

Regeneration, Culture and Environment

Overview and Scrutiny Committee

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Waste Contract Annual Review - October 2024 to September 2025

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Summary

This report provides a performance update on Medway's five waste contracts for the contract year October 2024 to September 2025:

- Waste collection and street cleansing services delivered by Medway Norse.
- Residual waste disposal services delivered by Veolia Environmental Services.
- Recycling waste disposal services delivered by Veolia Environmental Services.
- Management of Medway's Household Waste Recycling Centres (HWRC) delivered by Medway Norse.
- Kerbside garden and food waste composting services delivered by Countrystyle Recycling.

Overall, all contracts have met core requirements, with service delivery remaining consistent and compliant. No operational issues, contractual breaches, or significant performance concerns were reported during the period. Key achievements and priorities for the next contract year are outlined in Section 3 of this report.

1. Recommendation

- 1.1. The Committee is asked to note the content of this report including Annual Service Reports and other briefings set out in Appendices 1 to 6.

2. Budget and policy framework

- 2.1. This contract update sits firmly within the Council's policy and budget framework and aligns with all identified Core Values, Strategic Priorities, Council Obligations, and Directorate service plans.
- 2.2. The contracts reflect the Council's core values by delivering services that place customers at the heart of operations, provide value for money, and support the strategic priority of maintaining a clean and green environment.

- 2.3. These services underpin the Council's waste delivery and performance targets, ensuring compliance with statutory duties and supporting community objectives. The primary objectives are to:
- Ensure compliance with statutory duties.
 - Meet statutory performance targets.
 - Maintain continuity of frontline services.
 - Deliver services within agreed budgets.
 - Achieve efficiency gains.
 - Provide environmentally sustainable services.
- 2.4. The delivery of these contracts enables the Council to meet its legal obligations under the Environmental Protection Act 1990 and the Environment Act 2021, including:
- Collection of household waste from all properties (EPA 1990, s.45).
 - Kerbside collection of at least two types of recyclable waste from all households (EPA 1990, s.45A).
 - Street cleansing to keep public spaces free from litter and refuse (EPA 1990, s.89).
 - Weekly collection of food waste from all residential properties (Environment Act 2021, Simpler Recycling Regulations).
 - Separate collection of recyclable household waste for recycling or composting (Environment Act 2021).
- 2.5. Contract monitoring is embedded within the contractual framework and governance arrangements, ensuring that performance standards are clearly defined and consistently tracked. Compliance is evidenced through established corporate reporting mechanisms, including this report and regular performance monitoring processes

3. Review of waste contracts performance – Contract year October 2024 to September 2025

- 3.1. Waste contract review detailed in this section should be read in conjunction with the annual service reports and other briefings submitted in Appendices 1 to 6.
- 3.2. **Medway Norse kerbside collection and street cleansing services contract.**
- 3.3. During this reporting period, Medway Norse has consistently delivered the kerbside waste collections, bring site and street cleansing service in full compliance with core requirements. Service provision has remained stable and reliable throughout the period, with no operational issues, contractual breaches, or notable performance concerns.
- 3.4. Key Achievements (Contract Year 2024–25):
- 17.8 million kerbside waste and recycling collections completed with 99.97% success rate (only 0.03% missed).

- Services maintained during peak periods (e.g., Christmas/New Year and during inclement weather) with no disruption.
- Introduced a paid subscription for garden waste bins alongside the free weekly garden waste service.
- Procured 46 new Euro 6 refuse trucks, replacing aging fleet and reducing reliance on hired vehicles.
- Secured Section 106 funding for 10 new WEEE recycling banks, an enhancement of the previous library WEEE service.

3.5. **Veolia Environmental Services residual waste disposal contract.**

3.6. The residual waste disposal contract was awarded to Veolia Environmental Services via Cabinet Decision 60/2010 for an initial term of twenty-five years, ending on 28/10/2035. This contract also includes an option to extend for a further five years, subject to a future Cabinet decision.

3.7. During this reporting period, Veolia Environmental Services has consistently delivered the residual waste disposal service in full compliance with core requirements. Service provision has encountered no contractual breaches or notable performance concerns despite encountering challenges relating to residual waste markets.

3.8. Operational challenges relating to capacity at residual processing facilities—an issue affecting the South of England—were managed promptly and effectively. These did not result in contractual breaches or significant performance impacts. The strong working relationship between the Council and Veolia supported collaborative problem-solving and ensured continuity of service for residents.

3.9. Key Achievements (Contract Year 2024–25):

- 67K tonnes of residual waste processed, a slight decrease of 0.8% from previous year.
- Achieved 96.9% landfill diversion for financial year 2024/25, exceeding the 80.7% target (though down 3.1 percentage points from last year due to energy recovery market constraints).
- Launched the social value 'Veolia Orchards' scheme in Medway where 17 Medway schools directly benefited from the tree's, fruit plants and bird boxes donated.
- Maintained service continuity despite challenging markets with no contractual breaches or disruption to service delivery.

3.10. **Veolia Environmental Services recycling treatment contract.**

3.11. The recycling treatment disposal contract was awarded to Veolia Environmental Services via Cabinet Decision 82/2022 for an initial term of two years, ending on 30 September 2024. An extension for a further two years was subsequently approved by Cabinet under Decision 57/2024, with the contract now scheduled to end on 30 September 2026.

- 3.12. During this reporting period, Veolia Environmental Services has consistently delivered the recycling treatment service in full compliance with core requirements. Service provision has encountered no contractual breaches or notable performance concerns despite encountering challenges relating to recycling waste markets.
- 3.13. Operational challenges relating to capacity at recycling processing facilities—an issue affecting the South of England—were managed promptly and effectively. These did not result in contractual breaches or significant performance impacts. The strong working relationship between the Council and Veolia supported collaborative problem-solving and ensured continuity of service for residents.
- 3.14. Key Achievements (Contract Year 2024–25):
- 38K tonnes of recyclable waste was processed, a decrease of 4.8% from previous year.
 - Launched the social value 'Veolia Orchards' scheme in Medway where 17 Medway schools directly benefited from the tree's, fruit plants and bird boxes donated.
 - Maintained service continuity despite challenging markets with no contractual breaches or disruption to service delivery.
- 3.15. **Medway Norse HWRC contract.**
- 3.16. The HWRC contract was awarded to Medway Norse under the Teckal exemption via Cabinet Decision 80/2024 for an initial term of five years, ending on 26 September 2029. This contract also includes an option to extend for a further five years, subject to a future Cabinet decision.
- 3.17. During this reporting period, Medway Norse has consistently delivered the HWRC service in full compliance with core requirements. Service provision has remained stable and reliable throughout the period, with no operational issues, contractual breaches, or notable performance concerns.
- 3.18. Key Achievements (Contract Year 2024–25):
- Medway residents fulfilled 176K visits, up 4.3% year-on-year.
 - 11K tonnes of waste and recycling processed
 - Sites achieved an average 66% recycling rate, exceeding the 63% target.
 - Introduction of rigid plastics recycling at Hoath Way.
 - Customer satisfaction measured at 90%+ across all KPIs (staff helpfulness, site cleanliness, recycling availability).
- 3.19. **Countrystyle Recycling Group organic waste processing contract.**
- 3.20. The organic waste processing contract was awarded to Countrystyle via Cabinet Decision 161/2009 for an initial term of fifteen years, ending on 30 September 2025. An extension for a further five years was subsequently approved by Cabinet under Decision 126/2024, with the contract now scheduled to end on 30 September 2029.

- 3.21. During this reporting period, Countrystyle Recycling Group has consistently delivered the organic waste processing service in full compliance with core requirements. Service provision has remained stable and reliable throughout the period, with no operational issues, contractual breaches, or notable performance concerns.
- 3.22. Key Achievements (Contract Year 2024–25):
- Cabinet approved a 5-year extension (to 2030), ensuring long-term continuity of organic waste processing services.
 - 18.7K tonnes of mixed garden and food waste processed via In-Vessel Composting.
 - Production of high-quality PAS-100 certified compost, promoting soil health and contributing to circular economy objectives.
- 3.23. **Aims for the next contract year**
- 3.24. To remain compliant, Medway's waste services must continue to adapt proactively to legislative changes while delivering best value for residents. The following aims for the next contract year focus on maintaining compliance, supporting environmental objectives, and upholding the Council's strategic priority for a clean and green Medway:
- Maintain compliance with evolving legislation while sustaining high service standards across all waste contracts.
 - Prepare for Simpler Recycling by ensuring readiness for weekly food waste collections and the mandated core set of recyclable materials.
 - Continue resident engagement and communication activities to encourage recycling and reduce residual waste.
 - Maintain high levels of customer satisfaction across Household Waste Recycling Centres (HWRCs).

4. Advice and analysis

- 4.1. All waste contracts delivered consistent, compliant services throughout the reporting period, meeting statutory obligations and strategic priorities. No contractual breaches or significant operational issues were identified, and services were maintained within the Council's policy and budget framework.
- 4.2. Monitoring remains embedded within the contractual governance structure, supported by corporate reporting and KPI tracking.
- 4.3. The Committee is asked to note the contents of this report, including the Annual Service Reports and supporting briefings set out in Appendices 1 to 6, and to endorse the continuation of the current contract management approach, with an annual performance report presented to this Committee

5. Risk management

Risk	Description	Action to avoid or mitigate risk	Risk rating
Contractual Delivery	Default by Contractor needing emergency action	Contractor to provide and/or pay for alternative action	D II
Contractual Delivery	Termination of Contract due to default by Contractor	Adequate contract provision to enable the Council to take effective action when necessary. Clause in contract to enable Medway to reclaim losses	D II
Contractual Delivery	Volume of waste less than or greater than anticipated	Allowance made for this in contract conditions	C III
Service Delivery	Closure of plant or inability to provide Service due to Force Majeure or relief events	Shared responsibility under contract conditions	E II
Service Delivery	Failure of waste management services contractor to meet contract standards for service delivery to the Council	KPI & default system in place for financial compensation. Adequate contract monitoring and enforcement in relation to operations. In appropriate cases by including provisions in the contract for deductions where these standards are not met	D II
Service Delivery	Interruption of availability of some facilities.	Adequate contract monitoring and enforcement in relation to maintenance, security, health and safety, staff training. Contractual provision of back-up equipment and facilities. Fire insurance. In appropriate cases by including provisions in the contract for deductions where such interruptions occur	D II
Service Delivery	Non-household waste entering MSW waste stream or waste incorrectly dealt with according to its category	Robust monitoring arrangements should be undertaken as part of contract management for checking/validating wastes and issuing appropriate defaults. Failure will have significant financial implications	C III

Risk	Description	Action to avoid or mitigate risk	Risk rating
Health & Safety	Serious injury/death of staff or public while services are in operation	Robust health and safety monitoring procedures in place, the waste services contracts in Medway were audited by the HSE in 2011/12 as part of their routine inspection	D I
Legal	Changes in Government regulations/law	Incorporated into the contract which is likely to be a known change. Clear ground rules have been incorporated into the contract conditions for negotiating future changes in law. However, waste industry is likely to be affected substantially in future. Especially for the 25-year waste disposal contract. The impact of these would be subject to review at the time of establishing whether the financial implications are the responsibility of the Council or shared	C II
Financial	Budgeted net expenditure exceeded	Prudent budgeting. Robust arrangements for management within budget. Prompt and accurate assessment of unbudgeted proposals and developments. Early negotiations undertaken with contractor when impacts of budget pressures are apparent	B II
Financial	Overpayment to contractor	Robust contract procedures for checking contracts, validating invoices and recovering any overpayments. Staff training. Regular internal audit inspections	B II
Financial	Contractor/employee fraud or corruption	Robust contract provisions for controlling payments and assets. Adequate supervision and transparency for contract management and negotiations. Staff training. Regular internal inspections	E II

For risk rating, please refer to the following table:

Likelihood	Impact:
A Very likely B Likely C Unlikely D Rare	I Catastrophic II Major III Moderate IV Minor

6. Climate change implications

- 6.1. Medway's waste contracts and service delivery play a critical role in delivering the Council's aim to achieve net zero emissions for Medway "The Place" by 2050. More specifically, "Resource Efficiency" is one of five priorities in the Climate Change Action Plan (2025-28) which includes an ambition for Medway to benefit from a low carbon waste management system.
- 6.2. Waste management contributes to greenhouse gas emissions through collection, transport and disposal processes. To address this the Council is committed to reducing emissions from waste treatment by prioritising actions higher up the waste hierarchy such as prevention, reuse and recycling, for example through residual waste reduction campaigns for residents.
- 6.3. Several key contract achievements noted in this report support Medway's climate aims by reducing emissions and promoting resource efficiency. Forthcoming initiatives such as the introduction of food waste recycling in flats and in year initiatives such as retention of garden waste collections and expanding the WEEE collection service all help to divert waste from residual treatment routes and encourage circular economy practices. Additionally, contractors have demonstrated commitment to the climate agenda through community tree donations, planned solar PV installation, energy efficiency audits and carbon management plans.

7. Financial implications

- 7.1. The delivery of contracted waste services as detailed in this report are funded through the Councils revenue budgets. There were pressures on the revenue waste operational budgets in financial year 2024/25 due to additional costs associated with the leasing of RCV collection vehicles, which moving forward has been addressed through the RCV fleet replacement program, funded through the capital program.

8. Legal implications

- 8.1. The statutory position is set out in the body of the report and there are no legal implications arising directly from the contents of this report.

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Appendices

Appendix 1 - Veolia Annual Service Report

Appendix 2 - Medway Norse Waste Collection and Street Cleansing Report

Appendix 3 - Norse Annual HWRC Service Report

Appendix 4 - Countrystyle Service Report

Appendix 5 - National Indicator calculation methodology

Appendix 6 - Summary of performance against National Indicators

Background papers

The following documents have been relied upon in the preparation of this report:

Description of Document	Location	Date
Options Appraisal for Waste Collection Services	<u>Options Appraisal for Waste Collection Services</u> and	20 February 2007
Options Appraisal for Waste Collection Services	<u>Options Appraisal for Waste Collection Services</u>	5 August 2008
Waste Collection Services and Waste Disposal Services: Award of Contracts	<u>http://democracy.medway.gov.uk/mgIssueHistoryHome.aspx?Id=3321</u>	14 Jul 2009
Contracts for the Collection and Disposal of Waste Update	<u>http://democracy.medway.gov.uk/mgIssueHistoryHome.aspx?Id=3351</u>	22 Sep 2009
Gateway1 Options Appraisal: Management of Household Waste Recycling Centres	<u>http://democracy.medway.gov.uk/mgIssueHistoryHome.aspx?Id=4078</u>	26 January 2010
Gateway 3 Contract Award: Household Waste Collection and Disposal Contracts	<u>http://democracy.medway.gov.uk/ieDecisionDetails.aspx?ID=1818</u>	30 March 2010
Gateway 3 Contract Award: Household Waste Recycling Centres	<u>http://democracy.medway.gov.uk/mgIssueHistoryHome.aspx?Id=4954</u>	20 July 2010
Recycling Clear Bags report	<u>http://democracy.medway.gov.uk/mgConvert2PDF.aspx?ID=8523</u>	4 October 2011

Annual Review of Waste Contracts: Year 1	http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=9016	13 December 2011
Gateway 4 Procurement Post Project Completion Review: Household Waste Recycling Centres	http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=9264	17 January 2012
Gateway 4 Procurement Post Project Completion Review: Waste Collection and Disposal Contracts	http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=9262	17 January 2012
Gateway 4 Procurement Post Project Completion Review: Organic Waste (Garden And Kitchen) Processing	http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=9260	17 January 2012
DCLG Weekly Collection Support Fund – Medway's Bid	http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=16104	28 June 2012
Gateway 5 Procurement Contract Management Report: DCLG Weekly Collections Support Fund (Medway Weekly Bid)	http://democracy.medway.gov.uk/mgConvert2PDF.aspx?id=18307	27 November 2012
Gateway 5 Procurement Contract Management Report: Waste Collection and Disposal, Household Waste Recycling Centres, Tree Maintenance and Highways Minor Works	http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=22113	17 December 2013
Gateway 5 Report: Household Waste Recycling Centres Contract (item 6)	https://democracy.medway.gov.uk/ieListDocuments.aspx?CId=115&MIId=3368&Ver=4	9 August 2016
Gateway 5 Report: Street Cleansing, Waste Collection and Disposal Contracts (item 17)	https://democracy.medway.gov.uk/ieListDocuments.aspx?CId=115&MIId=3368&Ver=4	9 August 2016
Gateway 1 Procurement Commencement: Household Waste Recycling Centres	https://democracy.medway.gov.uk/ieListDocuments.aspx?CId=115&MIId=3370&Ver=4	27 September 2016
Gateway 5 Report: Street Cleansing, Waste Collection and Disposal Contracts	https://democracy.medway.gov.uk/ieListDocuments.aspx?CId=115&MIId=3376	7 March 2017
Waste Collection and Cleansing Contract 2019	https://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=40813	6 March 2018

Annual Review of Waste Contracts Contract Year: October 2016 to September 2017	https://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=41164	28 March 2018
Gateway 5 Report: Annual Review of Waste Contracts Contract Year: October 2017 to September 2018	https://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=46901	28 March 2019
Annual Review of Waste Contracts Contract Year: October 2019 to September 2020	https://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=57383	23 March 2021
Annual Review of Waste Contracts Contract Year: October 2020 to September 2021	https://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=60064	14 October 2021
Annual Review of Waste Contracts Contract Year: October 2021 to September 2022	https://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=65474	13 October 2022
Annual Review of Waste Contracts Contract Year: October 2022 to September 2023	https://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=71088	15 November 2023
Review of Christmas 2023 – Waste Disposal Services	https://democracy.medway.gov.uk/ieListDocuments.aspx?CId=437&MId=5687	23 January 2024
Gateway 4 – Recycling Resource Management Contract Extension	https://democracy.medway.gov.uk/ieListDocuments.aspx?CId=115&MId=5663	12 March 2024
Gateway 4 – Organic Waste Disposal Contract Extension	https://democracy.medway.gov.uk/ieListDocuments.aspx?CId=115&MId=6135	1 October 2024
Annual Review of Waste Contracts Contract Year: October 2023 to September 2024	https://democracy.medway.gov.uk/ieListDocuments.aspx?CId=437&MId=6137	26 February 2025