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Review of contracts and assets used in waste management in London

March 2006

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**Review of Contracts and Assets used in
Waste Management in London**

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KPMG

This report contains 30 pages

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1 Executive Summary

The purpose of this review is to provide evidence of the current waste management structure in London and to inform the consultation process on the options for change set out by the Office of the Deputy Prime Minister (ODPM). Representatives from 29 of the 37 waste management authorities in London were interviewed with supporting evidence from a Government Office of London survey on the current size and structure of waste management in the city together with a document review.

Current and future investment

Investment in waste management in London has increased since the first recycling targets were introduced in 1995 due to the effect of the landfill tax and more recently the introduction of the Landfill Allowance Trading Scheme (LATS). There has been a significant increase in the amount spent on waste collection and disposal in London since 2003 with an estimated increase in spend of 23% from 2003 to 2005. The authorities anticipate this will increase by a further 50% (to 73%) of the 2003 figure by 2009. The majority of the investment so far has been by the joint waste disposal authorities (JWDA's).

The city overall has not met the national targets for recycling but many authorities have put contracts in place to improve the situation or are planning to enter procurement for these services. The majority of new facilities are to be provided by revenue funding through contracts. The planned facilities are in various stages of development and there is uncertainty around the likelihood of some significant schemes coming to fruition. This is because of issues around planning, site availability and the lack of experience of some authorities of developing such large scale procurements. There are currently 16 facilities planned (5 of which are included Southwark's PFI contract currently being negotiated) within the 29 authorities but due to procurement, planning and design considerations some of these will take time to come on stream.

The spend and investment programmes of JWDA's is closely correlated to the population size in the areas they cover and the associated amount of Municipal Solid Waste (MSW) expected to be generated. The spend of unitary authorities however shows a much greater variation and does not appear to be linked to the population or MSW profile of their areas. There is wide variation between the spend of all collection authorities, possibly due to the diverse environments found in different boroughs.

Assets in used in waste management

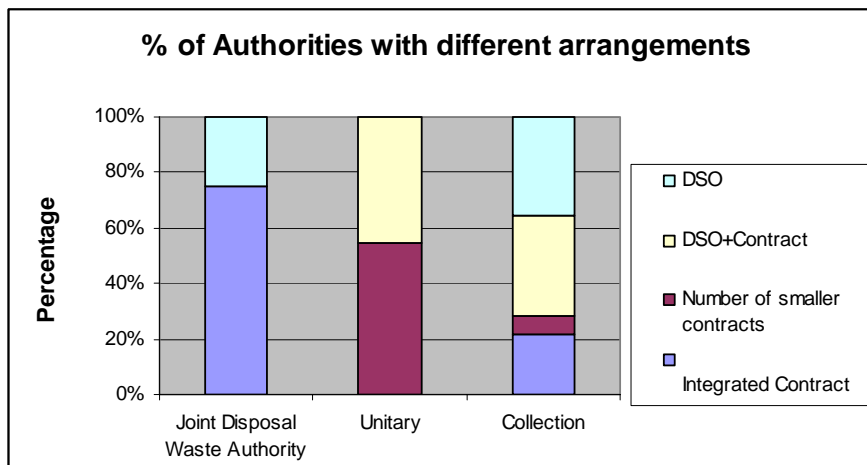
Collection: Approximately 995 vehicles are used in waste collection, these are owned and operated in a number of different ways with an estimated 23% owned directly by authorities and the rest sourced through lease agreements or as part of wider integrated service contracts. They have an average useful life of 7-8 years and as the nature of the contracts requires a rolling programme of replacement and there is no single large liability expected in the next 8 years.

Disposal: Waste management sites are also used under a series of arrangements and many are used by more than one authority. The ownership profile includes:

- Freehold and facility fully owned by the authority
- Freehold held by the authority but facilities built, managed and/or owned by the private sector
- Freehold and facilities owned by the private sector, with the public sector paying for access to capacity.

Nature of contracts in use

The private sector provides the majority of the waste collection and disposal services in London with an estimated spend on contracts of £363m per year. There is a range of contracts in place from providing parts of the service (i.e. transport or access to composters) in conjunction with an in-house DSO, through to the full service being delivered by a range of providers with the authority acting as coordinator to a fully integrated contract with a single provider to supply all of the authorities services.



The variation of the size and length of contracts in place, in the graph below, illustrates the fact that any successor body would have a long tail of contracts coming to an end at various times up to 20 years in the future. Disposal contracts are on average of a longer length than collection and most unitary authorities have separate arrangements for collection and disposal activities. Changing the arrangements of the long term contracts is likely to be time consuming and potentially expensive.

Human Resource Issues

The 18 DSO's working within waste employing approximately 2,429 staff, the majority of whom work in collection and 80 work in the one DSO operated by a joint waste disposal authority (JWDA). TUPE arrangements would needed to be put in place to transfer these individuals in the event their functions are transferred to the private sector.

Implications of Change

The cost and impact of the potential changes on the assets used for waste management would depend upon the legislation used to implement the change. If a similar method is used to that which transferred the assets of the Greater London Council in 1986 the legislation will assign all named sites to specific successor bodies. Such legislation could also assign or novate the contracts currently in place to successor bodies and a change in law such as this is unlikely to incur financial penalties.

Any change is likely to require the assets and contracted provision currently in place, at least in the short term. However if efficiencies are to be found from increased integration of collection and disposal and coordination of services on a larger scale there could be significant costs associated with renegotiating any of the 37 major contracts (those which integrate different services or are worth more than £2m annually). These would include fees for legal and procurement advice and any compensation required by the contractor for any detrimental change to their conditions. If the coordination of services is planned to coincide with contract end dates it will take 8 to 15 years for major benefits to be seen due to the long length of disposal contracts.

If changes to major contracts are to be considered a business case evaluating the options should be produced for each. It will need to analyse the potential benefits of the change against the likely costs of renegotiation. A key consideration for any associated change would whether authorities who have invested heavily in waste management would be compensated for the transfer of assets and if so how this would be funded and the mechanism used. There is a likelihood that any change would prevent authorities investing in services before the handover if they will not receive the benefit associated with them.

2 Introduction

2.1 Purpose of the review

The options for change of waste management in London set out in the ODPM's consultation paper; *The Greater London Authority: The Government's proposals for additional powers and responsibilities for the Mayor and Assembly*, are being consulted upon by Government Office for London, the Department for the Environment, Farming and Rural Affairs (DEFRA) and associated stakeholders. This report is part of the consultation process and provides evidence of the current situation in waste management in London, the planned future capacity of the sector and a survey of the assets and contracts currently being used to deliver the service. It also outlines the potential implications and practicability of the possible changes.

2.2 Outline of methodology

The main source of evidence for the report is drawn from interviews with nominated officers from twenty nine of the thirty seven waste management authorities in London. This was supported by a survey from the Government Office of London and by a review of previous reports into waste management in the city.

The interviews aimed to identify the following:

- Waste management contracts and assets in place for each waste authority
- High level contractual obligations or conditions attached to them
- Human resource issues implied by any service transfer
- The potential value and financial implications of transfer of assets and contracts and/or services
- Assets transferred to waste disposal and collection authorities from the Greater London Council (GLC) in 1986
- High level investment made since 1986 and the level of future investment planned
- Possible funding arrangements in any new structure that could take account of the investment made over time by waste authorities

By gaining information directly from those currently delivering the waste management services in London it is hoped to provide a more accurate indication of how the services are being delivered and the implications of any change. As some authorities were not able to be part of the exercise within the time frame of the review, where appropriate the information from similar authorities has been averaged and added to the calculations to gain an overall picture of the situation. Where empirical evidence has not been available, oral representation of those involved in the review have been used.

As the information used in the report has been gained from representatives during the interviews and the surveys it has not been possible to independently verify the facts and this cannot therefore be relied upon to be accurate and all conclusions from the report should be judged on that basis. Some figures have been estimated from the limited sample data and this may have introduced bias in some of the extrapolated numbers and trends.

Where information allows, implications associated with restructuring waste management arrangements in London have been explained.

It is also important to appreciate that this work has been undertaken in accordance with our specific terms of reference with DEFRA and ODPM. We therefore take no responsibility or liability to any other party in respect of the content of this report. Specifically, no warranty, express or implied, is given as to the accuracy, completeness or suitability for any purposes of the information contained in this report.

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2.3 Differences between collection/disposal and unitary authorities

As the options for change consider the current delivery methods an understanding and comparison of the different structures currently in place is required. Each of the 32 London boroughs and the Corporation of London is a waste collection authority, 21 of these pass on their municipal waste to one of 4 joint waste disposal authorities. The remaining 12 boroughs retain the responsibility for disposal and are classed as unitary authorities.

Table 1: Types of waste authority

Collection	Disposal	Unitary
London Borough of Barking & Dagenham	East London Waste Authority	London Borough of Bromley
London Borough of Barnet	North London Waste Authority	Corporation of London
London Borough of Brent	West London Waste Authority	London Borough of Croydon
London Borough of Camden	Western Riverside Waste	London Borough of Greenwich
London Borough of Ealing	Authority	Royal Borough of Kingston upon Thames
London Borough of Hammersmith & Fulham		London Borough of Lewisham
London Borough of Haringey		London Borough of Southwark
London Borough of Harrow		London Borough of Sutton
London Borough of Havering		London Borough of Tower Hamlets
London Borough of Hillingdon		City of Westminster
London Borough of Hounslow		London Borough of Merton
London Borough of Islington		London Borough of Bexley
Royal Borough of Kensington and Chelsea		
London Borough of Lambeth		
London Borough of Newham		
London Borough of Redbridge		
London Borough of Richmond Upon Thames		
London Borough of Waltham Forest		
London Borough of Wandsworth		
London Borough of Hackney		
London Borough of Enfield		

The delivery of services in each authority differs due to historical reasons and operational choices. Within the unitary authorities 6 have retained in-house Direct Service Organisations (DSO's) and 6 have put the service out to contract. In those authorities with just collection responsibilities 11 have DSO's with the remaining having contracts in place. One joint waste disposal authority (the West London Waste Authority) also has a DSO.

This diversity in delivery mechanisms affects the ability of authorities to alter the current methods of service delivery depending on contractual commitments or for those with DSO's their committed investments and responsibilities to their employees. For those with delivery contracts in place the length of time these contracts have left, their complexity and any provisions for accommodating change all vary between authorities. This has implications for the feasibility and practicability of the options for any change and the ways these may be implemented. This review aims to outline the size and scale of these complexities and the implications for change and considers what would be needed to maintain quality services during any transition.

2.4 The options for change

The possible options for change outlined in the ODPM proposal paper include;

- The setting up of a Single Waste Authority (SWA) for London. It would be a functional body of the Greater London Authority (GLA) responsible for the disposal of London's municipal waste. The Mayor would also be given an appropriate degree of oversight over waste collection contracts to ensure conformity with the operational strategy of the single waste authority. The mechanism of this oversight has not yet been specified.
- The formation of a London Statutory Waste Authority (a Single Waste Authority that is not a functional body of the Mayor), with a representative from each borough and the Corporation of London sitting on the Committee. This could also include a representative of the Mayor. The Statutory Waste Authority would also be given an appropriate degree of oversight over waste collection contracts to ensure conformity with the operational strategy of the statutory waste authority, although what rights and responsibilities would be assigned in this oversight have again not been specified.

Under these options operations could be carried out at a number of geographic scales. There are also a number of variations on the breadth of functions of a Single Waste Authority. These include:

- i) Operational and strategic responsibilities for collection and disposal of municipal waste only;
 - ii) (i) and strategic responsibility for non-municipal waste;
 - iii) (i) and strategic and operational (disposal only) responsibility for non-municipal waste;
or
 - iv) (i) and strategic and operational (disposal and collection) responsibility for non municipal waste.
- The twelve authorities that undertake both waste collection and disposal to join existing and new statutory Joint Waste Disposal Authorities, with borough representation from each constituent authority sitting on the Joint Committees, so that all waste disposal arrangements in London are sub-regional. The Mayor's powers over waste authorities could either be strengthened or remain the same.
 - A 'do nothing' option where the waste management structure in London would remain the same.

The practicability of these options in light of the information obtained will be considered and their potential effects on the contracts and assets currently used to deliver waste management in London.

3 Investment in delivery plans for the service

3.1 Investment history

With the move of waste management responsibility in 1986 from the GLC to the London boroughs and the joint waste disposal authorities, assets of the GLC were passed over to these successor bodies. From that time all boroughs have been funded to provide waste management services directly from their grant allocation. Those boroughs with just collection responsibilities have then in turn funded their joint waste disposal authority.

There has been an increase in the amount spent on waste due to the introduction of the landfill tax. This has gone to meet the cost of the tax itself and to introduce initiatives to increase landfill diversion, mainly through recycling. Since 2003, with the introduction of LATS, the majority of authorities with disposal responsibilities have, or are intending to, invest significantly in projects to provide additional recycling and disposal facilities.

Collection authorities have used revenue to update their vehicles and increase recycling rates through initiatives such as box or orange bag collections, bring sites etc. and some have invested in developing long term contracts to deliver up front investment in facilities, the largest of which is the London Borough of Islington's 15 year PFI deal.

Disposal authorities have invested some capital expenditure in infrastructure projects, primarily to update transfer facilities but most of the additional investment in disposal as been through revenue expenditure in contracts with the private sector. For example:

- The East London Waste Authority is bringing two Mechanical, Biological Treatment (MBT) facilities on stream later this year with an expected combined capacity of 360,000 tonnes per year through a 25 year PFI contract.
- The North London Waste authority is developing a Mechanical Recycling Facility (MRF) and has invested over £15m in upgrading the Edmonton incinerator through it's joint venture company.
- The Western Riverside Waste Authority has a 30 year contract with it's partner through which it has invested to upgrade it's two barge transfer stations, it is about to start to construction of MRF facility and is planning to build an Energy from Waste facility at Belvedere if planning approval is granted.

Since 1986 the trend away from DSO's to having services delivered by contractors on their own sites has led to a small decrease in the number of sites owned by authorities, in the 29 authorities interviewed four sites had been sold since 1986 (Appendix 8.5), but an increase in the total number of sites used for waste management in the capital (Appendix 8.2.1) and a wider variety of technologies used for processing.

The level of past investment is a major issue for authorities. Those who have invested in facilities or let contracts to access facilities and have been successful at meeting targets are anticipating a revenue stream from selling LATS allowances.

3.2 Current spend and planned investment

The current system of waste management is delivering a significant and increasing amount of investment in the service (Graph 1). There is general consensus that the current provision of facilities in London (Table 2) is insufficient to meet future demand and needs to be increased and authorities have investment plans in place intending to fill the shortfall. The investment is intended to cope with the increasing amounts of Municipal Solid Waste (MSW) expected to arise by increasing recycling at source, bring new facilities into use for post collection recycling or energy production and pay for increases in landfill tax.

The current usage of sites and facilities for waste management in London and how they are accessed is described in more detail in Sections 4.2 and 4.3. These current facilities have the capacity to deal with all current Municipal Solid Waste (MSW) arising from London currently but do not necessarily treat it in the ways aspired to by national and regional policy frameworks.

Table 2: Estimated numbers of waste management facilities currently in use for London¹

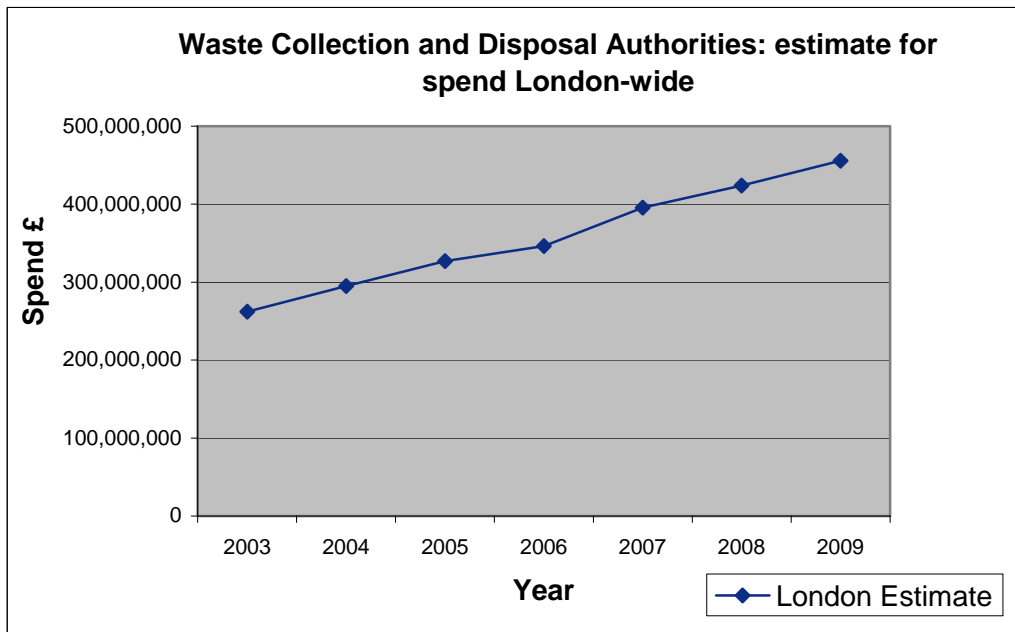
Purpose	Type of site /Technology	Number
Collection and Recycling	Civic Amenity/HWRC	19
Recycling	Composter	5
Collection and Recycling	Depot	12
Recycling	Recycling centre	1
Disposal and Recycling	MRF	5
Disposal	Incinerator/EfW	2
Disposal	Landfill	7
Collection and Disposal	Transfer station	35

In general most of the current and planned expenditure in waste management is through the JWDA's. Unitary authorities are developing fewer large scale facilities for themselves but look to be following the existing pattern of buying capacity from large operators. This is due to the high set up costs and relatively low amounts of waste produced in comparison with JWDA's

¹ Extrapolated from information received from authorities and data from the GLA
 More information on capacity is included in Appendix 8.6. This includes transfer and collection sites
 Includes both owned sites and those used through contracts
 Where sites have multiple facilities upon them each function has been counted
 On sites used by more than one authority the facility has only been counted once

making it unlikely that it will have funds to invest in a long term contract. The exceptions to this are Southwark who hope to invest in new facilities funded under PFI contract and 4 authorities who intend to work together to develop new facilities, in effect a South London voluntary joint waste authority.

Graph 1



Graph 1² shows the significant investment programme currently in place with a 73% increase anticipated by authorities between 2003 and 2009 with an estimated increase in spend of 23% from 2003 to 2005. The largest year on year increase is expected to occur in 2006/7 when a number of new facilities are expected to come on stream. The review identified 12 sites at various stages of planning in the 30 authorities who were interviewed or responded to the survey (see Table 3). Only 6 are currently under construction and some others require a considerable amount of work before they are commissioned. The majority of these new facilities are intended to be accessed through private sector providers with few authorities planning to specify technology. Some are at an early stage in development and therefore information on exact capacity of facilities is not known as the contract will stipulate the overall required not what each facility will have to process and for some technologies it is not possible to specify exact capacity until they are operational. Plans are progressing at a varying rates and range from those about to come on stream, some that are in planning or procurement phases and others which are having business cases developed.

² All charts adds up data provided by authorities and estimated data. As such, it is subject to error and can only provide an indication of scale, not exact figures. The data provided by authorities should be treated with caution as it is subject to their interpretation of the nature of spend asked for.

Table 3: Planned and potential future facilities

Authority	Type of facility	Status	Cost
East London Waste Authority	MRF	On stream Jan 06.	Part of existing PFI deal
	MBT	On stream June 06. Capacity 180,000	See above
	Bio-MRF	On stream Dec 06. Capacity 180,000	See above
North London Waste Authority	MRF	Business case is being developed and site identified. Possibly on stream July 07	
Western Riverside Waste Authority	MRF	About to begin construction	£15m
	Incinerator	Delayed in planning, funding in place	£150m
London Borough of Bromley	MRF	On stream March 06	
Corporation of London	MRF	Funding in place, procured through integrated contract	
London Borough of Croydon/Sutton/Merton and RB of Kingston	Composter	On stream September 06	£4m
London Borough of Southwark	MBT/MRF/HWRC /In-vessel composter/ Recycling bulking facility	Integrated PFI contract. At preferred bidder stage	
London Borough of Sutton	Reuse and recycling centre	On stream early 06	
London Borough of Tower Hamlets	Autoclave	Funding in place, expected on stream in Feb 08	

N.B. Cost and capacity (tonnage p.a.) was not available for all facilities

3.3 Is this investment sufficient?

The increases in expenditure on the service past 2007 are yet to be ratified, there are increasingly stringent LATS targets coming into force at 2009, 2013 and 2020 and the landfill tax escalator is increasing steadily. Due to the early phase of development some of these facilities are in and the relatively recent increase in investment there is some doubt as to whether the current authorities will be able to deliver sufficient capacity and the necessary changes to citizen's behaviour. Not all of the new facilities are contracted for and it is likely some which have in principle agreement from their governing bodies will not eventually be built. However the investment plans described in Section 3.2 have been designed by the individual authorities to meet the challenges facing them. Therefore any change to a new system

of waste management will need to be able to clearly demonstrate it could improve upon the current system and that the dangers of upheaval, in terms of uncertainty and the reduction of investment in the handover period, are outweighed by the potential benefits of the change.

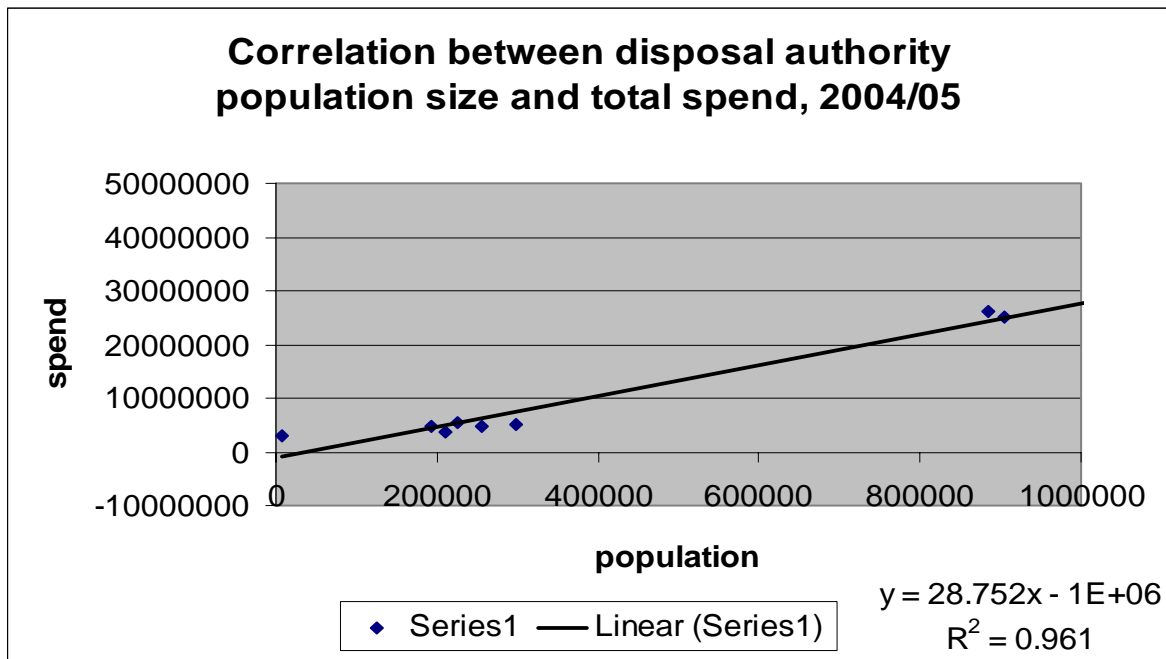
From the data collected it is impossible to conclude the exact size of the risks as to whether the current system will deliver or the risk of change to a new system however as Graphs 2 and 3 illustrate there is currently a direct link between the population and waste growth expected and planned spend to meet the need. This indicates that the waste disposal authorities at least have risen to the challenge and although they may not meet LATS targets they will have to capacity to deal with the increasing amounts of waste expected.

3.3.1 Authorities with waste disposal responsibilities

The increasing spend on new facilities is anticipated to match the expected population rises in most boroughs. The projected spending of the JWDA's is predicted to increase by an average of 28% from 2004/5 to 2009/10 and recycling targets will increase by almost 50% on average. The information provided by the unitary authorities suggests that their spend will stay the same or possibly even be reduced over this time period, although 9 of the 11 unitary authorities involved in the review had new facilities planned. It is therefore uncertain if the decreasing spend predicted is due to the authorities planning for increased efficiencies in the service or the budget is not yet well enough defined in that funding period.

The overall spend of both the disposal and unitary authorities on disposal is closely correlated to the current population size of their area (Graph 2) and in turn to anticipated amount of municipal solid waste (MSW) arising (Graph 3).

Graph 2



Graph 3

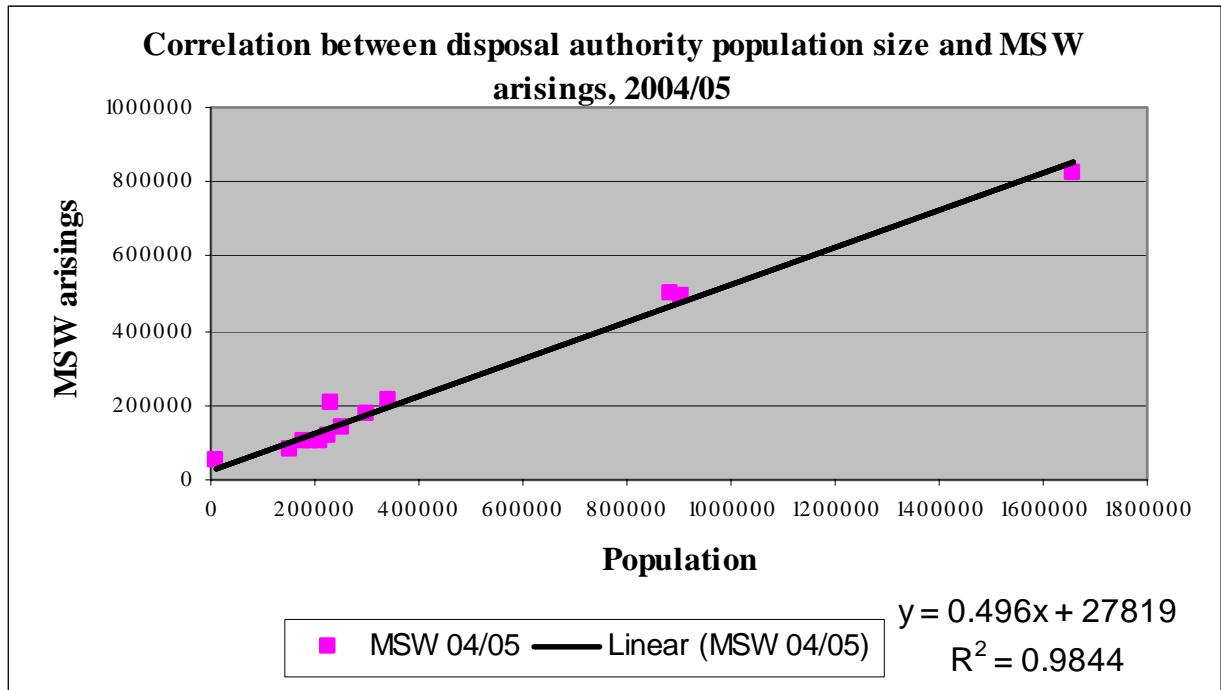


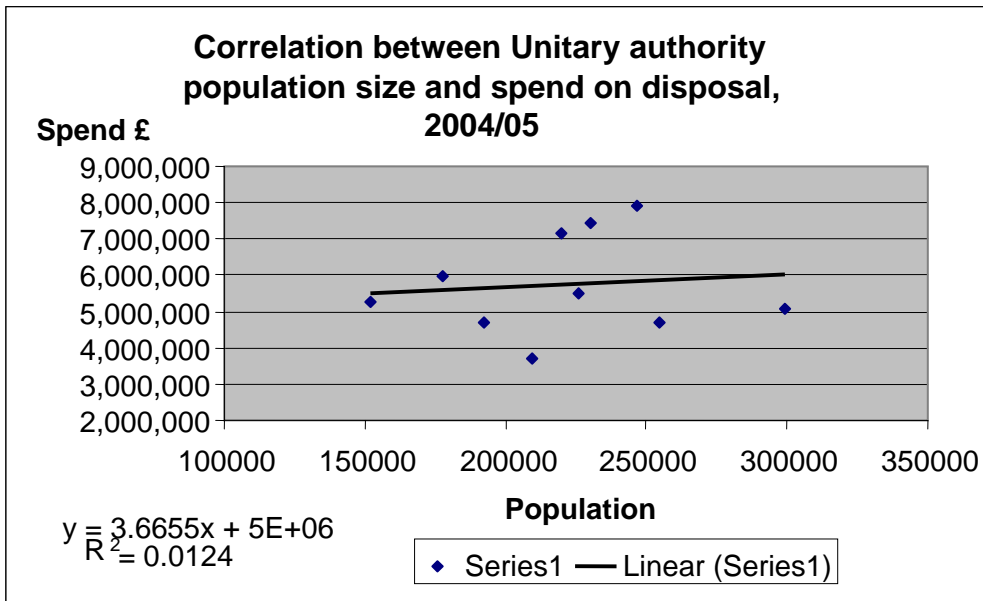
Table 4: Investment per Tonne

Authority	Investment per tonne (£)	
	2005	2006 (anticipated)
Unitary	39.13	45.26
JWDA	49.86	55.40

The situation is not so straight forward when the amount of unitary authorities spend on disposal is considered in isolation as there is no link between population size and the amount spent³ (Graph 4). A sample 10 of the 21 unitary authorities should be sufficient to gain a reasonable picture of the situation but a number of factors could have affected the analysis. Some contracts are integrated and the data may include elements of disposal or where an authority has a basket of contracts, such as recycling, to deliver disposal some information may not have been included. However there is also a significant difference in the amount invested per tonne by unitary and disposal authorities for disposal activities (see Table 4).

³ This excludes information from the Corporation of London due to their uniquely small population

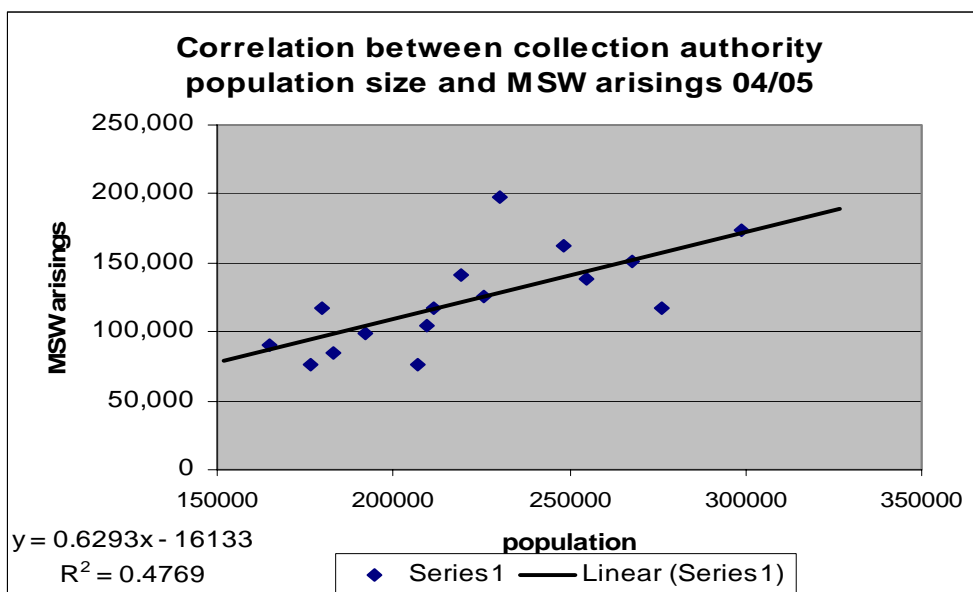
Graph 4



3.3.2 Collection authorities

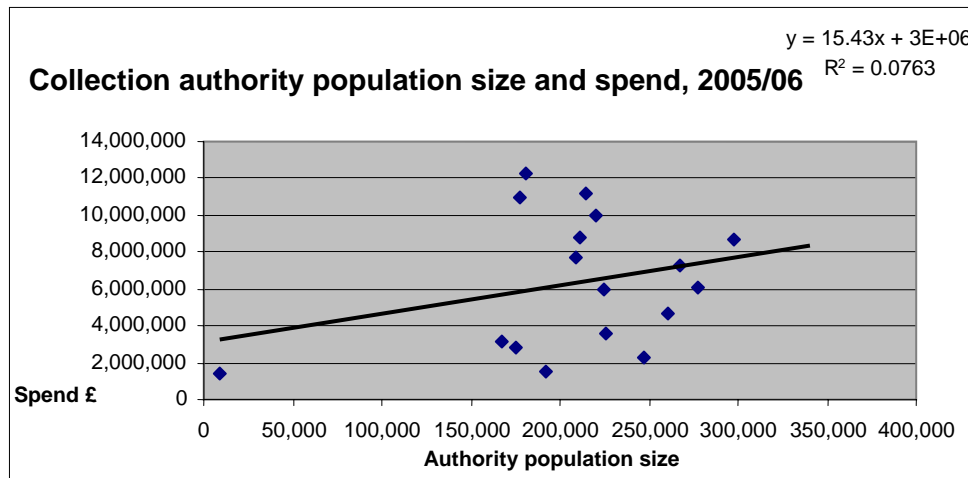
For all authorities with collection responsibilities there is much less of a correlation between population size and MSW arising (Graph 5)⁴. This may be due to the population density in these areas and could explain the discrepancies in Graph 6 between the population sizes and the amount of spend in each authority.

Graph 5



⁴ Information from the Corporation of London was excluded due to its uniquely small population and large commercial waste operation. Those authorities where waste collection is delivered by a DSO were also excluded.

Graph 6



The large variation in spend on collection remains when the spend of unitary and collection authorities are considered separately and suggests either that:

- There are discrepancies in the way data was calculated by authorities,
- The population distribution in London and the collection methods necessary makes the comparison difficult between different authorities;
- The cost of delivering collection services varies dramatically.

However this level of variation is consistent with the verbal evidence gathered which stressed the highly varied models of waste collection argued for by the range of local conditions in each borough which drive collection costs.

4 Assets currently used in waste management

The review has asked authorities to describe their assets and the role they play in delivering their waste management strategies. This information has then been used to assess the effects with respect to the potential options of change.

The assets currently in use to deliver waste services in London consist of those retained by waste authorities and used exclusively by their operatives, those sites where the freehold is owned by the authority but the facilities on them are run, and sometimes owned, by contractors and those sites which are accessed by authorities through contracts. This analysis attempts to identify the assets and any complexities in their utilisation while assessing their potential value and the financial implications of any transfer of assets or services.

As it was not possible to gain information from every authority the averages for that type of organisation not spoken to (unitary or collection) will be used where appropriate.

4.1 Vehicles

4.1.1 The current situation

Disposal authorities

None of the four joint waste disposal authorities own or operate vehicles. Collection authorities either deliver directly to disposal sites or disposal authorities have contracts in place for the transport of waste from transfer stations. These predominantly use rail and water as methods of transport to disposal sites situated a distance away.

Collection and unitary authorities

Collection authorities between them use approximately 460 vehicles and unitary authorities 535 to collect all of their municipal and some commercial waste. A wide variety of vehicles are operated due to the different collection regimes in the authority and the different types of waste produced. There is also a complex combination of ownership which reflects operational decisions taken by different authorities to gain access the vehicle capacity they require leading to;

- Some authorities own the vehicles but lease them on a peppercorn rent to the operating contractor
- Some authorities own some vehicles and lease others
- Accessing all vehicles through direct leasing agreements or integrated contracts

Approximately 229 (23%) vehicles are owned with an estimated value of £15m as they are usually depreciated over the 7/8 years of their expected working life, and the rest are either leased directly or accessed through integrated contracts. There is variation in the approaches taken to replace vehicles, in some instances whole fleets are bought at one time and in others individual vehicles are replaced as necessary producing a mixed aged fleet. Across London this has led to vehicles and fleets in a wide range of conditions from relatively new to approaching the end of their useful life.

4.1.2 Specific issues associated with potential changes

This complexity of ownership is a risk for any transition from the current governance structure. Currently authorities are maintaining capacity either by replacing vehicles as required or by entering into long term leases or contract provision to spread the cost of investment. If the responsibility for collection passes to another body this capacity will need to be retained. A range of vehicles in different states of repair will be inherited and there is the need to replace at least one borough's fleet within two years. It is estimated that to retain current capacity of vehicles across London will cost £2.6m in the next two years.

However the majority of long term contracts and owned fleets have over 4 years of expected useful life so the majority of the cost of replacement or access of vehicles to retain the current service is likely to be spread over 4 – 8 years.

The relatively long life expectancy of the vehicles currently being used means that the current methods of collection for which the vehicles were designed would need to be retained for the length of the contracts or the lifespan of the vehicles unless significant investment was made to modify them. This amount is impossible to quantify as the costs will not only include significant investment in upgrades to authority owned vehicles but many contracts and leases would need to be substantially renegotiated to allow the collection method to be altered. Although the exact cost of any change to collection requirements is unquantifiable it is unlikely to be the same order of magnitude as those costs associated with changing the related disposal contracts.

When compared to disposal contracts, the lifespan of collection contracts and the vehicles themselves is relatively shorter and any alterations associated with changes to contracts is likely to be able to be incorporated by forward planning into the longer timescales associated with changing these contracts. If ownership is retained by authorities with collection responsibilities the main issue associated with any such change would be around who could direct changes and who would bare any costs of change, authorities with collection responsibilities or the separate disposal authorities who require the change. If collection responsibility is transferred the ownership of the vehicles could be leased or ownership transferred. In this case compensation may be required to those authorities who have invested in the assets to meet their own objectives but no longer gain the benefits of this investment. Again this is unlikely to be of the same magnitude as compensation for changes to site ownership due to the relative cost of vehicles as assets but there is still significant spend on vehicles of an estimated maximum of £10.4m on owned vehicles and £31.2m on leased vehicles over the 8 years lifespan of all vehicles.

4.2 Sites owned by authorities or leased directly

In the authorities interviewed there were 55 sites identified where the freehold belonged to a waste authorities. It has therefore be extrapolated that there are authority owned 70 sites in total. There were also 31 sites leased directly by authorities without any operational services included. See Appendix 8.2 for details.

Waste Collection Sites

There are approximately 45 sites used by collection authorities and 25 by unitary authorities for their collection activities. The overwhelming majority of these sites are transfer stations in both waste collection and unitary authorities and many have dual usage usually as a Home Waste Recycling Centre (HWRC) (also known as Civic Amenity Sites), or as a vehicle depot.

An estimated 17 sites also include recycling or process facilities operated through a contract with a private sector partner. In these cases a number of different arrangements are in place including;

- Authorities owning the land with operators owning the facilities upon it
- Asset transfer associated with long term contracts and the PFI
- Long term leases with covenants on usage

These complicate any changes to operations that may be required as the ability to alter the function of those facilities owned by contractors, change the amount of waste entering them or rationalise the estate would require the agreement of the current operators unless there are contractual provisions put in place but this is not the case in the majority of cases.

Waste Disposal Sites

The majority of waste disposal sites are accessed under contract disposal sites in use owned by disposal and unitary authorities. Those that are owned are usually smaller scale recycling facilities rather than residual disposal sites, such as landfill, or large scale energy from waste (EfW) facilities. Some are shared with collection authorities and apart from those owned by West London Waste Authority (WLWA) are operated by contractors. The survey and review found only 5 sites owned outright by disposal authorities 3 transfer stations and 2 MRF's with all but one transfer station leased to a contractor.

4.3 Sites and facilities accessed through contracts

Many sites are not directly owned or leased by the authorities but are accessed under wider integrated contracts. These have a variety of provisions and structures to provide the services and facilities. For collection authorities these sites are generally depot facilities and are covered under a gate fee for the amount of waste collected and moved through them. Disposal authorities gain access to the majority of sites used for final disposal through service contracts and associated gate fees. The structures to deliver this service are primarily either minimum or maximum tonnages to be passed through the contract or agreements that all waste will be passed through.

Apart from changing the amount of waste passed through a facility or contract (assuming capacity is available), which was considered relatively straight forward, these contracts will be difficult to alter substantially. The private sector will have planned for a particular revenue stream and compensation would probably be required if any change were to reduce this. However in any new waste governance structure the options for change of these contracts will be limited not only by the contract obligations but also by the choice of alternative arrangements. It is likely any new authority will require access to the services provided as there is a limited capacity in facilities close to London. The transport implications and cost of alternatives would need to be considered when developing transition plans. See Appendix 8.2.

4.4 The cost of facilities

In many cases those sites operated by contractors would require agreements to be reached with them for any changes in the quantity, composition or timing of waste delivered to them. As the land value of these are unknown, and the number relatively small, for the purposes of costing

any potential change the cost of possible compensation necessary will be calculated on the value of the facilities without the land values. The costs of developing such facilities are likely to have been borne by authorities through revenue contracts and the total cost of these facilities below as a maximum that could be needed in any compensation required from a possible change (see Section 7). Below is an estimation of the maximum cost of the transfer of facilities themselves is unlikely to be this high as the contract will spread the cost over their life span. The estimates are based on Mouchel Parkman's Waste Modelling for London study however these estimates do not take into account these potentially substantial points:

- Land costs for any facility are not included. Specifically if the ownership of any authority land was transferred in a deal, from interviews this appears to have been relatively common to offset the large capital cost of a facility however as no detailed breakdown of the value of these assets has been available it is not possible to estimate this with regards as to compensation needed for ay change. This will require detailed investigation before any possible alteration to the current arrangements.
- HWRC's and vehicle depots are also not considered in the Mouchel Parkman model and so is not included in the estimates. HWRC's facilities themselves are usually inexpensive in comparison to other types of facility. Depots are also often used for multiple purposes by an authority and so would require specific negotiation if any transfer to be considered. The cost of bulking facilities has been used as an approximation for the cost of recycling centres.
- The length of time the contracts have been in place and the authorities have therefore been paying for their construction and operation is fundamental to the amount of compensation that may be required.
- Landfill and incineration sites have not been considered as the majority of these are accessed through gate fees (although some contracts require minimum tonnages required) and most have multiple authorities as clients. As some sites are used by multiple authorities and the total cost of the facilities has only been counted once. One of the incinerators is owned jointly through a joint venture the North London Waste Authority, this is a key contractual relationship which would need to be clarified to determine exact costs.

Costs of facilities currently used in Waste Management (excluding landfill)

Cost of disposal facilities from JWDA's and Unitary authorities transferred to a single waste authority	£37-47m (depending on clean or dirty MRF's)
Cost of disposal facilities transferred from Unitary authorities to JWDA's	£18-28m (depending on clean or dirty MRF's)
Cost of collection facilities being transferred from all London Boroughs to either JWDA's or a single waste authority (excluding depots and HWRC's) ⁵	£38.25m

⁵ Due to the wide variation of sites used by authorities, except for collection authorities, the figures used are for those who were included in the survey and review. This is just for facilities currently in use and does not include those about to come in to service in the near future as listed in appendix 8.4.

5 Nature of contracts

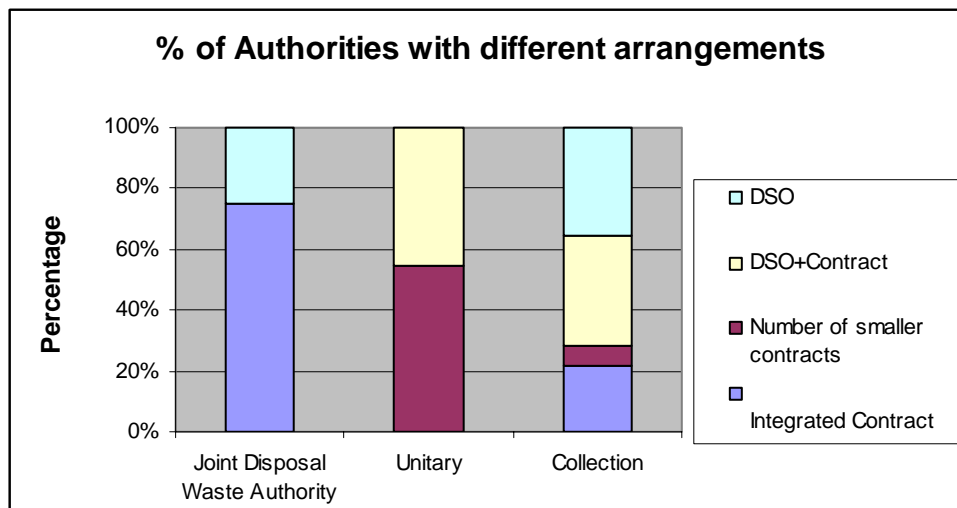
5.1 Overview

A large amount of private sector support is required to manage the waste produced by all London boroughs with an estimated 37 major contracts (those which integrate services or have an annual cost of over £2m) with a total spend of £363m per year. These deliver a large variety of services and provide access to diverse facilities. The contracts themselves vary with the statutory duties of the authority, the assets available, previous investment and the political requirements of the service.

For collection authorities this has led to a variety of solutions being developed which range from fully integrated contracts covering all of the collection, recycling, vehicle, depot, HWRC and transport requirements to small contracts covering only one or two of these activities with the rest being carried out by a DSO. Disposal authorities have also taken a diverse range of models to structure their involvement with the private sector, some developing a fully integrated contract with others retaining a DSO and having a basket of smaller contracts for specific needs such as composting or transport. A full list of the contracts found in the review and their nature is in Appendix 8.3.

Where integrated contracts have been put in place the authority's main function is to act as client to monitor and manage the performance of the contractor. In these cases the retained functions could move to a different body relatively easily but their ability to maintain effective oversight may be limited if the focus is widened to cover other areas.

Graph 7



5.2 Scope and length of contracts and effects of variation

Larger contracts which integrate the majority of the operational needs of an authority tend to be contracted for a greater length of time to provide security of service delivery for the public sector and a longer assured period of revenue for the private sector to cover investment in new

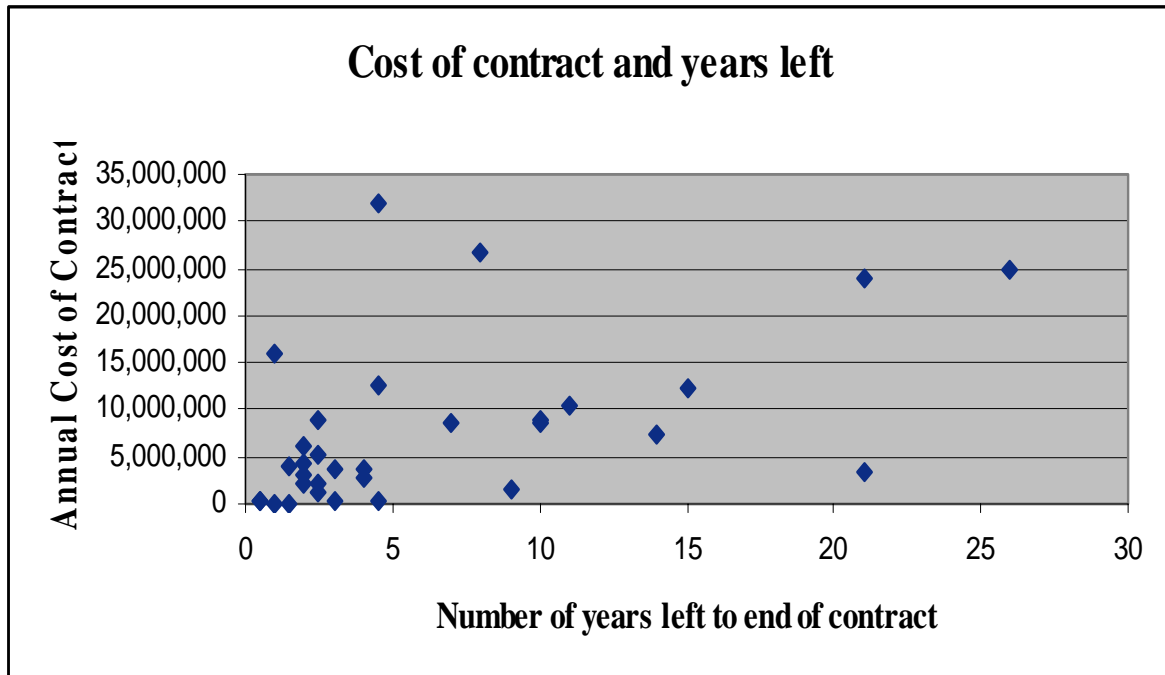
assets or changes to service. For the three integrated contracts in place within disposal authorities the longest contract period remaining is 26 years and the shortest 8 years and for collection authorities contracts in place have from 4 to 14 years remaining. In these circumstances it is more difficult to alter the contractual arrangements because of the coordination of the service and the agreed payment mechanism required by the contractor. However because of the partnership nature that many of these contracts have tried to foster there are many examples of small scale variations being agreed by both parties.

There is no standard model of contract in use due to the different circumstances of each authority and their different operational and procurement decisions. The major contracts would be difficult to untangle and it is unlikely to be attractive to any successor body to try to significantly alter the current arrangements. However standard procurement theory suggests that efficiencies can be generated from larger procurements suggesting that savings could be made if the services are combined and size of contracts.

From the interviews authorities made clear any changes to the structure of long term contracts currently in place would be problematic due to the interconnected nature of contracts for associated services and the joint use of sites. A specific example of this is the in the London Borough of Islington which has a PFI contract to deliver it's waste services. Any alteration to the nature of this long term contract would be relatively difficult and potentially difficult due to the nature of such deals. They have also recently used £64m Section 106 receipts to build a new facility for waste collection, transfer and other council services for which they would seek compensation if it was transferred or utilised in a different manner. This would potentially be a major issue if waste collection were to be transferred and Islington no longer had responsibility for waste management services. Although there is only one other PFI waste project within London there are several more large waste contracts which will be similarly problematic to alter.

As contracts covering a relatively smaller part of the service (i.e. transport and recycling) tend to be less capital intensive and shorter in length they will be relatively easier to alter or cheaper to close. The average annual cost of these smaller waste collection contracts is £10.4m and there are approximately 16 of them, the remainder are either part of an integrated collection and disposal contract or the service is delivered through a DSO. Although the maximum liability is unlikely to be required as not all of the contracts will need to be amended or ended and 9 lapse before 2010. However most changes in service delivery will render some of these contracts obsolete and it would be difficult to alter without incurring claims for compensation.

Graph 8



If an option is chosen which results in a change to the governance structure of waste management the services delivered through smaller scale and shorter term contracts will not provide an opportunity for changing the way the service is delivered immediately but progressively with the majority lapsing in the next 5 years. Any earlier change would require negotiations with the private sector providers affected which is likely to prove time consuming and potentially costly.

As contracts lapse there could be an opportunity to coordinate the service through the re-let of contracts or consolidate into fewer larger contracts which could realise efficiencies and decrease the overall procurement costs. This would also avoid a large investment in money and time in closing contracts before they lapse. Most unitary authorities have separate contracts covering collection and disposal contracts and where this is the case they are discussed separately in this analysis.

Figure 1 illustrates the time current major delivery contracts have left to run (Appendix 8.3 details more information gained on length of contracts). As collection contracts are relatively shorter than disposal with 50% of these contracts coming up for renewal between 2007⁶ and 2010. However as these contracts are dispersed across London it is unclear if there would be immediate efficiencies in coordinating their re-let. Delay in setting up any new arrangements would reduce the number of contracts any new structure could oversee as a significant number of contracts come up for renewal between 2006 and 2008.

Disposal contracts for unitary authorities have a range of time remaining from 1 to 14 years with 6 coming up for renewal between 2007 and 2010 with the others ending between 2014 and 2020.

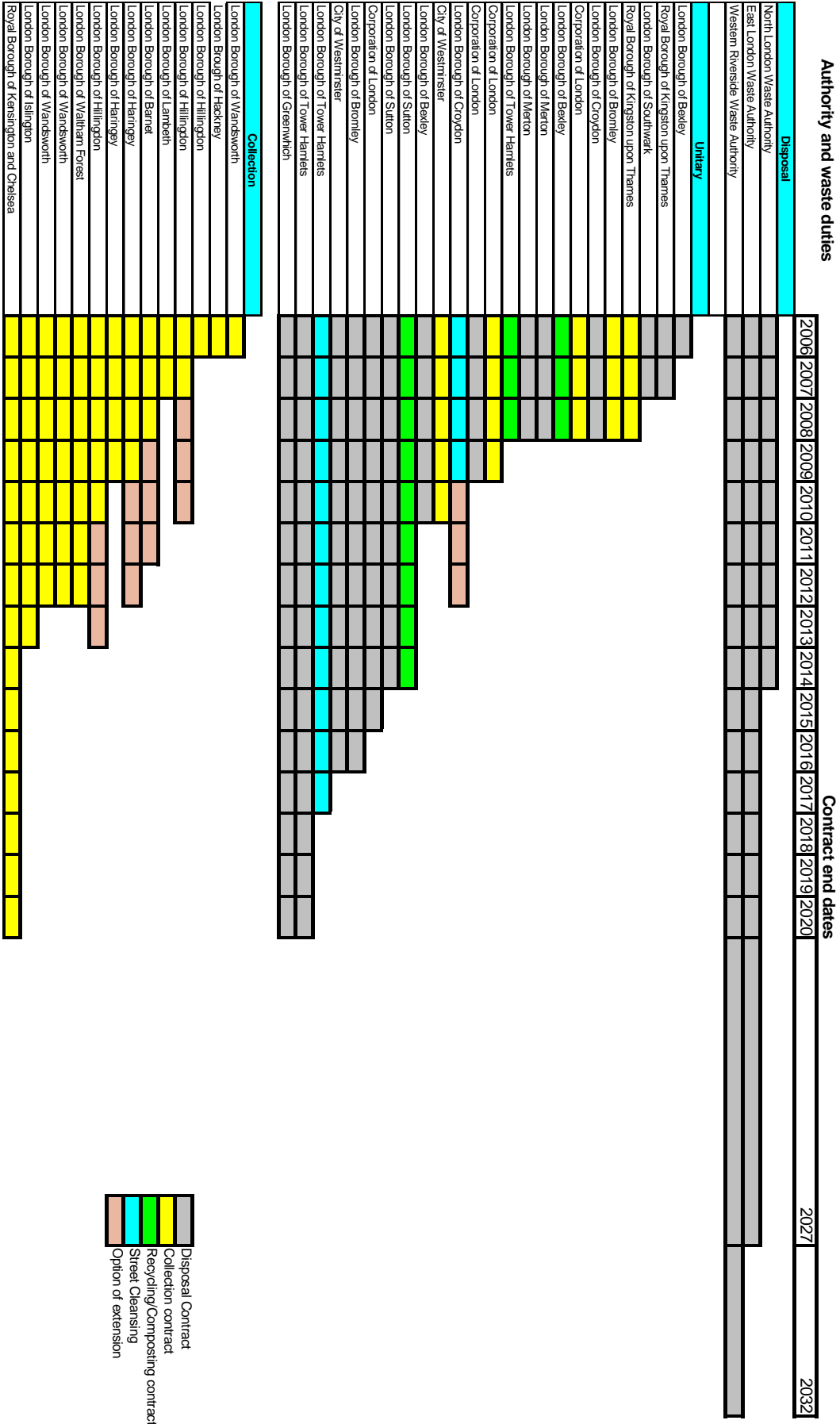
⁶ 2007 being considered the earliest any new governance arrangements put in place would be able to initiate or oversee procurement in time to meet a contract end date.

The West London Waste Authority is currently planning to procure a large scale partnership. The other three JWDA's already have long term contracts in place to provide the facilities and waste management capacity they need. The first contract coming up for renewal is the North London Waste Authority's in 2014 with the East London Waste Authority's in 2027 and Western Riverside's in 2032. However the Western Riverside Authority's 26 year contract is dependent upon the Belvedere Energy from Waste (EfW) facility being given permission to be built. If this is not the case then the contract will lapse in 3 years and a new procurement will need to be undertaken but the strategy is in line with DEFRA's current thinking on waste management.

The North London Waste Authority's (NLWA) joint venture, LondonWaste, owns and operates the Edmonton incinerator and MRF. These facilities are used by a number of other authorities and any alteration to the status of the NLWA would need to be carefully considered to take into account this added complexity. Not only to maintain cost effective access to these facilities which are vital for London to reach LAT's targets but to clarify the liabilities and obligations inherent in the contract on the NLWA and any successor bodies.

Many collection contracts have a close link between collection and street cleansing with some fully integrated. This needs to be considered in any change to the existing arrangements. Although the evidence from waste managers suggests that the need to have them co-managed is paramount to provide an efficient service not necessarily integrated.

Figure 1 End dates of major contracts



6 Associated Human Resource issues

Over the last 20 years waste management the private sector has become increasingly important in the operations of the service. This was increased significantly when the majority of authorities divested their DSO's in the early 1990's. However in the event of any change to the structure of waste management in London the current staff will be essential in helping the successor body to successfully deliver it's objectives. Therefore the implications of any change on the staff of the 18 remaining DSO's and those staff employed directly in waste management needs to be considered.

Table 7: Numbers of DSO and Management Staff

	Collection authorities	Disposal authorities	Unitary authorities	Total
DSO Staff	886	88	1455	2429
Management staff	417	21	309	747

If the JWDA's are merged into a functional or statutory body and expanded to cover the unitary authorities the 80 operational staff of the West London Waste Authority and the 33 operational staff from the four JWDA's will require transfer arrangements to be put in place. It is likely that some of these individuals will be essential to deliver the client function for the existing contracts and provide expertise on procuring new ones. An effective client function would be essential to manage suppliers during a transition.

As any new body would need to procure new contracts for the new arrangements expertise in the waste sector procurement would be essential. However it is unlikely that the current number would be sufficient or have all of the skills necessary to perform the functions necessary. There is strong feeling that any new body should not remove all experienced capability from the unitary authorities as they will need to be able to still deliver an effective collection function.

If a combined collection and disposal authority is created whether on a London wide or sub regional level individuals with the capabilities of managing the integration with related services will be required by both the new body/ies and the boroughs.

7 Implications of options on contracts and assets

7.1 Information on assets and contracts to all London waste authorities

The wide range of ways in which waste management is delivered in London and the number and type of different contracts in place to provide the necessary services means that any option for change will have financial consequences. Any transition will need to be carefully planned and managed to be successful. Using the information gained from the survey, interviews and a literature review the effects on contracts and assets of the options suggested by the ODPM are outlined. With a focus on realising the benefits of new initiatives and financing it does appear that all of the options could achieve success but the costs of change need to be analysed in more detail to determine the realistic costs associated with them

During the review the view of all authorities was that if the current waste authorities are replaced it is likely to be regarded as a change in law and contract would be automatically assigned to the successor body. A small number have put clauses into place to allow reassignment to another authority even if a change in law does not occur.

Uncertainty about the future has been a major factor in determining, and in some cases delaying, authorities investment strategies. The length of time taken for a decision on the preferred option and length of time needed to implement any change needs to take this into account.

7.2 Deliverability and implications of the options for change

7.2.1 Setting up of a Single Waste Authority (SWA) for London as a functional body of the GLA

If a SWA is set up under legalisation and comprises of the functions of the current disposal authorities it should be assigned the rights held by the existing authorities. This change of assignment is considered to be relatively easy by all contributors. However many of these contracts have long term undertakings which will tie the new SWA into the existing arrangements. Issues will arise if the SWA wishes to change the nature, length or services of these contracts. Few of them have break clauses before the end of the original contract term or change control procedures sufficient to significantly alter the services provided without a potentially time consuming and expensive renegotiation. If the contract is broken there could potentially be very high compensation costs totalling the full life value of the contract⁷.

The long term contracts in place have been structured in several ways. Either an undertaking for the contracting authority to provide all of their waste the company is put in place or minimum amount of waste to be provided is agreed, a gate fee is charged for each tonne or a combination of these. Some of these contract structures will provide more room to negotiate changes to the contract than others but how easy this would be and how much it would cost would depend upon the way the SWA would like to rationalise the service and how this would impact on the contractor.

⁷ For the contracts in place for the JWDA's this is in excess of £3.5bn but the full amount is unlikely to be incurred as any successor authority would assess the benefits realised by these towards meeting their aims.

For the SWA to achieve significant efficiencies and deliver strong effective contracts in effective partnerships with the private sector it would require an extremely high level of procurement and operational expertise. This is in addition to the legal expertise required by any contract renegotiations likely to cost over £50,000 in fees for most contracts and over £100,000 for any changes needed to PFI contracts, Therefore if any new authority comes into existence in 2008 and wishes to renegotiate contracts with over two years left to run, to improve integration, it will cost an estimated £400,000 for a disposal only authority and £750,000 for a collection and disposal authority⁸. This is before any compensation or improved rates of return required by the contractors is considered. The cost of any change would need to be weighed against the certainty of any benefits to be derived.

Therefore very large efficiencies will need to be generated to the cover costs of any major change of services provided. The SWA would also require a large and capable team operationally experienced to be able to effectively manage the many contracts it would inherit. This would require the careful selection of experienced staff from the current authorities. However the danger of all key personnel being drawn into the new body has been raised as a risk to authorities being able to deliver their continuing collection duties.

A transition from the current situation to a SWA would require legislation and could result in significant delays in bringing new facilities on stream as current waste authorities are unlikely to continue to invest in new facilities. The delay is likely to make it more difficult for London as a whole to meet it's targets.

Many collection contracts are closely linked to street cleansing and other street scene services and there is a close association with the borough. This would increase the difficulty in negotiating existing contracts if this option was considered. It is often regarded as the "barometer" for the effectiveness of the authority as a whole. Although the services are often co-managed by the same department rather than being under the same contract. It is possible that co-management could be replicated in this structure.

Some authorities have invested significant sums into infrastructure some with the intention of making a return on their investment by selling spare portions of their LATS allowance and would require recompense for any assets transferred. Also the loss of effective, trusting working partnerships with the private sector developed over long periods of time would take a great deal of time to be rebuilt if change occurs.

Other issues associated with the transition that have been identified are the links with other council services, especially housing who often work closely with the waste management services and the contact centres in place in many authorities. If this option is chosen the impact of these will require careful analysis.

Some assets which are solely used for waste purposes, have had little investment and are not strategically important to an authority could be transferred without compensation. The amount of compensation, if any, which would be needed for other assets would depend upon how the legalisation required to bring an SWA into existence is drafted and the political desire to give or receive such recompense. There are few similar examples within the public sector of when compensation is paid for transferred assets as the predecessor organisations rarely remain in a broadly similar form. The closest example may be when unitary authorities are created from county councils and districts. The county councils do not receive compensation for any

⁸ Based on: 1 PFI and 6 long term disposal contracts in place and 1 PFI and 5 long term collection contracts in place.

investment they may have made in assets removed from their control and they retain any debt associated with these assets, the new unitary's cover the interest payments. In the past there have been issues between authorities and third parties because of this arrangement, for example a unitary can decide to repay the principle debt forcing the county to cover the cost of redemption. Transferring assets within the public sector is relatively straight forward because legislation can clarify the ownership position but the case above highlights the complexity of novating or altering arrangements with third parties and any change to these agreements complicates financing and accountability.

If it is decided to award compensation there is insufficient information available to calculate the value of land that may be involved in any transfer and whether compensation would be required for any change in ownership. More research would be required in a transition plan to define the exact size of this potential costs. The legal status of the assets owned by the JWDA's would also need to be clarified. It is our understanding that the majority of the assets held by the JWDA's were passed on from the Greater London Council and owned by these entities however legal opinion would need to be sought as to whether there is any obligation to their constituent authorities.

Most of the disposal facilities in use have been funded through long term contracts and the possible amount of compensation which may be required could be calculated from the number of facilities, the cost of these, and the percentage of the contract left to run. These figures could then be compared to the populations and MSW arising to gain comparative figures for spend on facilities above that needed to fulfil their statutory obligations and an appreciation of the amount of value already gained from the facility. These comparisons could then be used to calculate compensation that may be necessary. The headline costs of new facilities for those authorities involved in the review have been outlined in Section 4.4 but additional detailed information would be required about the actual spend on each facility rather than that estimated by the Mouchel Parkman model. Those facilities developed by waste authorities who were not involved in the review or survey would also have to be assessed.

This analysis would also need to take into account any additional funding which may have been used. If from capital receipts or prudential borrowing were used then authorities are likely to have strong arguments for recompense but if supported borrowing or PFI credits were used then government as a whole has already made a contribution to the costs of the developments which would need to be offset against any compensation considered.

The funding structure of the new SWA would be able to repay authorities the cost of previous investment if a levy based system similar to that for the current JWDA's is in place, by reducing the levy for a period until the amount of compensation is paid. This presumes that collection responsibility is retained by the boroughs, if this is not the case then there would be a need for direct payments of compensation.

During the interviews for this review many authorities accepted that there have been some inefficiencies within the service as a whole in the past and that increased coordination would be beneficial. However most put forward strong views about the negative consequences of moving to a large centralised structure for waste management. It was maintained that any change to the structure of governance and ownership of waste facilities in London will lead to a decline in investment as authorities are unlikely to progress investment plans as they may not be the bodies which derive the benefits from them and there have been no guarantees that they will be compensated for any expenditure. Indeed it was maintained that even the uncertainty around the future structure caused by the consultation procedure had made it more difficult to progress these plans.

The anecdotal evidence is that this is likely to occur has been collaborated by the events in the London Borough of Southwark. Southwark, a unitary authority, embarked began procurement of a PFI project to improve it's waste management service and were awarded £34.5m of PFI credits in January 2005. With the release of the ODPM's consultation paper on it's review of the Mayor's powers in November 2005 Southwark decided to pause the PFI project to determine the possible implications for the council as under three of the four options they would cease to be a Waste Disposal Authority but retain responsibility for collection. At this time they had already invested £5.8m in land and were close to completing a purchase of more land deemed essential to the project for £21m, the access to this land was therefore thrown into jeopardy. The pause in the procurement was due to the possibility of these assets being passed to another body with no compensation being given.

Southwark tried to gain assurances from the GLA and Government that their investment would be protected if any change took place but they were not able to obtain a guarantee. Due to the pressing need of their waste service to begin the investment they did decide to proceed under prudential borrowing in the expectation that if there is a change in ownership of the assets the debt will also be transferred. Southwark decided to go on because of the urgency of it's need, the late stage it had arrived at in the procurement process and the hope that Government would treat it fairly if any change is imposed. In different circumstances it is likely that authorities will not invest if they are not to gain the benefits associated with it.

7.2.2 **Formation of a London Statutory Waste Authority (a Single Waste Authority that is not a functional body of the Mayor)**

This option would have many of the advantages and disadvantages described above. However as it's governance board has input from the current political stakeholders of waste disposal authorities this could mitigate some financial risks as boroughs will retain ownership of the risk of not meeting LATS targets. Therefore the retained risk of collection authorities would be reduced if they have a say in funding arrangements and those in current JWDA's state that the link ensures that money is not "shunted" from collection to disposal without a full consideration of the implications as the authorities ultimately pay for both and take responsibility for not meeting LATS targets. However there is a much smaller number of constituent boroughs in a JWDA and it is less likely that consensus could be found between 33 authorities. This may be significant if the body is responsible for deciding if compensation is to be given for transferred assets as there would be no guarantee that authorities would agree it is reasonable to adjust levy's to support those who have made investments in the past.

The separation of collection and disposal in this option will not allow for possible efficiencies in more closely integrating collection and disposal. Also if collection and disposal functions are split current unitary authorities will retain considerable financial risk if the new disposal authorities determine that waste should be collected in a certain way requiring possibly unlimited expenditure on their part and their say in the decision making process is unclear. If there are methods of altering collection to make disposal significantly cheaper the cost of altering the collection regime would need to be met by those authorities receiving the benefit.

Being a successor body to the current authorities it should have few problems with the reassignment of contracts but would have similar problems in terms of funding, service provision and compensation associated with the setting up of an SWA that is a functional body of the GLA.

7.2.3 New statutory sub-regional Joint Waste Disposal Authorities (JWDA's) to cover the 12 unitary authorities.

This would emulate the structure of the current JWDA's which were regarded as successful by all of their associated collection authorities interviewed. They have the advantage of providing joint responsibility for delivery with joint funding.

The status of the new bodies as a successor to unitary authorities is less clear cut as they will still be in existence. The current legislation would need to be clarified to determine if it provides sufficient powers to set up the new JWDA's or change the constituent authorities of the existing ones. This is to ensure that the new body would be able to take assignment of the contracts and transfer the assets involved.

The costs associated with re-negotiating collection contracts is likely to remain if efficiencies in coordination are to be utilised in the coming years but the set up costs would be greatly reduced as a few smaller organisations are being developed to cover the all unitary authorities.

If the governance arrangements in place for the current JWDA's is followed this could mitigate any major costs on the unitary authorities with regards to their collection regime currently as some disposal authorities within the same JWDA have different collection regimes which are catered for under the terms of the joint disposal contract. While this is likely to decrease the efficiency savings available it should not unduly penalise authorities with different regimes until there is an opportunity to harmonise collection activities. If disposal contracts can be negotiated for the new JWDA's which are more cost effective than current separate arrangements the tonnage based levy system will also help to fairly spread the cost of disposal between the constituent authorities while rewarding waste minimisation initiatives.

However as many authorities have invested in facilities transferring ownership is likely to require compensation for that money spent. It is unlikely that any successor body would wish to lease the land or facilities off the authorities due to the complexities of negotiating so many contracts and the limitations this would place on future planning for both the new and remaining bodies.

As mentioned previously there is insufficient information available to calculate the possible compensation for the transfer of land value but the method described above of comparing the amounts invested in facilities and the usefulness already gained from them could be used to develop a funding mechanism beyond the tonnage based levy system to compensate those authorities which have invested in facilities which are transferred.

7.2.4 Retain the current governance and management arrangements

There are no transitional costs associated with this option and the risks of varied investment and access to new facilities remain the same. This is likely to result in the 2010 LATS targets for London as a whole being missed substantially. It also depends upon the current planning system being able to deliver the necessary sites.

The ownership and governance of the contracts and assets currently in place would remain resulting in no transitional costs. The variation in success of meeting targets is likely to remain and detailed analysis will be required to be able to provide assurance that the planned investment is able to meet the up coming challenges.

8 Appendices

8.1 Information gained from:

8.1.1 Interview List

Borough	Name of Council Representative Interviewed	Representative position
London Borough of Barking & Dagenham	Steven Biggin	Head of Waste
London Borough of Barnet	Nicola Buck	Head of Waste
London Borough of Bexley	Steven Disbury	Head of Waste
London Borough of Bromley	John Woodruff	Head of Waste
London Borough of Croydon	Jim Brennan	Head of Waste
London Borough of Enfield	Nicky Fiedler	-
London Borough of Greenwich	Peter Dalley	Head of Waste
London Borough of Hackney	Beth Hodge	-
London Borough of Hammersmith and Fulham	Dave Newman	-
London Borough of Haringey	Michael McNicholas	Head of Waste
London Borough of Harrow	Andrew Backer	Head of Waste
London Borough of Hillingdon	Duncan Jones	Head of Waste
London Borough of Islington	Kenny Wilks	Head of Waste
Royal Borough of Kensington and Chelsea	Peter Ramage	Head of Waste
Royal Borough of Kingston upon Thames	Doug Simpson	Head of Waste
London Borough of Lambeth	Bob Stranks	Head of Waste
London Borough of Merton	Tony Spiezick and Cormack Stokes	Head of Operations & Head of Waste
London Borough of Newham	Fiona Reynolds and Alan Emery	Head of Waste
London Borough of Southwark	Will Gardiner & Phil Davies	Resource Programme Manager & Head of Waste & Transport
London Borough of Sutton	Malcolm Kendal	Head of Waste and recycling
London Borough of Tower Hamlets	Fiona Heyland	Head of Waste
London Borough of Waltham Forest	Keith Weir	Head of Waste
London Borough of Wandsworth	Michael Singham	Head of Waste
City of Westminster	Mark Banks	Head of Waste
Western Riverside Waste Authority	Colin James	General Manager
North London Waste Authority	Andrew Lappage	General Manager
West London Waste Authority	Mike Nicholls	General Manager
East London Waste Authority	John Wilson	General Manager
Corporation of London	Colin Russell	Waste Disposal & Street Cleansing Superintendent

8.1.2 Survey Returns

Waste Collection Survey	Waste Disposal Survey	Joint Waste Disposal Authority
London Borough of Barking and Dagenham	London Borough of Bromley	ELWA
London Borough of Bexley	Corporation of London	WRWA
London Borough of Bromley	London Borough of Croydon	NLWA
Corporation of London	London Borough of Greenwich	
London Borough of Croydon	Royal Borough of Kingston	
London Borough of Greenwich	London Borough of Merton	
London Borough of Hackney	London Borough of Southwark	
London Borough of Hammersmith and Fulham	London Borough of Sutton	
London Borough of Haringey	London Borough of Tower Hamlets	
London Borough of Harrow	City of Westminster	
London Borough of Hillingdon		
London Borough of Islington		
Royal Borough of Kingston		
London Borough of Lambeth		
London Borough of Merton		
London Borough of Richmond		
London Borough of Southwark		
London Borough of Tower Hamlets		
London Borough of Wandsworth		
City of Westminster		

8.2 Site information from review and survey: Collection Sites

Collection and Unitary Authorities	Collection Sites Location	Type of site/technology
London Borough of Barking & Dagenham	Frizlands Lane Reuse and Recycling Centre	Recycling Centre
London Borough of Bexley	Thames Road Depot	Depot / transfer station / Civic Amenity site
	Foots Cray Depot	Depot / transfer station / Civic Amenity site
London Borough of Barnet	* ECT Recycling Civic Amenity and Recycling Centre, Summers Lane	Civic Amenity
	Mill Hill Depot	Depot
London Borough of Bromley	Waldo Road Depot	Depot / transfer station / Civic Amenity site (nb shared with other council services).
	Churchfield Depot	Civic Amenity site / transfer station
Corporation of London/London Borough of Southwark	Cory Environmental, Walbrook Wharf	Waste transfer station
London Borough of Croydon	Factory Lane, Croydon	Transfer Station / Civic Amenity site
	Pearly Oaks Recycling Centre, Brighton Road, Pearly.	Civic Amenity site
	Fishes Farm Civic Amenity and Recycling Centre, North Downs Crescent, New Adington	Civic Amenity site
London Borough of Enfield	Carter Hatch Depot	Depot
	Advent Way Depot	Depot and leased land
	Barrowell Green Recycling Centre	Recycling Centre
London Borough of Greenwich	Nathan Way	Civic Amenity Site/Transfer Station
London Borough of Hackney	Millfields Depot	Transfer Station
London Borough of Hammersmith and Fulham	Bagley Lane Depot	Vehicle Depot
London Borough of Harrow	Waste Reuse and Recycling centre, Forward Drive	Civic Amenity Site
London Borough of Hillingdon	Central Depot, Harlington Road	Depot
	Green Lane Site	Civic Amenity Site
	* Swallowfield Way	Civic Amenity Site
	Victoria Road, South Ruislip	Civic Amenity Site
London Borough of Haringey	Ashley Road Site	Depot and CA site (site integrated with other council services)
	Western Road recycling Depot	Transfer facilities for Recycling Works Ltd
	Haringey Civic Amenity Centre, High Street,	Civic Amenity Site and Education Centre
London Borough of Islington	Hornsey Street Waste and Recycling centre	Transfer/HWRC, Depot
Royal Borough of Kensington and Chelsea	Pembroke Road Depot	Vehicle Depot
	Tavistock Road Depot	Street Cleansing Depot
	Denyer Street Depot	Street Cleansing Depot
	Walmer Road Depot	Street Cleansing Depot
	Christiania Depot , Lots Road	Street Cleansing Depot
London Borough of Lambeth	Vale Street Site	Civic Amenity
	Shakespeare Road Depot	Depot
London Borough of Merton	Amenity Way, Garth Road, Merton	Transfer Station
	* Benefict Wharf	Waste Transfer Station
	Weir Road Centre	Reuse and Recycling Centre
London Borough of Newham	Folkestone Road Depot	Depot
London Borough of Southwark	Manor Place Depot	Transfer Station & Vehicle Depot/ Bulking Facility
	Hinkcroft Transport Ltd, Landman Way.	Waste Transfer Station
London Borough of Sutton	* Therapia Lane Depot	Vehicle Depot
London Borough of Tower Hamlets	Northumberland Wharf Site	Waste Transfer/CA site with bulking bay for green waste
	Watts Grove Depot	Vehicle Depot
London Borough of Waltham Forest	* Bywaters Ltd. , Gateway Road	MRF
	Kings Road Recycling Centre	HWRC
	South Access Road	Transfer/CA site
	Low Hall Depot, Argall Avenue	Collection
London Borough of Wandsworth	The Causeway Depot	Vehicle Depot
	Garratt Park Depot	Vehicle Depot
London Borough of Westminster	* Marsh Road Depot	Transfer Station
	* Cringle Dock Depot	Transfer Station

*Sites leased.

 Denotes mixed collection and disposal sites

8.2.1 Site information from review and survey: Disposal Sites

Unitary and Joint Disposal Authorities	Disposal Site Location	Type of site/technology	Ownership
London Borough of Bromley/ London Borough of Greenwich/London Borough of Southwark/ City of Westminster	SELCHP Energy Recovery Facility, Landmann Way, Surrey	Incinerator	Contract
London Borough of Bromley	Biffa, Redhill Landfill, Cormongers Lane, Surrey	Landfill	Contract
London Borough of Bromley/ East London Waste Authority/ London Borough of Tower Hamlets/Western Riverside Waste Authority	Cleanaway, Rainham, Essex	Landfill/MRF/ Compost	Contract
London Borough of Bromley	WRG, Thurrock, Essex	Landfill	Contract
London Borough of Croydon/ London Borough of Merton/ London Borough of Sutton	Beddington Farmlands Landfill site, Beddington Lane Croydon	Landfill/In –Vessel Composting/ Composting Plant	Contract
London Borough of Croydon	Conduit Lane, Croydon	Central Nursery	Contract
London Borough of Greenwich/ London Borough of Southwark	Nathan Way LB Greenwich	MRF	Leased
Royal Borough of Kingston upon Thames	Athelston Road (Villers Rd)	MRF, bailer	Owned and leases to Contractors
	Brogborough landfill Woburn Road, Brogborough, Beds	landfill (non hazardous)	Contract
London Borough of Southwark/East London Waste Authority/North London Waste Authority	London Waste Ltd., Advent Way, Edmonton	Incineration with recovery	Contract
London Borough of Sutton	Benefict Wharf, Mitcham, Surrey	MRF	Contract
City of Westminster	Springfield Farm, Bucks	Landfill	Contract
City of Westminster/ London Borough of Tower Hamlets Western Riverside Waste Authority	Mucking, Essex	Landfill	Contract
East London Waste Authority	Jenkins Lane	Transfer	Own and leases to contractor
Western Riverside Waste Authority	Smugglers Way, Wandsworth	Transfer	Own and leases to contractor
	Cringle Dock, Wandsworth	Transfer	Owns and leases to contractor
West London Waste Authority	Brentford Depot	Transfer	Contract
	South Ruslip, Victoria Rd	Transfer	Contract
	Twyford, Brent	Transfer	Contract
North London Waste Authority	Edmonton	In-vessel composter	Contract

This review concentrated on those sites of highest strategic importance to waste management of each borough and detailed information on other reuse and recycling facilities can be found in the GLA report: Recycling and Recovery Facilities: Sites Investigation in London, July 2005.

8.3 Contracts list

Borough	Collection				Recycling				Contractor
	Contractor	Annual Cost of Contract	End date	Notes	Contractor	Annual Cost of Contract	End date	Notes	
London Borough of Barking & Dagenham	DSO- Integrated collection, recycling and street cleaning run by DSO								N/A
London Borough of Barnet	DSO- Linked contract with street cleaning and block cleansing				ECT Recycling Ltd and DSO	£2m (contract) + £70k (DSO)	October 2008	DSOs collect recyclables from bring banks	N/A
London Borough of Bexley	DSO- Integrated collection, recycling and street cleaning run by DSO								SITA Cleanaway Cleanaway
London Borough of Bromley	Onyx	£6m	2008	Ownership changeable without financial implication	Integrated with collection services				Onyx
Corporation of London	MRS Enterprises	£2.27m	2008	Implications for LATs if contract was to be changed	MRS Enterprises	£3.55m	2009	Can be broken anytime without penalty	Cory Enviror CSG/Biffa
London Borough of Croydon	Cleanaway	£12.5m	August 2010	Contract does not allow for cancellation	Integrated waste collection and recycling				SITA SITA
London Borough of Enfield	DSO				13 separate contracts	-	Majority 2010		N/A
London Borough of Greenwich	DSO				DSO				Cleanaway
London Borough of Hackney	DSO				ECT Recycling Ltd	£1.8m	Sept 2006	Currently being re-tendered for a new four year contract	N/A
London Borough of Hammersmith and Fulham	DSO- Integrated collection, recycling and street cleaning run by DSO								N/A
London Borough of Haringey	Haringey Accord	£1.5m	Dec 2009	Contract is integrated so it would be difficult to split	Recycling Work Ltd	£1.28m	October 2009	3 years planned from October 2006	
London Borough of Harrow	DSO				DSO				N/A
London Borough of	DSO				Svenside	£2.2k	N/A	Potential for change	N/A

Borough	Collection				Recycling				Disposal			
	Contractor	Annual Cost of Contract	End date	Notes	Contractor	Annual Cost of Contract	End date	Notes	Contractor	Annual Cost of Contract	End date	Notes
Royal Borough of Kensington and Chelsea									N/A			
Royal Borough of Kingston upon Thames	SITA	£2.12m	2007	Waste collection and recycling	Part of the SITA contract				SITA	£3.61m	Sept 2008	Integrated
London Borough of Lambeth	Cleanaway	As above	2019	Street cleansing services	Integrated contract for collection and recycling							
London Borough of Merton	DSO- Integrated collection, recycling and street cleaning run by DSO								SITA	£3.2m	Aug 2008	Option to break every 5 years
									SITA	£800k	Aug 2008	Option to break every 5 years
									Viridor (Thames)	£50k	Aug 2008	-
London Borough of Newham	DSO								N/A			
London Borough of Southwark	DSO								Contract			
London Borough of Sutton	DSO								Viridor (Thames)	-	2014	One years notice required
London Borough of Tower Hamlets	Cleanaway Ltd	£10.5m	2017	Standard termination	ECT and THCRC	£3m	2008	-	SITA	-	2014	-
London Borough of Waltham Forest	DSO				ECT Recycling Ltd	N/A	April 2007		Cleanaway	£7.5m	2020	Significant cost implications
London Borough of Wandsworth	Biffa Waste Services Ltd	-	March 2012	Refuse and recycling services, high cost implications if broken	Integrated contract for collection and recycling							
	MRS Environmental Services Ltd	-	March 2006	Street cleansing services, high cost implications if broken								
	Connaught Environmental Ltd.	-	March 2012	Street cleansing services, high cost implications if broken								
City of Westminster	Onyx	£32m	Sept 2010	Refuse and recycling services, contract could be reassigned	Integrated contract for collection, street cleansing and recycling				Cory Environmental	£8.5m		
East London Waste Authority	N/A								Shanks Waste Management	£24m	2027	PFI - Easily moved to another body, however changes would have cost implications
North London Waste Authority	N/A								London Waste	£26.6m	2014	Most disposal activities based around EW and landfill
West London Waste Authority	N/A								London Waste	£1.8m	2008	
Western Riverside Waste Authority	N/A								DSO			
	N/A								Cory Environmental	£24.95m	2032	Contract covers all disposal activities

8.4 Investment plans: Past and Future

Collection Authorities	Investment history	Future
London Borough of Barking & Dagenham	Have made substantial investments in DSO and NLWA in the past	Unknown
London Borough of Barnet	Unknown	Unknown
London Borough of Enfield	Unknown	Unknown
London Borough of Hackney	Unknown	Unknown
London Borough of Hammersmith and Fulham	No major investments, except vehicles	Waiting for Belvedere decision
London Borough of Harrow	Green box and Brown Box scheme. Money invested in the civic amenity site and any debt associated with that should also be transferred.	Unknown
London Borough of Haringey	Have refurbished CA site	Unknown
London Borough of Hillingdon	Investment in recycling facilities	Holding of future investment till future plan for london is decided
London Borough of Islington	DLO wasn't working so invested in PFI which has been successful in improving service.	Working with NLWA to develop a MRF (Municipal Recycling Facility). Concept is at an early stage but principle has been agreed. Investment in lorries planned for future
Royal Borough of Kensington and Chelsea	Invested in vehicles and recycling infrastructure	Waiting for Belvedere decision
London Borough of Lambeth	Unknown	Unknown
London Borough of Newham	Investment in recycling facilities	Bio-MRF working with ELWA
London Borough of Waltham Forest	Unknown	Plans for new MRF, bulking facility, composting sites and new technologies with NLWA.
London Borough of Wandsworth	Not invested in facilities. Revenue investments in orange banks and 6 RCVs.	Unknown

Unitary Authorities		
London Borough of Bexley	Unknown	Unknown
London Borough of Bromley	Investment in recycling facilities.	MRF will be ready in March 2006
London Borough of Croydon	Investment in recycling facilities.	Composting and MBT facility is in competitive stage of procurement
Corporation of London	Major investment in the refurbishment of the Wharf site	Planning two facilities, MRF and Energy from waste which are awaiting planning permission
London Borough of Greenwich	Unknown	Unknown
Royal Borough of Kingston upon Thames	Unknown	Facility being planned and is in competitive stage of procurement
London Borough of Merton	Unknown	Plan to procure a treatment facility in 2008
London Borough of Southwark	N/a	5 facilities planned: MRF, treatment plant, HWRRC, Recycling Bulking facility, Bio-Treatment facility, composting. All facilities at competitive procurement stage
London Borough of Sutton	Ongoing investment in service	A CA site has been planned and this is in the competitive stage of procurement. Plans to contract an MBT facility
London Borough of Tower Hamlets	Investment in service rather than capital	2 facilities planned. The concept is at an early stage but has been agreed by members in principle.
City of Westminster	Sold off commercial waste facilities for £120,000.	Want to build a kitchen waste composter. The concept is at an early stage of planning
Disposal Authorities		
East London Waste Authority	Number of landfill and incineration contracts were in place by 2002. Over 125 m has been invested in new facilities	Two Bio-MRFs planned to provide 36,000 tpa capacity. These are in the competitive stage of procurement
North London Waste Authority	15 m investment in the Edmonton area	Business case is being developed for a MRF.
West London Waste Authority	Unknown	Unknown
Western Riverside Waste Authority	Substantial investment in facilities	2 facilities planned; incinerator and MRF. The first is in early stage and planning permission for the second is being sought.

8.5 Assets transferred in 1986 and subsequently sold

Authority	Assets Sold
East London Waste Authority	Road based transfer station
City of Westminster	Chelsea river waste transfer
Kensington & Chelsea	Cremonne Wharf

8.6 Current facilities and their capacity

Purpose	Type of site /Technology	Number	Capacity (Tonnes per year)
Collection and Recycling	Civic Amenity/HWRC	19	1,790,316
Recycling	Composter	5	93,750
Collection and Recycling	Depot	12	n/a
Recycling	Recycling centre	1	10,000
Disposal and Recycling	MRF	4	211,786
Disposal	Incinerator/EfW	2	283,700
Disposal	Landfill	7	864,500
Collection and Disposal	Transfer station	35	9,169,090