

## **CABINET**

**17 JANUARY 2012**

### **GATEWAY 4 PROCUREMENT POST PROJECT COMPLETION REVIEW: WASTE COLLECTION AND DISPOSAL CONTRACTS**

Portfolio Holder: Councillor Phil Filmer, Front Line Services

Report from: Robin Cooper, Regeneration, Community and Culture

Author: Sarah Dagwell, Head of Waste Services

#### **Summary**

This report seeks permission from the Cabinet to review the progress of the Waste Collection and Disposal Contracts currently delivered through Veolia Environmental Services and to approve acceptance of the collection contract extension from 7 years to 9 years to achieve efficiencies as laid out in the exempt appendix.

This is based upon the procurement process which was undertaken during 2007-2010 and which led to an award of contract by Cabinet on 18 March 2010 for service commencement on 4 October 2010.

The commencement and delivery of this procurement requirement was approved by Cabinet at Procurement Gateway 1 on 20 July 2007 and subsequent report on 5 August 2008 and approval for contract award was provided by the Cabinet at Procurement Gateway 3 on 18 March 2010.

Approved Procurement Gateway 1 and 3 Reports relating to this Gateway 4 report are available upon request.

This Procurement Gateway 4 report has been approved for submission to the Cabinet after review and discussion with Regeneration, Community and Culture Directorate Management Team meeting on 24 November 2011 and Procurement Board on 30 November 2011.

#### **1. Budget and Policy Framework**

##### **1.1 Post Project Appraisal / Contract Management**

- 1.1.1 This procurement post project appraisal and its subsequent review is within the Council's policy and budget framework and ties in with all the

identified Core Values, Strategic Priorities, Strategic Council Obligations and Departmental/Directorate service plans as highlighted within the Procurement Gateway 1 Report.

## **2. Background**

### **2.1 Contract Details**

This contract is a services contract.

#### **2.1.1 Supplier Details**

This Gateway 4 Report relates to the Waste Collection and Disposal Contracts currently delivered through Veolia Environmental Services.

#### **2.1.2 Contract Description**

This contract covers:

- Waste Collection and Street Cleansing services (residual waste collection, recycling collection from kerbside and bring sites, materials recycling facility provision and end markets for all recycling materials, food and garden waste collection and street cleansing). It commenced on 1 October 2010 and is for 7 years with an option to extend, at any time, for a further 2 years.
- Disposal of residual waste via a combination of landfill and energy from Waste, ensuring the Council meets as a minimum, its landfill diversion targets as set down by Government.

This contract follows the Council's core values to ensure we have services that put our customers at the heart of everything we do at the same time as giving value for money and fits with the strategic priority of a clean and green environment.

Such services need to support the Council's Waste Strategy that, in turn, provides the basis for targets in performance and community plans. The primary objectives are to:

- Ensure compliance with statutory duties.
- Meet statutory performance targets.
- Ensure continuity of a front line service.
- Provide services within agreed budgets.
- Meet requirements to achieve efficiency gains.
- Provide environmentally sustainable services

### **2.2 Permissions Required**

- 2.2.1 This report seeks permission to provide Cabinet with a post project appraisal and continue this termed contract for remainder of the contract duration of 7 years (from October 2010 – September 2017) with the inclusion of further Gateway 5 reporting requirements

2.2.2 This report further seeks permission from Cabinet to agree the uptake of the 2-year extension making the collection contract 9 years (from October 2010 – September 2019) with the inclusion of further Gateway 5 reporting requirements.

2.2.3 This request is on the basis that these contracts are high risk and have been subject to changing priorities within its first year (as detailed in section 2.3 below), leading to delaying in some service implementation set within the service specification and associated contract terms and conditions in the first year. Additionally efficiencies have been proposed for the collection contract if the extension from 7 to 9 years is agreed at this time (see exempt appendix).

## **2.3 Other Information**

2.3.1 On 4 October 2011 a report was presented to Cabinet regarding the continued use of clear recycling bags as part of the kerbside recycling service, which was agreed (decision 131/2011).

2.3.2 The Council has undertaken dialogue with Veolia over efficiencies that can be gained within the contract terms, as detailed in the exempt appendix, regarding update of a 2 year extension as detailed in the contract provisions and an extension of use of 'old fleet' for the refuse and garden waste services, delaying implementation of new fleet until early 2012 to enable cost savings.

## **3. Options**

In arriving at the preferred option as identified within Section 4.1 'Preferred Option', the following options have been considered with their respective advantages and disadvantages.

### **3.1 Conclude Current Contract and Provide Action Plan**

3.1.1 The option of concluding the contract with immediate effect on the basis that the contract is a termed contract with provisions within the terms and conditions to cancel contractual arrangements for supplier non-performance and providing an action plan for future projects is not a viable option because this collection contract is a 7 (plus 2) year contract of which we are only at the end of year one and to break the contract would cost the Council several million pounds

3.1.2 The disposal contract is a 25 year contract of which we are only at the end of year one and to break the contract would cost the Council several million pounds.

### **3.2 Continue With Current Contract and Negate Any Further Gateway 4 or Gateway 5 Reporting Requirements**

3.2.1 The option of continuing with the current contract for the remainder of the contract term and negating any further Gateway 4 or Gateway 5 requirements is not a viable option because this contract

- is a high risk procurement.

- is a high value contract, (the disposal element is in excess of £197 million over 25 years and collection over £67 million over 7 years).
- has direct front line service provision implications.
- is of strategic importance to the authority.

### **3.3 Continue With Current Contract and Subject Contract to Further Gateway 4 and/or Gateway 5 Reporting Requirements**

3.3.1 The option of continuing with the current contract for the remainder of the contract term and subjecting the contract to further Gateway 4 and/or Gateway 5 requirements has been considered and below are the advantages and disadvantages of this option:

#### Advantages

- Ongoing reporting to Procurement Board to enable a clear auditable trail of contract monitoring.
- Opportunity for the contract to be examined and reviewed on an annual basis.

#### Disadvantages

None identified at this time.

### **3.4 Other alternative options**

The following alternative options have been identified for consideration including advantages and disadvantages:

Alternative Option 1 – In conjunction with one of the options in 3.1-3.3, discount the contract extension and continue with the current contract for the remainder of the original contract period.

#### Advantages

- A lot can change in the waste industry in 7 years and by extending the contract for 2 more years will mean we could miss out on opportunities for changing the way we collect waste.

#### Disadvantages

- Loss of advantage of annual cost savings over next 8 years.
- Procurement costs incurred earlier.
- Loss of 2 years over which we have profiled spreading current procurement costs.

Alternative Option 2 – In conjunction with one of the options in 3.1-3.3, extend the current contract by 2 years making the collection contract 9 years (from October 2010 – September 2019).

#### Advantages

- Significant costs savings as detailed in the exempt appendix.
- Delayed procurement costs as contract extended for 2 years.

## Disadvantages

Committing Medway to this contract with Veolia for another 2 years during which time waste collection needs may change, dependant on the EU, national and local circumstances (but it should be noted there are variation clauses in the contract to enable changes to be enacted during the contract term).

## **4. Advice and analysis**

### **4.1 Preferred Option**

Further to a review of procurement options as highlighted within Section 3 'Options' above, the following preferred option is recommended to Cabinet:

Option 3.3 in conjunction with Option 3.4 (Alternative Option 2) Continue with the current disposal contract and extend current collection contract with a requirement for further Gateway 5 reporting at end of year 2

This option will provide Medway with the best value for money.

#### **4.1.1 Procurement Project Outputs / Outcomes**

The following procurement outcomes/outputs have been appraised in the table below to demonstrate how the supplier has delivered services within the first year.

Additionally, the annual report from Veolia has been included at Appendix 1.

Outputs / Outcomes	How has success been measured? Who has measured success of outputs/ outcomes? When was success measured? How has procurement contract delivered outputs/outcomes?
<p>1. Ensure compliance with statutory duties.</p>	<p>Statutory duty is:</p> <ul style="list-style-type: none"> <li>- Collection of household waste from all properties (as defined under EPA 1990) and</li> <li>- At least 2 materials for recycling from all households via kerbside collections by 2010 (Waste Recycling Act)</li> <li>- Cleaning of streets as defined under the Clean Neighbourhoods Act</li> </ul> <p>These are measured via</p> <ul style="list-style-type: none"> <li>- monthly contract meetings</li> <li>- annual report to Overview and Scrutiny Committee (first due Dec 2011)</li> <li>- monthly corporate monitoring via Covalent returns</li> <li>- national waste dataflow returns</li> <li>- national flycapture and NI195 inspections</li> </ul> <p>All collection and disposal services have been delivered to meet our statutory duties.</p>
<p>2. Meet statutory performance targets.</p>	<p>Waste Disposal Contract:</p> <p>Statutory targets exist for waste disposal only, LATS (landfill allowance trading scheme). During 2010/11 our statutory allowance for biodegradable waste sent to landfill was 46826 tonnes. This contract only delivered 40315 tonnes to landfill in 2010/11, hence we had surplus of 6511 tonnes of allowances at the end of the year. Our allowances for 2011/12 are 40961 tonnes and by the end of Q1 2011/12 we sent 9004 tonnes of biodegradable waste to landfill so are on target.</p> <p>Waste Collection Contract:</p> <p>There are no statutory recycling or street cleaning standards, however we have set local targets for recycling, street cleaning standards and customer satisfaction as detailed below:</p> <p>Recycling 2010/11 Target: 36% Achieved: 36.8%  2011/12 Target: 40% Achieved: TBC but early indications are we will achieve 39-40%  (dependant on seasonal fluctuations in waste/recycling)</p>

	<p>Street Cleansing Inspections, % of roads deemed satisfactory for:</p> <p>Litter  2010/11 Target: 95% Achieved: 97%  2011/12 Target: 95% Achieved: 97% at end of Q2</p> <p>Detritus  2010/11 Target: 92% Achieved: 95%  2011/12 Target: 92% Achieved: 97% at end of Q2</p> <p>Measures of public satisfaction are also taken via the Corporate quarterly tracker and annual Residents Opinion Poll.</p> <p>Target: Refuse collection 90% Achievements as of end of Q2 2011/12: Refuse collection 92%  Recycling facilities 78% Recycling facilities 85%  Street cleaning 75% Street cleaning 74%</p>
<p>3. Ensure continuity of a front line service.</p>	<p>Service continuity has been maintained as there was no major changes in contracts or contractor. There have only been two small breaks in service due to extreme weather over Christmas 2010 and the backlog was caught up within one week of each incidence</p> <p>The roll out of new recycling services has been phased to ensure deliverability and minimal disruption to residents.</p> <p>From the start of October, 2010 residents have been to place food waste in the brown bins along with their garden waste. During May and June just fewer than 3000 additional properties have been brought onto the wheeled bin food/ garden waste services. From October 2011, Veolia have also been partners with us in implementing an EU funded food waste collection trial for properties not suitable for brown wheeled bins (food waste is collected in separate buckets).</p> <p>In November 2010 the new 'twin stream' (paper and card collected separately form other recyclable materials) was introduced, with a light touch approach and alongside a promotions campaign. The decision was taken to</p>

	<p>continue with the issuing of clear bags and this has meant less paper/card then expected was collected separately, but the kerbside recycling rates continue to improve and participation has remained around 75%. As detailed in the clear bag recycling report (dated October 2011), from November 2011 Veolia will be working with Medway Council to separate out the paper from any bags of mixed recycling left by residents.</p>
<p>4. Provide services within agreed budgets.</p>	<p>Monthly monitoring undertaken by Head of Service and Corporate Finance Officer. This is monitored monthly at a local level by the Assistant Director and quarterly at DMT, CMT and Cabinet. Waste Services is due to be audited (internal audit) in 2011/12.</p> <p>The waste collection contracts are reporting a predicted overspend (as of end of Q2 2011/12) due to:</p> <ul style="list-style-type: none"> <li>- continued use of clear sacks £246,000,</li> <li>- associated loss of income from lower the expected tonnages for paper recycling £225,000,</li> <li>- additional recycling tonnages processed at the materials recycling facility £208,000</li> </ul> <p>The two contacts are subject to RPI uplifts each year, which is placing additional pressure on the Waste Services budget. A meeting is to be arranged before Christmas with Medway's Director of Regeneration Community and Culture and the Director of Veolia to discuss possible future options.</p>
<p>5. Meet requirements to achieve efficiency gains.</p>	<p>The Waste Services collection contract realised saving in excess of £1.4 million via adoption of the variant bid solution. Efficiencies are continually being sought, such as the proposed extension of the contract to enable capex savings with annual revenue savings on our monthly bills and an extension of the use of 'old fleet' for the refuse and garden waste services, delaying implementation of new fleet until early 2012 to enable costs saving (see exempt appendix for further details).</p>
<p>6. Provide environmentally sustainable services</p>	<p>Undertaking recycling is a key feature of sustainable waste practices. Veolia have also purchased a new fleet to a higher environmental specification, with 2 electric vehicles for use in the town centres. Each year reports of energy and fuel usage are submitted to Medway Council as well as robust internal processes for auditing their energy usage.</p>



#### **4.1.2 Procurement Project Management**

This procurement project will be taken through the remainder of the Gateway Procurement Process through the utilisation of the following project resources and skills:

- Head of Waste Services supported by the Strategic Procurement

#### **4.1.3 Post Contract Award Contract Management**

The contract management of this contract will continue to be resourced for the remainder of the term through the following contract management strategy:

- Client management: These contracts are managed by the Waste Services team within Front Line Services (FLS). The team structure is detailed in Appendix 2. Additionally support is provided by the Community Officers under Safer Communities within FLS who act as the eyes and ears with local residents providing on the ground daily monitoring of standards, in particular fly tip reporting and proactive and reactive street cleaning inspections.
- Contract management: The structure of Veolia's contract management is attached in Appendix 2.

Waste Services has daily contact with Veolia and holds regular monthly meetings to discuss service delivery, health and safety, financial issues and recycling/customer services statistics e.g. missed bins, recycling rate etc.

Additionally, over the first year of the contract there have been regular meetings with the regional manager to discuss service improvements, in particular how the recycling services can be supported and efficiencies within the contract.

#### **4.1.4 Other Issues**

There are no other issues have been identified to date that could potentially impact the remainder of this contract term.

#### **4.1.5 TUPE Issues**

Further to guidance from Legal Services, Human Resources and the Strategic Procurement Team, it was identified at Gateway 1 that as this is a services related procurement contract, TUPE did apply to this procurement process.

The recommended contract award at Gateway 3 did not result in any employees being affected by TUPE as a result of the incumbent provider being successful as part of this procurement tender process and therefore, there are no further TUPE issues to consider at this stage.

## 4.2 Other Information

For the collection contract, procurement project management will need to be reviewed within the next 4 years to commence processes for the next waste collection contract to start in 2017 (or 2019 - depending if the 2 year extension period is accepted).

The waste disposal contract is a 25-years so additional procurement project management is unlikely to be required for another 15-20 years.

## 5. Risk Management

### 5.1 Risk Categorisation

The following risk categories have been identified as having a linkage to this procurement contract at this Gateway 4 Stage

Contractual delivery	X	Health & Safety	X
Service delivery	X	Legal	X
Financial	X		

For each of the risks identified above, further information has been provided below.

Risk Categories	Outline Description	Risk Likelihood A=Very High B=High C=Significant D=Low E=Very Low F=Almost Impossible	Risk Impact I=Catastrophic II=Critical III=Marginal IV=negligible Impact	Plans To Mitigate Risk
a) Contractual delivery	<p>Default by Contractor needing emergency action</p> <p>Termination of Contract due to default by Contractor</p> <p>Volume of waste less than or greater than anticipated</p>	<p>D</p> <p>D</p> <p>C</p>	<p>II</p> <p>II</p> <p>III</p>	<p>Contractor to provide and/or pay for alternative action</p> <p>Adequate contract provision to enable the Council to take effective action when necessary. Clause in contract to enable Medway to reclaim losses.</p> <p>Allowance made for this in Contract conditions.</p>
b) Service delivery	<p>Closure of plant or inability to provide Service due to Force Majeure or relief events</p> <p>Failure of waste management services contractor to meet contract standards for service delivery to the Council.</p> <p>Interruption of availability of some facilities</p>	<p>E</p> <p>D</p> <p>C</p>	<p>II</p> <p>II</p> <p>II</p>	<p>Shared responsibility under Contract conditions.</p> <p>KPI &amp; 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.</p> <p>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</p>

	Non-household waste entering MSW waste stream or waste incorrectly dealt with according to its category.	C	III	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) Health & Safety	Serious injury/death of staff or public while services are in operation	D	I	Robust health and safety monitoring procedures in place; the waste services contracts in Medway is due to be audited by the HSE in 2011/12 as part of their routine inspections.
d) Legal	Changes in Government regulations/law	C	II	Incorporated into the contract that 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.
e) Financial	Budgeted net expenditure exceeded	B	II	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.
	Overpayment to contractor	E	III	Robust contract procedures for checking contracts, validating invoices and recovering any overpayments. Staff training. Regular internal audit inspections.
	Contractor/employee fraud or corruption	E	II	Robust contract provisions for controlling payments and assets. Adequate supervision and transparency for contract management and negotiations. Staff training. Regular Internal audit inspections.

## **6. Consultation**

### **6.1 Internal (Medway) Stakeholder Consultation**

As part of this ongoing procurement contract management, the following mandatory internal stakeholder consultation is required:

- DMT (report agreed by DMT 24 November 2011)

### **6.2 External Stakeholder Consultation**

As part of this ongoing procurement contract management, no external stakeholder consultation is required unless changes in services are needed at some later date.

## **7. Strategic Procurement Board**

- 7.1 The Strategic Procurement Board considered this report on 30 November 2011 and supported the recommendations set out in paragraph 9 below.

## **8. Financial, Legal, Procurement and ICT Implications**

### **8.1 Financial Implications**

- 8.1.1 Detailed finance and whole-life costing information is contained within Section 2.1 Finance and Whole-Life Costing of the Exempt Appendix at the end of this report. This has been reviewed and agreed by the finance team.

### **8.2 Legal Implications**

- 8.2.1 The collection contract, under Clause 3.1.2, states:

*If the Council determines that it would be beneficial to the provision of Collection Services and the Street Cleansing Service in the Contract Area to extend the Contract, the Council shall serve a written notice upon the Contractor at least six (6) months before the Initial Expiry Date the effect of which shall be to extend the Contract Period by up to two (2) years from the Initial Expiry Date (the "Extended Expiry Date").*

- 8.2.2 Medway Council can take up the option of the contract extension at any time earlier than 6 months before the initial expiry date of 31 September 2017. This report is recommending this option be taken up, as the efficiencies to be gained are beneficial to the authority.

- 8.2.3 This report has been reviewed and agreed by Legal Services.

### **8.3 Procurement Implications**

- 8.3.1 This procurement contract and its associated delivery as per the preferred option highlighted at Section 4.1 'Preferred Option' and the recommendations at Section 9, has no further procurement implications which the Cabinet must consider.

- 8.3.2 The contract has delivered against the objectives set out as part of the original tender specification and as part of the Gateway 3 contract award process. The supplier, through a robust internal contract management process, continues to provide the service in line with the contract terms and conditions and continues to deliver to the appropriate key performance indicators. This demonstrates that that the Gateway 3 contract award decision was both correct and based upon a robust procurement process that has enabled the contract to be delivered effectively in year 1.
- 8.3.3 In line with Contract Procedure Rules, Cabinet must decide whether to require any further Gateway 5 reports for this contract during the remainder of the contract term. Any future contract variations shall automatically require a Gateway 5 report to be presented to Cabinet for a decision to be made.
- 8.3.4 Strategic Procurement advises the client department that if the recommendation at 9 to extend the current contract is pursued, then the client department must ensure that any immediate savings offered are not lost through more expensive costs in years 8 and 9 and that there are mechanisms in place to safeguard the Council accordingly. The potential for savings resultant from this proposed extension do merit consideration of an extension.
- 8.3.5 Strategic Procurement advises Cabinet to appraise this contract through a minimum of one Gateway 5 per annum to ensure that the contract, which is considered of strategic importance to the Council, continues to deliver effectively throughout the contract term.
- 8.3.6 The client department is advised to liase with Legal Services and conclude all contractual requirements associated with contract extensions in line with Contract Procedure Rules.
- 8.3.7 This report was approved by Procurement Board on 30 November 2011.

#### **8.4 ICT Implications**

- 8.4.1 This procurement does not have any ICT implications.

#### **9. Recommendations**

- 9.1 Cabinet is requested to:
- a) Note the progress made to date with the collection and disposal contracts.
  - b) Agreed the waste collection contract with Veolia be extended by 2 years to enable the authority to realise the costs savings as detailed in the exempt appendix.

#### **10. Suggested reasons for decision(s)**

The recommendations contained within Section 9 'Recommendations' above are provided on the basis of value for money, a realisation of annual cost savings and that Veolia have a track record of delivering high

quality services for the residents of Medway with very high satisfaction levels recorded.

**Lead officer contact**

Name  Title   
 Department  Directorate   
 Extension  Email

**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	<a href="http://democracy.medway.gov.uk/ieDecisionDetails.aspx?ID=742">http://democracy.medway.gov.uk/ieDecisionDetails.aspx?ID=742</a> and <a href="http://democracy.medway.gov.uk/ieDecisionDetails.aspx?ID=932">http://democracy.medway.gov.uk/ieDecisionDetails.aspx?ID=932</a>	20/02/07
Options Appraisal for Waste Collection Services	<a href="http://democracy.medway.gov.uk/ieDecisionDetails.aspx?ID=932">http://democracy.medway.gov.uk/ieDecisionDetails.aspx?ID=932</a>	05/08/08
Gateway 3 Contract Award: Household Waste Collection and Disposal Contracts	<a href="http://democracy.medway.gov.uk/ieDecisionDetails.aspx?ID=1818">http://democracy.medway.gov.uk/ieDecisionDetails.aspx?ID=1818</a>	30/03/10
Recycling Clear Bags report	<a href="http://democracy.medway.gov.uk/mgConvert2PDF.aspx?ID=8523">http://democracy.medway.gov.uk/mgConvert2PDF.aspx?ID=8523</a>	04/10/11

## **ANNUAL SERVICE REPORT 2011**

Medway Council's Refuse/Recycling/Street Cleansing and Disposal contract was awarded to Veolia and commenced on the 4 October 2010.

The award of this contract builds upon the already strong relationship between the two organisations since the previous contract from 2002 to 2009 and extended until September 2010.

The Annual Service Report is an integral part of the contract that exists between Veolia Environmental Services and Medway Council in so far as it is the agreed mechanism for the delivery of continuous improvement and is fundamental to the contracts performance management framework.

This Annual Service Plan has been produced in accordance with the requirements of:

Collection Contract Collection - clause 16.2 and 17.2 of the contract and schedule 6: reporting requirements and clause 7.3 of the general requirements specification and

Disposal - clause 16.2 of contract and Schedule 6: reporting requirement and clauses 11.23-24 of the specification.

The period of review covers 4 October 2010 to 30 September 2011 and covers all of the operations carried out by Veolia on behalf of Medway Council

This plan has been prepared with the following objectives:-

- ❖ To confirm that Veolia Environmental Services takes seriously the goal of improving all aspects of its performance
- ❖ To report openly on all aspects of performance
- ❖ To review existing services to ensure that they remain relevant having considered changes in methods, technology, volumes or legislation
- ❖ Provide proposals to develop the services to improve efficiency and increase recycling performance



### **Launch of the new recycling service**

Medway and Veolia introduced the new recycling service – in order to increase recycling and reduce costs, this is unique as to date no other Local Authority has changed from a fully co-mingled service into a twin stream service.

The first stage was to deliver blue and white reusable sacks to all properties (except flats) in November 2010

A new fleet of 8 split bodied vehicles were delivered in November 2010 to enable the separation of materials paper/card in one side, co-mingled materials plastic, glass cans in the other

There were some operational difficulties with vehicle loading adjustments during the collections rounds and some residents did not fully understand the revised scheme which proved challenging operationally and was compounded by the bad weather which arrived in December 2010.

### **Kerbside Recycling collection review**

These issues have now been resolved sufficiently for Veolia and Medway Council to review the new service and consider changes to further increase recycling participation and performance.

Due to the volumes of recycling per property many residents have found the reusable bags insufficient to contain all of their materials, bags have blown away during windy conditions which has resulted in significant numbers of requests for replacement bags.

There have been issues with the durability of the white bags which have deteriorated far sooner than expected – possibly due to the dampness of the commodities.

Therefore as a partnership the decision was made for residents to retain the blue boxes and blue re-usable bags for the containment of paper and cardboard and to continue with the provision of clear sacks for the co-mingled materials.

To further increase the quality of material Veolia & Medway Council are now undertaking kerbside separation to increase the volume of clean paper and cardboard to generate additional income for Medway Council/reduce processing costs and increased recycling performance. This has resulted in a new rescheduled separate collection from flats.

Oct 2009 – Sep 2010	19930.
Oct 2010 – Sep 2011	21404 includes 3822. kerbside paper & cardboard
<b>Tonnage increase</b>	<b>1474</b>

### **Residual Household Waste collection**

The residual collection will remain on a weekly black sack collection, consideration to introduce wheeled bins has been deemed impractical for a significant number of properties within Medway. Veolia and Medway Council continue to actively work together with new developments of flats to encourage the use of recycling bins and minimise the number of refuse bins on site.

Oct 2009 – Sep 2010	58878.
Oct 2010 – Sep 2011	56371
<b>Tonnage reduction</b>	<b>2507</b>

### Proposals for Garden Waste and Food collections

Collections of garden waste and food to continue via 240 litre wheeled bin.

Garden waste only in brown re-usable sacks. An EU funded food caddy trial started week commencing 19<sup>th</sup> September and working with Waste Services, participation continues to be monitored,

The participation in the food waste collection has increased week on week, however there are issues with many residents failing to use the bio degradable liners which could present significant issues during hot weather with loose food waste.

Oct 2009 – Sep 2010	12836.
Oct 2010 – Sep 2011	15703.
<b>Tonnage increase</b>	<b>2866</b>

### Bulky Household Waste

This will continue to be collected by Refuse freighter (non metal items), white goods, WEEE to be collected by 7.5 tonne cage vehicle. Medway is affected (as are most other Local Authorities) by metal items being removed before the collections are made by Veolia – any intelligence gathered is shared with the Medway Council Enforcement Team.

During 2011 Medway Council and Veolia used EU funding to trial the recycling of mattresses which resulted in nearly 11 tonne of mattresses not going to landfill. Should further funding become available this scheme will be reintroduced

Oct 2009 – Sep 2010	873.
Oct 2010 – Sep 2011	762.
<b>Tonnage reduction</b>	<b>111</b>

### Recycling Bring Site banks

Continue to be emptied in accordance with contract schedule, sites removed or moved to meet the changing requirements of Medway Council/residents.

Commodity	09/10	10/11
Clear glass	416.53	270.10
Mixed glass	688.14	276.28
WEEE	22.75	22.60
Paper	509.38	346.56
Cans	11.80	4.34
Total	1648.60	919.88
<b>Tonnage reduction</b>	<b>728.72</b>	

Reductions in glass/paper and cans are reflected collected in the increased tonnages and increased participation of kerbside collections. , there may also be an effect from the economic downturn – less alcohol being purchased, and the increased use of online statements etc.

Veolia are investigating the opportunity with a company in Thanet to recycle mechanical sweeper arisings which would be screened/washed and aggregates removed - it is hoped that that this will be implemented during 2012.

We are already separating waste and recyclable materials plastic, cans and glass picked up by the manual street cleansing staff with the use of double bin barrows which were purchased for the start of the contract

Veolia continue to provide assistance to residents who are unable and do not have anyone to assist them with refuse and recycling collections being made from alternative collection points rather than the boundary of the property, we currently provide this service to nearly 500 residents

### **Flats recycling – there are currently 377 flats with 623 recycling bins**

Veolia and Medway Council continue to actively work together with new developments of flats to encourage the maximum use of recycling bins and reduce the number of refuse bins on site.

### **CLINICAL WASTE**

Due to delays in the KCC procurement process Veolia have continued to provide the clinical waste collection and disposal from residents and approved chemists although this service is not included in the current Waste contract.

### **DISPOSAL CONTRACT**

With effect from 1st October 2011, all contract waste (except mechanical Street Cleansing vehicles) will transfer materials to the new Transfer Station at Rochester.

Mechanical Sweepers will revert to Pier Approach Road until a modification can be made to Rochester Transfer Station to resolve the issue of diverting surplus water.

Opening hours have been arranged to accommodate other contractors i.e. WRG who currently operate the 3 Household Waste & Recycling Centres within Medway and the site operates 6 days a week

All suitable materials (sacks) will be transferred to the Veolia ERF (Energy Recovery Facility) SELCHP based in London.

The main focus of the disposal contract is to ensure minimal tonnage to landfill, however some materials (bulky items) cannot be processed by SELCHP and have to be taken to the Veolia landfill site at Pitsea in Essex.

Kerbside recyclable materials (cans/plastics and glass) are currently taken to our Rainham MRF (Materials Recycling Facility)

Paper and cardboard are delivered to UPM at Dartford for sorting and process

## **VEOLIA COMPANY INFORMATION**

### **MUNICIPAL retain Investors in People**

The team first received this award in 2008, which recognises our commitment towards being an employer of choice and creating a great place to work.

liP is a national standard, which helps assess business improvement against company objectives and benchmarks how well a company: recruit, train and develop its employees, align employee policies with business strategy, rewards and recognises its employees and manages its people.

The assessors highlighted that: "The level of commitment to the job and to the company is especially striking. In all the interviews there was a not a single person who did not think Veolia is a good company. That is a remarkable achievement."

### **HEALTH & SAFETY**

Our Health and Safety performance continues to improve – we have had 39 fewer lost time injuries reported than at this time last year.

Also earlier this year we had a focused campaign lead by our health and safety expert, RAE (Risk Assessment Expert) to stress the importance of correct ways of lifting and it is pleasing to see that we have 20% fewer manual handling injuries compared to last year

Medway contract has recorded for the last year:

Near miss/safety concern	38
Accidents	30
Vehicle accidents	78
BATs (Behavioural Safety Observations	18

### **STAFF HEALTH & WELL BEING**

From October we will be introducing a number of new health and wellbeing initiatives These sessions, carried out by our occupational health provider, Health Management, who will give employees the opportunity to undertake general health monitoring tests such as, blood pressure and cholesterol checks, and the opportunity to seek advice on other health related issues.

There will also be a new initiative of random drugs and alcohol testing staff the initial trial was undertaken in October 2011 – depending on the results a decision will then be made to implement the full service.

### **OPEN DAYS**

Veolia are actively involving local authorities and the community by holding open days across several of its locations/facilities.

The Medway Transfer Station held an open day on Saturday the 22<sup>nd</sup> October 2011 between 10am and 4pm with guided tours to show the facility.

The day was an exceptional success with over 300 visitors who had the opportunity to meet Directors, Managers and staff, receive information on Veolia as a company, understand the importance of Health & Safety and the work behind the scenes such as the on site Workshop which maintains and services 156 vehicles (100 on the Medway Contract).

Everyone had the opportunity to take a guided tour around the Transfer Station and have a close look at the vehicles and how they operate. There were also children's games and competitions and resulted in a great family day.


**CARBON REDUCTION**

Veolia will be providing an electric zero emission vehicle for the street cleansing service which will be available for selected locations, this is in addition to the two electric vehicles currently on the contract and used by Charge Hands.

New Refuse and Garden Waste will be ordered in 2012 to further enhance both services and reduce vehicle emissions

Veolia are committed to a 12% reduction in emissions and have invested in DES (Driver Efficiency Software) to monitor driving standards drivers are issued with a daily score card (example below) to show their performance. This software will be installed on all new vehicles.

Veolia actively work to identify any vehicle modifications to reduce carbon emissions

			
<b>Driver DES Daily Score Card</b>			
<u>Date</u>	17/01/2011		
<u>Driver</u>	Barry Williams		
<u>Round</u>	Round 01		
<u>Vehicle</u>	MX53 NLY	(Same)	
	<b>Benchmark</b>	<b>Actual</b>	<b>Performance</b>
<u>MPG</u>	<b>3.08</b>	<b>3.67</b>	<b>19%</b>
	<b>Benchmark</b>	<b>Actual</b>	<b>Performance</b>
<u>Optimum Driving</u>	<b>23.00</b>	<b>42.34</b>	<b>84%</b>
<b>ALERTS</b>			
Speeding	Over Revving	Harsh Braking	Idling Time
<b>0</b>	<b>0</b>	<b>N/A</b>	<b>00:00:00</b>

Veolia Environnement is the only organisation that has been recorded as achieving zero carbon emissions in the Environment Agency's CRC Performance league table. The league table features 2,103 companies and scores organisations on its carbon reduction performance.

Following its launch last week, Jean-Dominique Mallet posted the following statement on our website representing Veolia Environnement.

"We are delighted that out of the 2,103 participants listed in the Environment Agency's CRC Performance League Table, Veolia Environnement is the only organisation which has reported zero CRC emissions. This is a significant result for the Group and reflects the importance of our energy generation from renewable sources."

Veolia Environnement was actually a carbon creditor with a negative carbon obligation of over 100,000 tonnes for this first reporting year. Veolia Environmental Services has already achieved the Carbon Trust Standard and has been installing Automatic Meter Readers across its organisation. Furthermore Veolia Water has AMR meters installed on approximately 92% of the total electricity consumed across its business. Unfortunately all of these actions cannot be properly reflected in the Performance League Table when calculating the Early Action Metric (EAM) score as the table does not accommodate negative obligations."

Mr Mallet added that "Sustainable development is at the core of Veolia Environnement which includes managing its business activities in order to reduce its carbon footprint. We will continue to monitor our obligations to ensure they decrease from the existing starting points as this is the essence of the Carbon Reduction Commitment even if negative obligations cannot be recognized under the scheme. "

"Getting the company to this level of accurate reporting has been a massive challenge that has taken almost two years as we have calculated all the company's energy consumption and fuel usage across our hundreds of locations. It is clearly appropriate that as one of the leading environmental organisation we pitch our environmental credentials at the highest possible level."

## **CORPORATE SOCIAL RESPONSIBILITY**

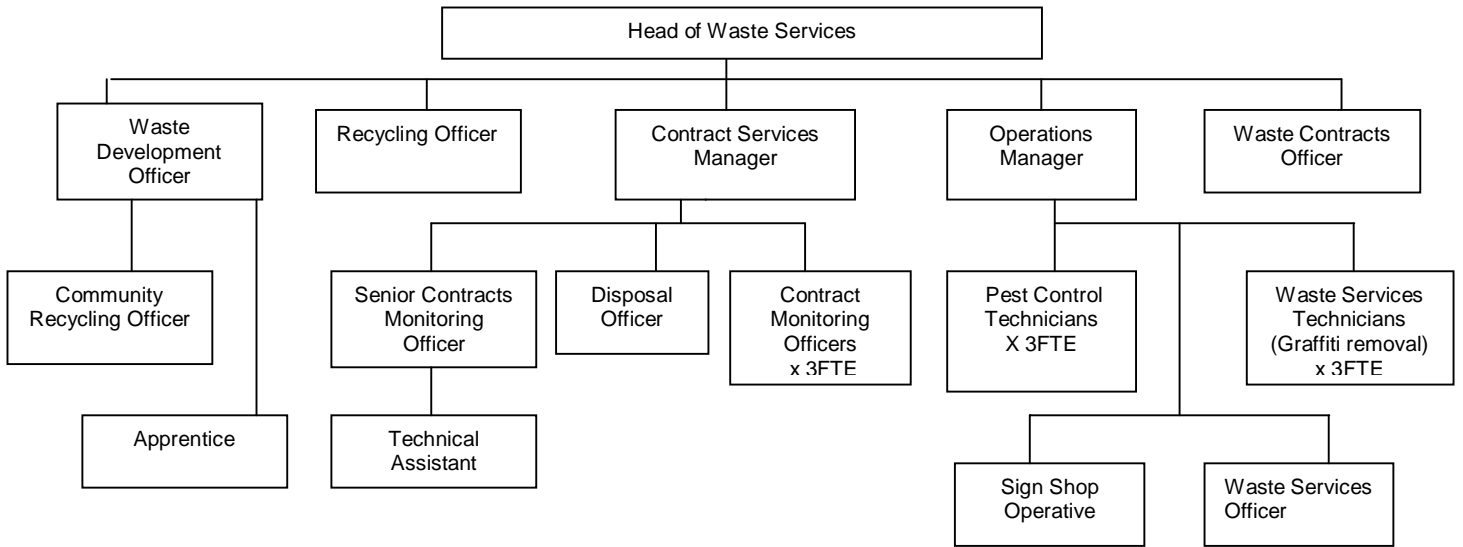
Veolia have committed that every member of staff will be permitted to undertake ½ day volunteering per year.

At Medway all Managers and Supervisors and Administrators have assisted in British Heart Foundation shops, 20 Operatives to date have undertaken community clearances and a refurbishment project at Gordon Road school in Strood providing assistance with painting and gardening, further projects of this type are being identified with other schools.

MIND have been selected as Veolia's charity of the year and Medway have registered to volunteer for the Ecomind scheme when positions/schemes are available in the area.

## Appendix 2: Structure Charts

### Medway Council: Waste Services



### Veolia: Medway Contract

