previous year's recycling rate, largely due to a 7% drop in residual waste from last year's position, which is not the trend across all sites.
- 2.2.8.** Kimpton and Villiers Road have shown a drop in recycling largely due to both green and rigid plastic tonnages decreasing, as outlined above in 2.2.6, while residual waste tonnages have increased at these sites.
- 2.2.9.** Performance at Fishers has seen the largest drop in recycling rates. A review of the tonnages at Fishers shows that residual waste is up by 22% compared to last year. Meanwhile Factory is now well below the average increase in residual waste with an increase of just 2% against the previous year.
- 2.2.10.** A breakdown of the data discussed here can be found in Appendix A parts 7 and 8. These trends will continue to be monitored by site.
- 2.2.11.** Recycling Markets: the recycling market is still fluctuating and the value of recycling collected at the HRRC sites has dropped significantly. The most notable movement in the market this quarter has come from the glass industry which has seen a £15 per tonne increase in recycling charges. Whilst the Partnership contract protects Boroughs from any direct financial impact, the changes in the market are having an impact on the performance of the new contractor. In order to reverse the downward recycling trend, new recycling markets have been trialed for carpets and mattresses which combined are estimated to increase recycling across all sites by at least 1%.

2.3. Contract 3 – Materials Recycling Services, Composting, and additional treatment services (Viridor Waste Management Limited)

2.3.1. Green waste is delivered to the Viridor Beddington facility where it is bulked and hauled off-site for treatment in the following facilities: KPS Isfield and Pease Pottage, Woodhorn Runcton and Tangmere, Tamar Beddingham and Swanley, and Birch Airfield.

2.3.2. The green waste is processed in order to produce a BSI PAS100 compost product. Contamination at the kerbside has increased marginally for this material type, however we are still operating to within the Waste Acceptance Criteria thresholds. Green waste tonnage data can be found in Appendix A Section 10.

2.3.3. Food waste is delivered to either the Beddington facility or the Villiers Road Transfer Station facility. From both sites the food is transferred by Viridor to the Agrivert Trumps Farm Anaerobic Digestion (AD) facility located in Surrey. The Agrivert facility produces a BSI PAS 110 compost product. There are no performance issues with this element of the Contract 3 service. Appendix A Section 10 contains further food waste information.

2.3.4. Comingled recyclates are delivered to the Viridor Beddington facility and then transferred to the Viridor Materials Recycling Facility (MRF) located in Crayford. Contamination rates continue to fluctuate, and work is underway at each of the Boroughs to manage and reduce contamination and bring the material back within the specification required under the C3 contract.

2.3.5. Following a change to the Royal Borough of Kingston (RBK) collection methodology (the collection contract sits outside of the Partnership suite of contracts) RBK moved to a 'twin stream' material. A separate RBK-led procurement has led to a contract award to Veolia for the marketing and reprocessing of this material. The procurement was supported by the Partnership.

2.3.6. The twin stream recyclates collected by RBK are still delivered to the Villiers Road Waste Transfer Station under Contract 1 and then transferred by Viridor to the new material processing contractor Veolia.

2.3.7. The recycling market continues to face pressure from falling oil prices, a significant increase in glass recycling costs, and a general downturn in demand. Year to date the Partnership has generated just under £347k of revenue from the sale of recyclable materials from Sutton, Merton, and the Royal Borough of Kingston.

3. PHASE B UPDATE

3.1. Background

3.1.1. Viridor South London Limited ('Viridor') was formally awarded a contract for the treatment and disposal of residual waste in November 2012. The Contract involves Viridor designing, building and operating an Energy Recovery Facility (ERF) which will remain in its ownership and through which it will dispose of municipal residual waste arising in the South London Waste Partnership area.

3.1.2. Full planning consent was granted for the Construction of the ERF in March 2014, the Judicial Review concluded on the 28th April 2015, following which Viridor confirmed that Satisfactory Planning, free from legal challenge, was achieved on the 1st June 2015.

3.1.3. Financial close took place on 9th June 2015, at which point the Sterling Euro exchange rate for the construction capital was agreed and fixed, in addition, the construction indexation was also fixed. Following the agreement of the variable rates detailed above, an updated base case Financial Model was agreed by all parties and the model was locked. Completion of the financial close stage provided a revised and more beneficial ERF gate fee for the Partnership.

3.2. Construction Phase

3.2.1. Notice to Proceed (NTP) was issued by Viridor to their engineering, procurement and construction contractors on the 1st July 2015. Following the issue of NTP construction works are deemed to have started, and this is termed the Works Commencement Date. The key dates in relation to the Phase B ERF construction are updated and agreed between the Partnership and Viridor to be as follows:

Estimated date	Activity
Jul-15	Notice to proceed is issued 1st July 2015
Aug-15	Preparation of piling for walls
Sep-15	Demolition of existing buildings
Feb-16	New road and roundabout works commence
Oct-15	Work will start on the waste bunker
Apr-16	Waste Bunker construction becomes visible
Apr-16	Process equipment starts to arrive and visible construction is on-going
Aug-18 Onwards	ERF operational

3.3. Communications

3.3.1. A communication plan has been worked up with the Partnership's Communications Lead, and shared with the Heads of Communications at each Borough. The communications plan has been updated for the next stage of the construction project, which includes the key construction activities that may be experienced by the immediate residents around the site.

3.3.2. Recent and planned activity:

- Community Liaison Group (CLG) – these meetings are scheduled quarterly and the fourth CLG was held on 21st April 2016.
- Beddington Community Fund (BCF) - The Terms of Reference for the BCF have been signed and the core panel members have been formally invited to form the first meeting, the date of which is to be confirmed.
- ERF newsletter was delivered to residents in March.
- A rolling 3 month communications and construction plan is being managed by Viridor.
- Viridor have updated their Viridor Beddington ERF website. Follow the attached link: <http://viridor.co.uk/our-developments/beddington-erf/>

4. RECOMMENDATIONS

4.1. It is recommended that the Joint Waste Committee:

- a) Note the contents of this report, and comment on any aspects of the performance of the Partnership's Phase A & B contracts.

5. IMPACTS AND IMPLICATIONS

Legal

5.1. None

Finance

5.2. None

6. Appendices

6.1. Appendix A provides data on the performance of the Phase A contracts for the quarter 1 reporting period 1st January 2016 to 31st March 2016.

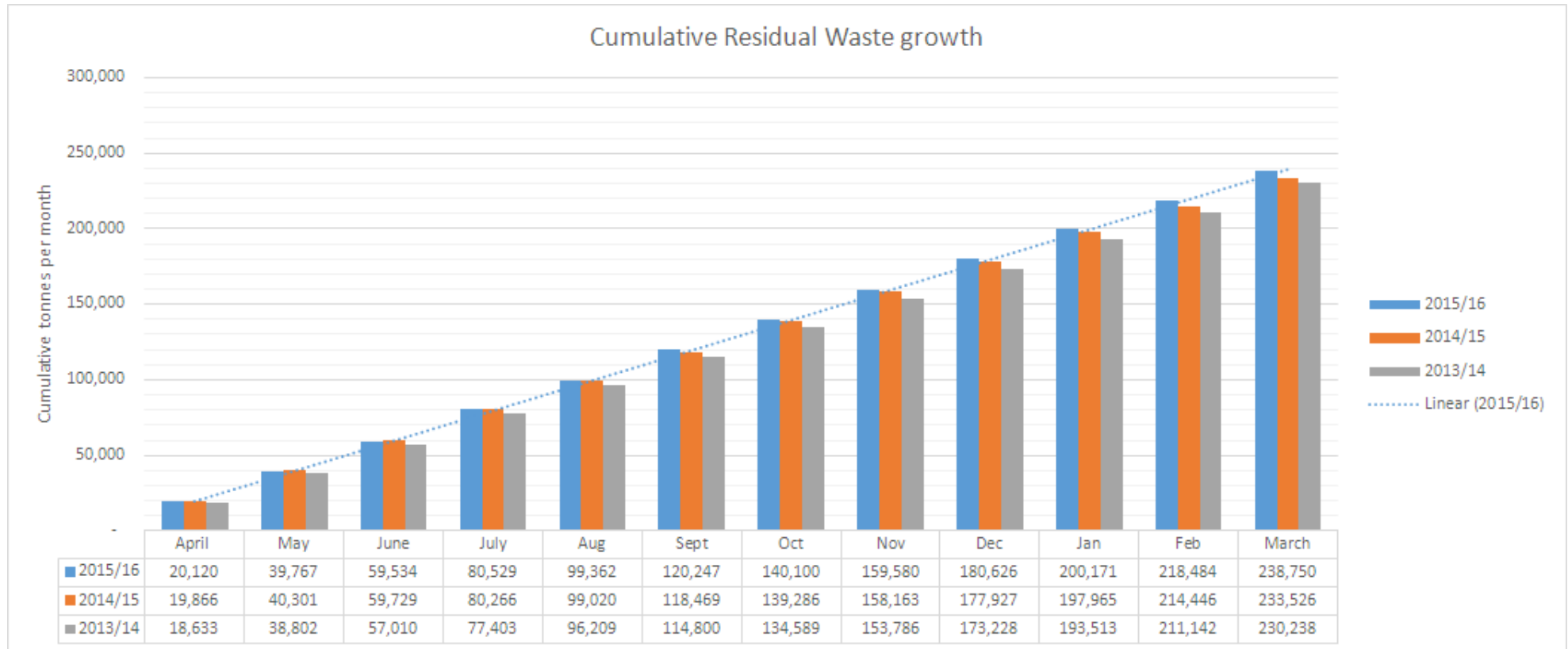
Appendix A

Phase A: Contract Performance Data for the period 1st January 2016 to 31st March 2016:

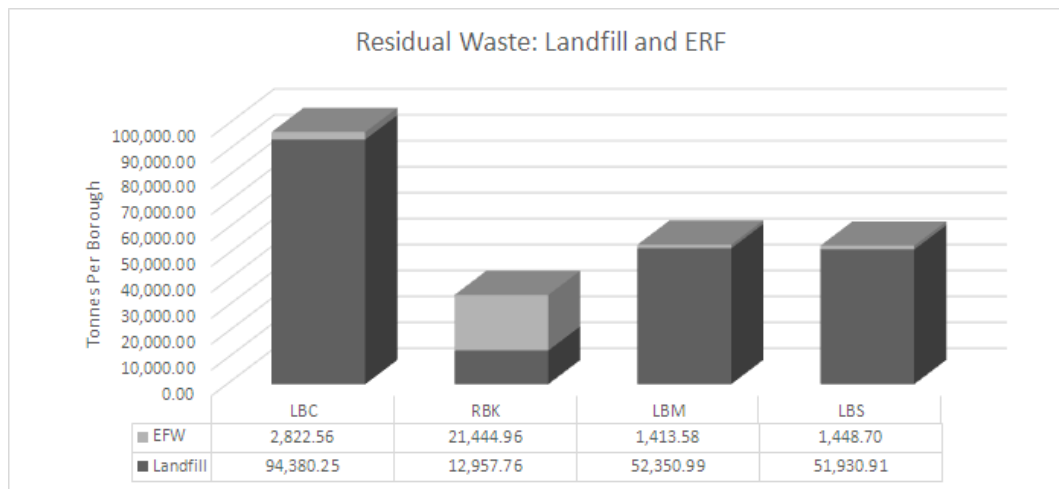
1. Contract 1 Key Performance Indicators:

KPI	Description
Turnaround times	Failure to achieve a maximum average turnaround time at the facility of 15 minutes
Cleanliness	Failure to remove litter attributed to the Contractors operations within 50m of facility within 1 day
Statutory Nuisance	Each warning letter or notice issued by a relevant statutory authority related to the Service
Correspondence	Failure to deal with correspondence in accordance with the Output Specification.
Environmental, Quality and H&S	Failure to address non-compliances, to meet submission standards, report issues, and adhere to good practice and relevant legislation.
Corrective action	Failure to deal with complaints in accordance with the Specification.
Monthly Summary Report	Failure to submit Summary Report within 5 Business Days of end of the previous Month.
KPI Reporting	Failure to notify the Council of any performance failures within the relevant Reporting Period.

2. C1 Cumulative Residual Waste Growth 2015/16 against 2014/15 and 2013/14:



3. C1 Residual Waste Disposal for the Q3 period 1st January 2016 to 31st March 2016:



Residual Waste year to date	Total Partnership Diversion	LBC	RBK	LBM	LBS
Landfill	211,619.91	94,380.25	12,957.76	52,350.99	51,930.91
EFW	27,129.80	2,822.56	21,444.96	1,413.58	1,448.70
Total Tonnes	238,749.71	97,202.81	34,402.72	53,764.57	53,379.61
% diverted	11%	3%	62%	3%	3%

4. C2 HRRC Key performance indicators:

1	H&S	Failure to comply with agreed health & safety procedures at all Sites
2	Contamination	Failure to minimise contamination resulting in materials being rejected by processors
3	Customer satisfaction	Failure to achieve customer satisfaction levels of 80% at each of the Sites per quarter
4	Staff Training	Failure to ensure Staff are trained and execute duties in a professional and safe manner.
5	Containers	Failure to provide adequate numbers of containers
6	Staff Numbers	Failure to provide a suitably trained "meet and greet" Site employee at each Site
7	Data	Failure to maintain, and agree systems for the accurate storage of tonnage data
8	Correspondence	Failure to provide a full response to correspondence within 5 Business Days of receipt.
9	Site Availability	Failure to receive Contract Waste at any HRRC site during operating hours.
10	Site Security	Failure to comply with the security requirements specified for each HRRC
11	Recycling target	70% average recycling rate (calculated annually)

5. Customer satisfaction and Correspondence:

The first formal Customer satisfaction report will be undertaken once the mobilisation is complete, and will be refreshed quarterly in order to report against KPI 3. Until this is complete, the Customer complaints log provides a more immediate overview of customer satisfaction levels and issues at the site.

6. C2 - Monthly Recycling and Composting Rate across all SLWP HRRC sites:

2015/16	Factory	Fishers	Purley Oaks	Villiers	Garth Road	Kimpton
Apr-15	68.0%	75.4%	77.7%	75.8%	70.9%	73.7%
May-15	68.6%	70.5%	76.5%	77.5%	72.8%	75.0%
Jun-15	66.4%	73.8%	78.6%	76.1%	73.8%	74.9%
Jul-15	61.8%	69.4%	73.9%	72.5%	69.9%	68.8%
Aug-15	61.2%	68.8%	71.5%	71.7%	70.8%	69.4%
Sep-15	58.0%	70.7%	76.9%	71.9%	74.1%	69.3%
Oct-15	60.0%	66.0%	70.0%	68.0%	65.0%	64.0%
Nov-15	60.3%	68.7%	74.3%	71.0%	72.6%	68.9%
Dec-15	61.5%	56.7%	69.4%	66.7%	63.0%	64.4%
Jan-16	58.0%	62.0%	69.7%	65.7%	61.6%	64.3%
Feb-16	62.1%	60.6%	70.5%	65.7%	66.5%	64.5%
Mar-16	61%	61%	74%	70%	62%	63%
YTD	63.0%	68.7%	74.1%	72.1%	69.5%	69.1%
Rank	6	5	1	2	3	4

Table 6:

Purley Oaks and Villiers achieved 70%.

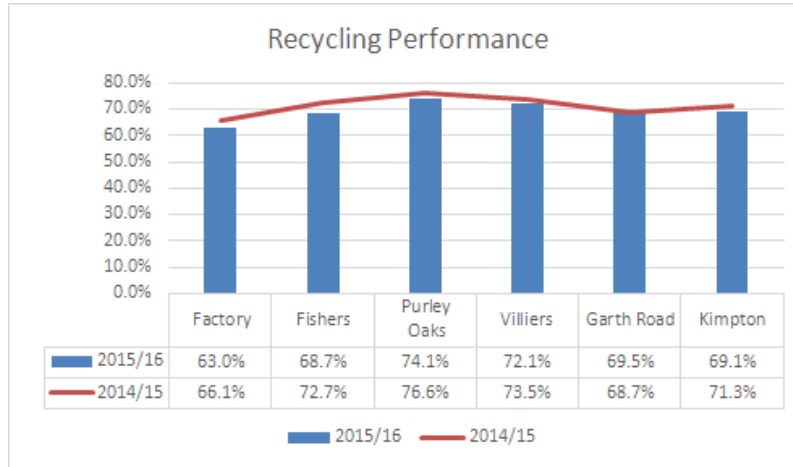
Garth showed a 0.8% improvement on last year.

Factory dropped by 3.1%, Fishers by 4%, Purley by 2.5%, and KPW dropped by 2.1%, compared to the previous financial year.

7. Variation in HRRC tonnes collected in 2015/16 compared to tonnes collected in 2014/15:

	Factory		Fishers		Purley		Villiers		Garth		Kimpton		Average	
	Tonnes	%	Tonnes	%	Tonnes	%	Tonnes	%	Tonnes	%	Tonnes	%		
Residual Waste	76	2%	239	22%	155	11%	52	2%	-179	-7%	165	6%	6%	Residual Waste
Green	-228	-14%	-193	-17%	-247	-12%	-525	-16%	-235	-10%	-392	-16%	-14%	Green
Plastic Rigid	-96	-47%	-42	-35%	-58	-45%	-92	-39%	-88	-41%	-115	-64%	-45%	Plastic Rigid
Wood	-451	-17%	78	9%	98	9%	-73	-3%	54	3%	6	0%	0%	Wood
Cardboard	-32	-6%	21	12%	45	13%	16	3%	-2	-1%	53	17%	6%	Cardboard

8. C2 – KPI 11: Cumulative recycling performance 1st April – 31st December 2015:



The rates for this financial year were 2.2% lower than last year.

In each full contract year the contractor is targeted to achieve an annual average recycling rate of 70%.

An analysis by material type can be found below.

9. C2 – KPI 11: Recycling performance end of year analysis:

Top 10 materials	2014/15	2015/16	Variance	Variance in tonnes
Cardboard	2,274	2,376	5%	102.34
Ferrous Metal	2,456	2,525	3%	68.18
Residual Waste	14,466	14,974	4%	507.80
Green	12,898	11,078	-14%	-1820.08
Rubble & Hardcore	16,144	16,187	0%	42.27
Plasterboard	608	537	-12%	-70.94
Plastic Rigid	1,085	594	-45%	-491.73
Textiles	558	594	6%	35.93
Wood	12,055	11,767	-2%	-288.01
WEEE - E - SDAs	1,760	1,823	4%	63.15
Total	64,304	62,453		
Top 10 materials making up over 95% of total through-put				

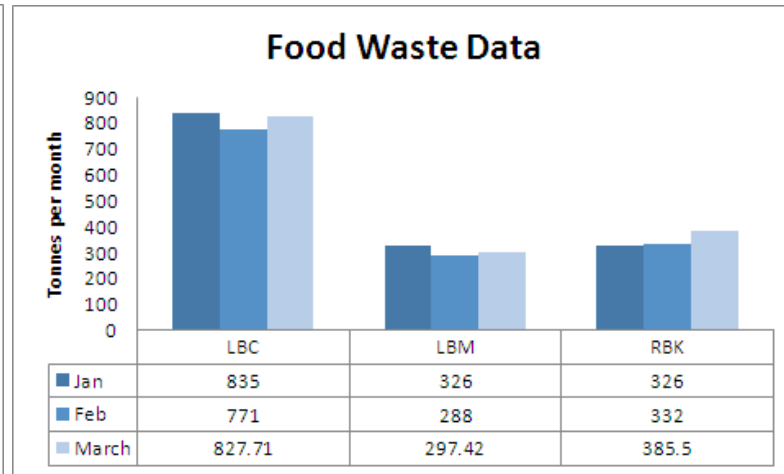
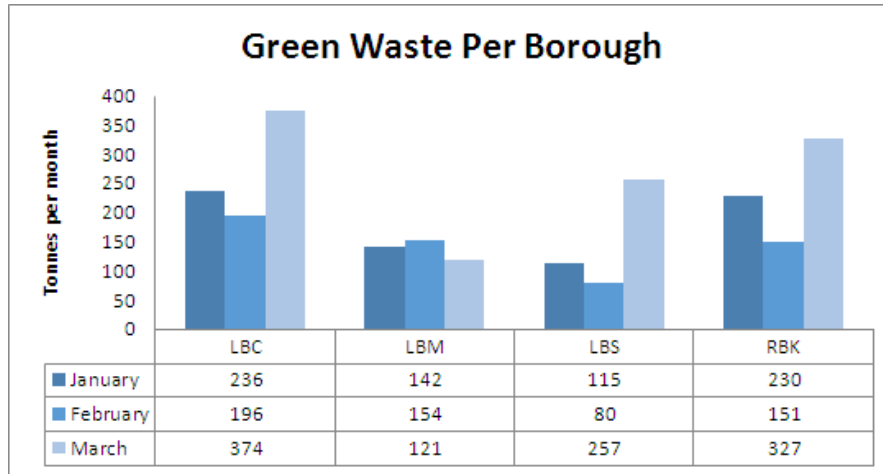
Residual waste - rose by 507 tonnes from 14/15 to 15/16, which is approximately equal to the rigid plastic tonnes that were lost during quarter 3 and 4.

507 residual tonnes is approximately 0.21% of the total SLWP residual tonnes.

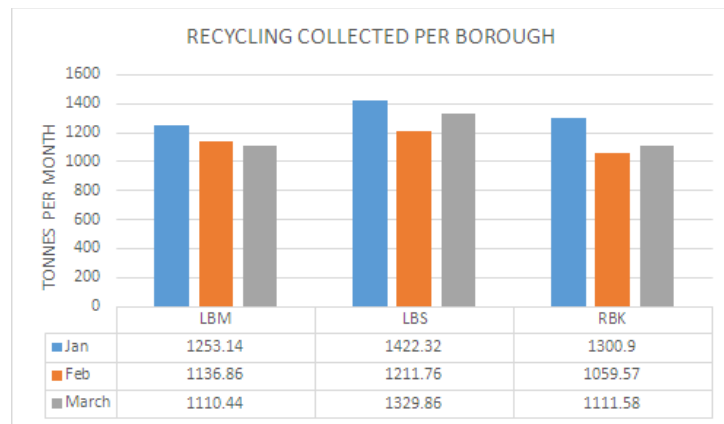
Green Waste – green waste tonnes collected at the HRRC sites made up 38% of total green waste collected in the Boroughs in 15/16.

Green Waste - the 14% drop in green waste tonnes in this period is greater than the 6.3% drop in tonnes collected by the Boroughs at the kerbside.

10. C3 Green Waste Tonnage and Food waste



11. C3 Recycling data



Resident communication, kerbside collection, and the quality control at the kerbside of green, food and recyclables, are managed by the Boroughs through the kerbside collection arrangements.



Report to: South London Waste Partnership (SLWP)
Joint Waste Committee

Date: Tuesday 7 June 2016

Report of: South London Waste Partnership Management Group

Author(s):

Michael Mackie, Finance Lead

Chair of the Meeting:

Councillor Doyle, Chair SLWP Joint Waste Committee

Report title:

SOUTH LONDON WASTE PARTNERSHIP BUDGET UPDATE

Summary

This paper provides a provisional outturn position for the 2015/16 financial year.

Recommendations

To note the content of this report.

Background Documents and Previous Decisions

Previous budget reports.

1. Background

- 1.1 The Partnership sets its budget in September for the forthcoming financial year. Therefore the budget illustrated below was constructed last year assuming particular time scales specifically in relation to the submission of the planning application for the Energy Recovery Facility by Viridor.
- 1.2 The budget is monitored by Management Group every month to allow the budgets to be flexed where appropriate in order to respond to any budget pressures.

2. Financial Position 2015/16

- 2.1 The table below refers to the Partnership's budget position for its core activities at month 12 of the 2015/16 financial year. It relates to expenditure in

the following areas; procurement, project management, administration, contract management and communications.

Item	Approved Budget £	Latest Budget £	Provisional Outturn £	Variance £
<i>Advisor Consortium</i>	50,000	50,000	58,143	8,143
<i>Project & Contract Management</i>	300,000	325,000	213,925	(111,075)
<i>Internal Advisors and Accounting</i>	75,000	75,000	56,363	(18,637)
<i>Document and Data Management</i>	20,000	20,000	29,264	9,264
<i>Audit Fee</i>	2,500	2,500	(2,500)	(5,000)
<i>Communications</i>	50,000	25,000	0	(25,000)
TOTAL	497,500	497,500	355,195	(142,305)
COST PER BOROUGH	124,375	124,375	88,799	(35,576)

- 2.2 The Partnership's provisional outturn for core functions is an under spend for the year of £142,305 (£35,576 per borough). The major variances are detailed below.
- 2.3 There is a forecast overspend on Advisor Consortium of £8k as a result of the work required as part of the Notice to Proceed. This work included checks on re-basing Viridor's financial model, a check by Rathbones on the foreign exchange rate for construction and also included a check on insurance during the construction of the facility. These checks are expected to realise a reduction of costs to the partnership of £4.5million over the life of the contract.
- 2.4 Underspend on salaries of £33k due to the Contract Data Officer post being held vacant pending a decision on the requirements of the post, £19k from the Project Support Officer post being vacant until July 2015, whilst the substantive post holder was seconded to Project Support for the Environmental Services Procurement, and £49k from the fixed term Communications Officer being vacant until January 2016.
- 2.5 Document and Data Management is showing an overspend of £9k for work carried out to date for transferring HRRC contract documentation to Affinitext.
- 2.6 The audit fee outturn is an underspend of £5k due to a refund received from Mazaars of £2,500 relating to the 2012/13 audit fees. Changes to the Accounts and Audit regulations also means that no external audit is required on the 2015/16 accounts resulting in a saving of £2,500 on external audit fees.
- 2.7 The communications budget of £25k provides for communications resources in respect of planning and delivering communications activities. No communication activity was carried out in 2015/16 due to the communications officer not being in place until February 2016.
- 2.8 There was 1 project undertaken in 2015/16
- 1). A procurement exercise for the HRRCs and

And the forecast position for 2015/16 for the 2 projects is illustrated below

HRRC Procurement Exercise

Item	Estimate £	Latest Budget £	Provisional Outturn £	Variance £
<i>Advisor Consortium</i>	94,870	154,720	109,732	(44,988)
<i>Internal Legal Advice</i>	18,000	18,000	6,850	(11,150)
TOTAL	172,720	172,720	116,582	(56,138)
COST PER BOROUGH	43,180	43,180	29,145	(14,035)

2.9 The HRRC procurement is complete following contract mobilisation on 1 October 2015 and outturn is an underspend of £117k in 2015/16, in line with the forecast for month 9 reported to this committee on 9 March.

2.10 The budget position for all activities for 2015/16 is shown below and forecasts an under spend of £198,443 (£49,611 per borough).

Item	Approved Budget £	Provisional Outturn £	Variance £	Variance per borough £
<i>Core Activities</i>	497,500	355,195	(142,305)	(35,576)
<i>HRRC Procurement</i>	172,720	116,582	(56,138)	(14,035)
TOTAL	670,220	471,777	(198,443)	(49,611)
COST PER BOROUGH	167,555	117,944	(49,611)	

3. Recommendations:

3.1 To note the content of this report.

4. Impacts and Implications:

Finance

4.1 Contained within report.

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Agenda Item 9

Report to: South London Waste Partnership (SLWP) Joint Waste Committee

Date: Tuesday 7 June 2016

Report of: SLWP Management Group

Author(s):
Annie Baker, Strategic Partnership Manager

Chair of the Meeting:
Councillor Doyle, Chair SLWP Joint Waste Committee

Report title:

SLWP Environmental Services Procurement Preferred Bidder Endorsement Report

Summary

This report informs the South London Waste Partnership Joint Waste Committee of the outcome of the procurement process for the two lots in the SLWP's Environmental Services Procurement.

This report seeks endorsement for the selection of Veolia ES (UK) Limited as Preferred Bidder for waste collection, street cleaning, winter maintenance and vehicle procurement and maintenance (Lot 1) and Amey LG Limited as Reserve Bidder. It also seeks the endorsement for the selection of The Landscape Group Limited as Preferred Bidder for parks and grounds maintenance (Lot 2) and Veolia ES (UK) Limited as Reserve Bidder.

The contract for Lot 1 will start on 1st April 2017, and for Lot 2 on 1st February 2017. The contracts each cover a period of 8 years, with two further opportunities to extend for 8 years by mutual agreement.

Recommendations

It is recommended that the Joint Waste Committee:

- a) Endorses a recommendation to the relevant borough decision making bodies for the appointment of Veolia ES (UK) Limited as Preferred Bidder in relation to the procurement exercise that has been undertaken by the South London Waste Partnership for waste collection, street cleaning, winter maintenance and vehicle procurement and maintenance (Lot 1);
- b) Further endorses a recommendation to the relevant borough decision making bodies that Amey LG Limited is appointed as the Reserved Bidder for the Lot 1 services;
- c) Endorses a recommendation to the relevant borough decision making bodies for the appointment of The Landscape Group Limited as Preferred Bidder in relation to the procurement exercise that has been undertaken by the South London Waste Partnership for parks and grounds maintenance (Lot 2);
- d) Further endorses a recommendation to the relevant borough decision making bodies that Veolia ES (UK) Limited is appointed as the Reserved Bidder for the Lot 2 Services.

1. BACKGROUND

- 1.1. The SLWP was formed in 2003 and has a proven record of providing improved and more cost-effective waste management services through the procurement of complex waste disposal, treatment, recycling and Household Reuse and Recycling Centre contracts.
- 1.2. Officers from the four partner boroughs explored opportunities for future delivery of a range of high quality environmental services. An options analysis was undertaken to assess the merits of procuring services in partnership, as opposed to procuring alone, or retaining existing arrangements. The boroughs made an assessment of delivery, procurement options and modelling savings based on joint procurement by all boroughs. The modelling suggested savings in the region of 10% from procuring jointly with the potential to achieve savings in excess of this if the partner boroughs harmonised these services.

- 1.3. On this basis a business case for a joint procurement exercise for the following services was agreed in each of the boroughs between November 2014 and January 2015:

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

- 1.4. The objectives of this sub-regional approach to procuring these services are to reduce spend, increase income opportunities, maintain high quality service and customer satisfaction through environmentally sustainable, carbon efficient, innovative solutions.
- 1.5. Currently the partner boroughs deliver their waste collection services differently, with some providing weekly food waste collections, fortnightly collection and twin stream recycling services with all of the boroughs providing a chargeable green garden waste service.

2. HARMONISED SERVICE PROPOSALS

2.1. The recommended Preferred Bidders' service proposals involve harmonisation of services over time across the Partnership area. Harmonisation of services provides significant benefits in terms of efficiencies and savings.

2.2. Waste collection proposals include:

- Food waste collected every week;
- Residual (non-recyclable or 'black bag') waste collected every fortnight;
- Paper and card collected every fortnight;

- Dry mixed recyclables (e.g. plastics, cans, glass) collected every fortnight.
- 2.3. Other services are also harmonised across the Partnership area. The street cleaning service proposals operate on a neighbourhood basis. Parks and grounds maintenance resources are flexible with dedicated staff at key locations. Boroughs are able to share depot space, enabling the services to operate more efficiently.
- 2.4. The likely timetable for service change in each of the Partnership boroughs is shown in the diagram below:



These are indicative dates and are subject to individual borough decision-making bodies' approval.

3. COMMUNICATIONS & ENGAGEMENT

- 3.1. The Partnership has created an overarching SLWP Environmental Services Procurement (Preferred Bidder) Communications Plan covering the period 26 April – 2 December 2016. The Plan has been drafted by the Partnership's Communications Advisor in close liaison with the Communications Coordination Group (made up of communications representatives from each of the four boroughs).
- 3.2. The key objectives of the SLWP Environmental Services Procurement (Preferred Bidder) Communications Plan are to: Provide residents, elected Members, council staff and other stakeholders with clear, factual and timely information about the SLWP Environmental Services contracts; fill the seven-month 'information void' that would otherwise exist between the identity of the recommended Preferred Bidders entering the public domain on 27 May 2016 and contracts being signed in December 2016; help mitigate the risk of commercially sensitive information entering the public domain whilst the

Preferred Bidder recommendations are being endorsed by the Joint Waste Committee and considered by the four boroughs.

- 3.3. During Fine Tuning (August – November 2016) the Partnership's Communications Advisor will work with the Preferred Bidders to develop joint Communications and Engagement Strategies and Plans that take effect once contracts are signed.
- 3.4. Given the different implications of the contract award for each of the four boroughs, Merton and Sutton (where staff working on both Lot 1 and Lot 2 services are predominantly directly employed by those boroughs) have chosen to produce their own borough-specific communications plans. This has been done in liaison with the Partnership's Communications Advisor.

4. THE PROCUREMENT PROCESS

- 4.1. The Competitive Dialogue procurement route was recommended due to the scope and complexity of services and feedback from market engagement. Appendix 1 outlines the Competitive Dialogue procurement process in greater detail. The key determinants of the decision to use Competitive Dialogue were; a) the complexity of the requirement and the need to shape the market, explore various options and service developments with bidders; b) the costs of the services which are approximately £38m per annum for the four boroughs, and; c) the requirement for skilled negotiation to take place with bidders, particularly given the scale of spend and objective to achieve significant savings.
- 4.2. One of the key benefits of using Competitive Dialogue is that it allows both the authorities and bidders to enhance and adapt the scope of the requirements throughout the process, including the final specification. This has highlighted further efficiencies, in demonstrating the benefits of incorporating, for example, the administration function for the cemeteries services, along with the sports bookings function for parks, within the scope of the contracts.
- 4.3. In addition, it has been possible for Merton and Sutton to review the timescale and contract start dates and seek, in consultation with the bidders, to bring forward the contract start date for Lot 2 services from 1st April 2017 to 1st February 2017, to ensure that the Lot 2 contractor is in place prior to the start of the horticultural cutting season.
- 4.4. Following approval by the four boroughs, an OJEU notice was submitted in January 2015 and those companies expressing an interest were sent a Pre-Qualification Questionnaire (PQQ).

4.5. The Competitive Dialogue ran in three stages; Outline Solutions Stage, Detailed Solutions Stage and Final Tender Stage. Bids were evaluated at each stage according to the evaluation criteria; a detailed report on the evaluation process and outcome of each stage of dialogue is detailed in Appendix 1.

5. BENEFITS OF THE NEW CONTRACTS

5.1. The objectives agreed prior to the commencement of the procurement exercise were:

- i. to target optimum savings on the costs of service provision through lower service costs and increasing recycle revenues;
- ii. to deliver residents a high performing service, achieving high levels of customer satisfaction;
- iii. to provide improved environmental and carbon outcomes in the way we deliver environmental services; and
- iv. to ensure the community are engaged and involved in the management and maintenance of parks, cemeteries and open spaces in Merton and Sutton.

5.2. The procurement objectives have been achieved and detailed borough benefits will be outlined in each borough's preferred bidder recommendation report.

6. GOVERNANCE AND CONTRACT MANAGEMENT

6.1. In 2015, the Partnership boroughs agreed a new Inter Authority Agreement (IAA) relating to the procurement of the Lot 1 and Lot 2 services. This document related to the procurement activity only, with a commitment to agree a variation to the IAA for the management of the contract or contracts prior to services commencement.

6.2. The new Contract IAA is being agreed between the boroughs' lead officers and the core principles will remain consistent with those of existing IAA documents and will cover the period from Contract Award ensuring there is no gap between the Procurement IAA and the Contract IAA.

6.3. The contract will be managed by the Partnership in conjunction with each of the boroughs, with a centralised client function sitting in the Partnership team and a borough-led client team in each borough, in accordance with the reporting requirements developed through dialogue with bidders and agreed with the Preferred Bidder during fine tuning.

7. TIMESCALES & MOBILISATION

7.1. Subject to each partner borough executive’s approval of the recommendations within this report, the contract will commence on 1 April 2017 for Lot 1 and 1 February 2017 for Lot 2. A mobilisation plan has been submitted by the Preferred Bidder in accordance with the submission requirements and will be subject to further discussion and agreement with Partnership officers during contract fine tuning.

7.2. The indicative timetable leading to contract commencement is as follows:

Borough Executive Approvals for Preferred Bidders	June – July 2016
Preferred Bidders Fine Tuning	August – November 2016
Contract Signing (includes 10 working day standstill period following notification of contract award)	December 2016
Mobilisation period (including TUPE transfer of relevant staff)	Lot 1: January – March 2017 Lot 2: January 2017
Contract Commencement (note: precise dates to be agreed at fine tuning. 1 st April 2017 is a Saturday)	Lot 1: 1 April 2017 Lot 2: 1 February 2017

8. LEGAL IMPACTS & IMPLICATIONS

8.1. The Partnership’s Legal Lead comments that whereas the Joint Waste Committee does not have delegated functions in relations to waste collection services or grounds maintenance services and the other ancillary services which are the subject of the procurement exercise outlined in this report, given the interplay between waste collection and waste disposal this report is being presented to the Joint Waste Committee to keep the Committee abreast of the developments with regards to the procurement exercise and to seek the Committee’s endorsement of the recommendations due to be made by the

South London Waste Partnership project team to the individual borough authorities of the Partnership.

- 8.2. The procurement exercise leading to the recommendation of a preferred bidder has been conducted using the Competitive Dialogue procedure as provided for under the Public Contract Regulations 2006 (as amended). Legal advice in relation to the procurement rules and the drafting of contract documentation and other relevant legal matters has been given throughout the whole of this procurement process. There are no governance or legal concerns at this time in relation to the proposed recommendation. Legal advice will continue to be provided up to financial close and as necessary.
- 8.3. Staff working in Merton and Sutton on both Lot 1 and Lot 2 services are directly employed by those boroughs and will be transferred to the new service provider for Lot 1 or Lot 2 respectively. Staff working in Croydon and Kingston on Lot 1 services are predominantly employed by Veolia through contracts already in place. A TUPE transfer plan will be drawn up by the Preferred Bidders during fine tuning for agreement by the Partnership. This transfer will be made according to the TUPE regulations and staff will need to be fully consulted.
- 8.4. Approved by: Sean Murphy, Principal Corporate Solicitor (Regeneration) at Croydon Council and Legal Lead to the South London Waste Partnership on behalf of the Solicitor to Croydon Council and the South London Waste Partnership.

9. FINANCE

- 9.1. The 10% savings target has been achieved by the procurement. Savings are likely to be at around 20% and are forecast to save the four boroughs £56m over the next eight years (£47.4m on Lot 1 and £8.6m on Lot 2), based on a scenario where service budgets are inflated at 1% each year. The year one savings from the procurement will be calculated against each authority's own service budget and details of savings will be set out in each borough's preferred bidder report.
- 9.2. Clienting arrangements for managing the contract are being considered and are likely to result in additional costs that will need to be netted off against each authority's final saving from the procurement.

- 9.3. The Department for Communities and Local Government (DCLG) awarded funding of £1.3m to the project following a successful application by London Borough of Sutton on behalf of the Partnership boroughs to the Transformation Challenge Award (TCA) scheme.
- 9.4. The table below details the total estimated cost of the procurement (£1,640,027) from 2014/15 to 2016/17. As detailed in 8.2, TCA funding of £1,330,500 was received in April 2015 from DCLG resulting in an estimated cost payable by the Partnership of £309,527 (£77,382 per borough). £1,221,130 expenditure has been incurred up until 31 March 2016 leaving an estimated £418,897 of expenditure to be incurred during 2016/17.

Item	Estimate £	Actuals to 31 March 2016 £
<i>Advisor Consortium</i>	1,254,997	1,086,077
<i>Project & Contract Management</i>	161,000	66,778
<i>Internal Legal Advice</i>	90,375	68,275
<i>Contingency</i>	133,655	0
Sub-Total	1,640,027	1,221,130
Less TCA funding	-1,330,500	-1,330,500
TOTAL	309,527	-109,370
COST PER BOROUGH	77,382	-27,343

10. EQUALITIES IMPACT

- 10.1. There are no equalities implications arising directly from the endorsement set out in this report, and boroughs will set out the approach to equality impact assessments where these are relevant within each borough's preferred bidder report
- 10.2. The tender opportunity and procurement process was conducted with due regard for equalities legislation and bidders selected for Competitive Dialogue

were required to have a current Equalities Policy which met legislative requirements.

11. SOCIAL VALUE

11.1. To meet the requirements of the Public Service (Social Value) Act 2012, the Partnership is obliged to measure the social impact of services commissioned by the constituent councils. Bidders were therefore required in their submissions to demonstrate how their proposals would contribute to social value within the partner boroughs. Contribution to social value in the context of this procurement was defined as, but not limited to, apprenticeship schemes, local employment opportunities and third sector engagement.

12. ENVIRONMENTAL IMPACT

12.1. The new services will deliver environmental benefits by contributing to boroughs' aims to reduce waste from households, increase recycling rates and reduce carbon emissions.

CONTACT OFFICER: Annie Baker, Strategic Partnership Manager, South London Waste Partnership

BACKGROUND DOCUMENTS: previous Phase C reports to individual borough decision making bodies and evaluation reports as held by report author.

APPENDICES:

Appendix 1 Evaluation Report