Delivering Best Value

Who should deliver our waste and street cleansing services?



In Haringey, we are committed to keeping our streets clean and collecting recycling, food waste, and non-recyclable waste from households. Since 2011, we have partnered with Veolia to provide these services. This 14-year contract was recently extended until 2027. Over the years, the needs of our community have changed, and we now face new challenges.

The Council is planning how we will provide these services from April 2027. We are considering whether to continue our contract with Veolia, work with a new company, or handle the services ourselves.

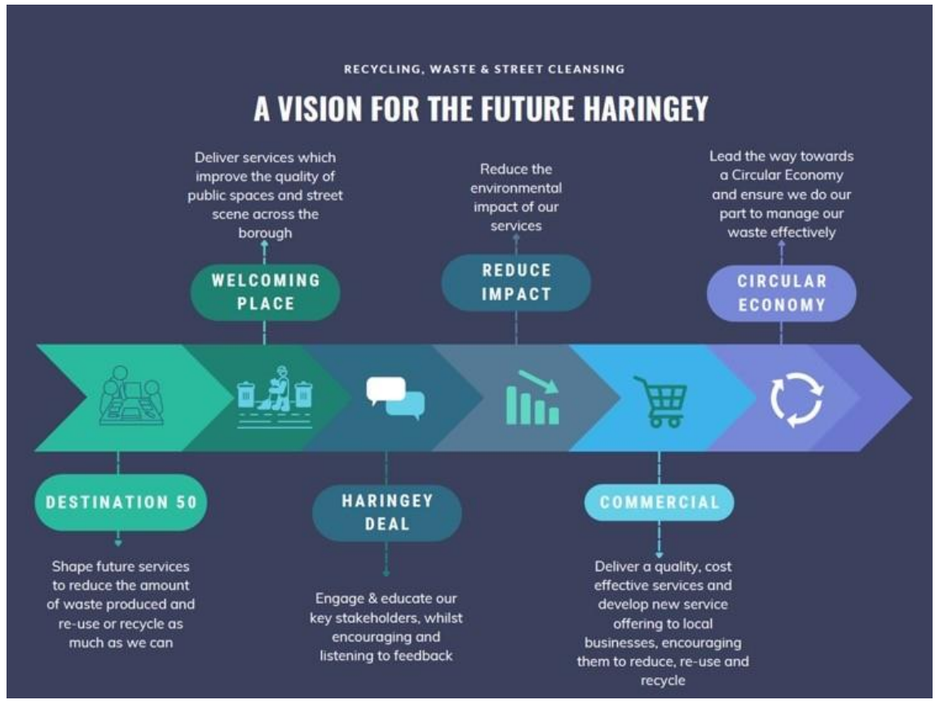
We want to hear from you – residents, businesses, and other service users – about your preferences and priorities for waste collection and street cleaning in Haringey.



Haringey

In early 2023 over 8,400 residents shared their opinions to help us improve waste and cleaning services. Thanks to your feedback, we've already made some improvements, like starting to collect small electrical items, partnering with a charity to collect textiles, offering recycling hubs across our libraries, replacing litter bins with litter and recycling bins and we have plans to improve our outreach and education offer to help people understand how to recycle. Your input will continue to shape our services from 2027 onwards.

Using your feedback from 2023, we have created our Vision for the Future Haringey to guide us until 2027 and beyond.



What are our future challenges?

In 2019, Haringey Council declared a Climate Emergency, committing to reducing our environmental impact.

We use over 140 vehicles to keep the borough clean, but we also need to keep our air clean by reducing emissions from these vehicles whenever possible.

We're working towards the Greater London Authority's (GLA) goal of recycling 50% of our waste (Destination 50%). It's important for us to cut down on the waste we produce and to reuse or recycle as much as we can. Future services should help residents minimise waste and increase reuse and recycling.

The Government is introducing new rules to improve how we collect recycling, food waste and non-recyclable waste. By 2026, the Council must provide food waste collection to all households. By 2027, we must also start collecting flexible plastics like plastic films and wrappers.

Additionally, the Government will require companies to take responsibility for the plastic packaging they produce and will introduce a Deposit Return Scheme for drinks containers.

These changes will make it easier to recycle more types of waste. Our future services need to be adaptable to meet these new requirements.

Haringey Council, like all councils, faces a challenging financial future, we need to make careful decisions to make our money go as far as possible whilst delivering the best services. Our contract with Veolia is the Council's largest. We must carefully consider how any decisions now impact the Council's future finances.

What are the options?

Councils can decide how to deliver services, but we must show that our choices offer the best value. Our services in the future need to be flexible and meet the challenges that we face, we need to reduce how much waste we produce, recycle more, and ensure we have the resources needed to keep our borough clean.

Here are our options:

1 Option 1 - In-house

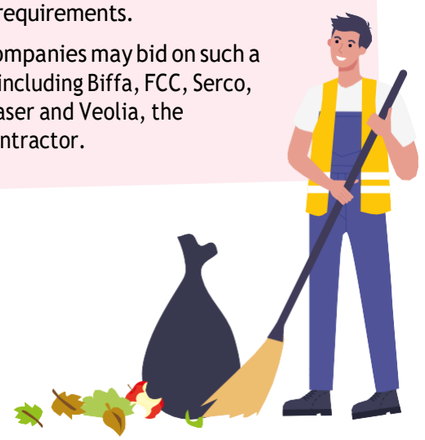
The services would be delivered by the Council, we would employ our own staff to do the work. The Council would handle daily operations and manage all services. In-house services involve more direct control and integration, but also more direct risk and liability, whereas other options provide some protection to the Council in terms of legal and financial risk.

2 Option 2 - Outsourced contract

The services would be delivered by a third-party contractor under a contract that would be awarded through a competitive process. The Contractor would manage the day-to-day operations and report to the Council. The Council would monitor the Contractor's performance to ensure they meet our standards and hold them accountable for any poor performance.

The Council will set its requirements for the services, however unlike the in-house option, the contractor will have control over how the services are ultimately delivered to meet our requirements.

Several companies may bid on such a contract, including Biffa, FCC, Serco, Suez, Urbaser and Veolia, the current contractor.





3 Option 3 - Extend current Veolia Contract

We could extend our current contract with Veolia for another 5 years, the services would continue to operate as they are until 2032. After this point the Council must undertake a procurement, should it wish to continue to outsource the services.

Extending the current arrangements with Veolia is like the Outsourced option, without the need for a formal procurement process. However, it also means that the Council does not have an opportunity to discuss or get proposals for how services may change to meet our challenges.

4 Option 4 - Local Authority Trading Company

The Council could create its own company to deliver the services. The Council would have full control over the Company and its finances, but the company's management team would handle daily operations. The Council would monitor the company's performance to ensure it meets our standards and hold it accountable for any poor performance.

Arm's length trading companies might drive more efficiency and innovation due to their exposure to market competition, however in-house services can be more aligned with the specific needs of the Council. Unlike an outsourced contract, the Council would carry more of the legal and financial risk.

Evaluation of the options

Our Enabling Framework explains how the Council will evaluate the options for delivering services. It uses criteria that reflect the Council's strategic priorities and service goals. This framework ensures we use a consistent, evidence-based approach to analyse each option fairly. It helps us gather enough information to make an informed decision on who will deliver Council services.

The evaluation process is split into two main criteria and broken down further into secondary criteria as shown below. Each criterion is given a weighting based on relative importance to the decision-making process.

Primary Criteria		Secondary Criteria	Question	Weighting
Affordability / Cost (30%)		Cost	Is the option affordable?	**25.0%**
		Financial and Commercial Risk	Does the option pose an increased financial risk to the authority?	**5.0%**
Quality (70%)	Service	Service Quality	Does the option improve the quality of service offered to residents?	**10.0%**
		Capacity	Does LB Haringey have the capacity to deliver?	**10.0%**
		Capability	Does LB Haringey have the capability to deliver?	**7.5%**
		Social Value	Does the option support LB Haringey's social value objectives?	**5.0%**
	Risk	Operational Risk*	Does the option pose an operational risk of failure to the authority?	**10.0%**
		Market Conditions	Are the market conditions supporting this option?	**10.0%**
		Control and Ability to Change*	Does the option allow LB Haringey to control and develop services?	**10.0%**
		Implementation Risk*	Does the option present implementation risk?	**7.5%**
		Timing	What are the timings of the option and can it be delivered?	**5.0%**
Total				**100%**

Cost has been scored based on the cheapest price receiving the highest percentage (25%), with all other prices being assessed as the difference from the lowest.

(Lowest Cost ÷ Option Cost) × Weighting (25%)

Quality has been scored on a 1 to 5 scale, with a score of 1 being the lowest and 5 the highest. For risk-based criteria, a score of 3 represents there being no or manageable change to the current position, a 4/5 where risk is reduced and a 1/2 where it is increased. Other criteria such as capacity is designed to be assessed on a scale of 1-5, with 1 showing 'no delivery capacity' and 5 showing 'delivery capacity' levels.

Affordability/Cost Assessment

The review recognises the Council's current financial position, and the need to make robust financial decisions, and so detailed financial modelling has been undertaken internally alongside multiple independent financial and technical experts.

For a fair comparison, we assumed that the services remain as they currently are — neither getting better nor worse. Any changes to the services will be looked at over the next 1-2 years.

The table below shows the estimated cost change per annum from the current service for each of the options. The results conclude that the in-house option is the most expensive, followed by the LATCo, with a new outsourced contract being the cheapest option.

Options	Additional Cost Impact per annum over current cost	Cost Score	Explanation of cost
Option 1	+£1,900,000	22.5	The main contributing factor to the cost difference is due to workforce costs being potentially higher for staff directly employed by the council.
Option 2	-£400,000	25.0	Through modelling and expert advice, it is believed that a new outsourced contract may be able to deliver additional savings and efficiencies on top of those offered by Veolia.
Option 3	-£250,000	24.5	We have secured a discount in the annual service cost with Veolia for the final 5 years of the contract.
Option 4	+£860,000	23.6	Additional resources are required to operate a LATCo, such as a Managing Director, Health & Safety and HR support which would be provided corporately within the in-house or outsourced options.



Quality Implications Assessment

Alongside a cost assessment, we have considered how the options will impact on how services are delivered and the risks to the council. The main considerations are set out below:

Service Delivery

Service Quality — Does the option improve the quality of service offered to residents?

We have a responsibility to deliver quality services to our residents and poor service is unacceptable because it reduces public trust and confidence. To ensure quality, we need proactive management and supervision, the ability to monitor key performance indicators (KPIs) to fix problem areas, and quality training for our staff.

Capability — Does the Council have the capability to deliver?

This relates to the technical capability, skills and experience of staff to deliver the services. The service provider must have suitably trained staff to be able to deliver the services to the standards required as well as manage the fleet of vehicles. Where this capability doesn't exist, consideration to recruiting or training with sufficient time to implement the services has been considered.

Capacity — Does the Council have the capacity to deliver?

We need enough resources to manage and deliver our services, including daily operations and support services like HR and IT. While most operational staff will move to a new provider, this might not apply to support staff. The Council has reduced its workforce and consolidated assets to manage services within decreasing government funding.

Social Value — Does the option support the Council's social value objectives?

As with the need to deliver value for money, the Council wants to ensure that the services it delivers supports the Council's works to improve the local economy and wellbeing of its residents. This also includes environmental considerations which is important in our everyday activities. The service provider needs to be able to provide benefits within our community and reduce the impact of waste services on our environment.

Control and Ability to Change — Does the option allow the Council to control and develop services?

With upcoming changes to legislation, flexibility in service delivery is crucial. We need to consider how much control the Council will have to change services and whether this will affect our ability to meet our needs.



Risk

Financial and Commercial Risk — Does the option pose an increased financial risk to the authority?

There is always a possibility of events, which may create unexpected costs or changes to services (i.e. PPE required during COVID, driver shortages increasing salary expectation or fuel price increase). Under an outsourced service the Contractor will take an element of this risk away from the Council, meaning that the Council has a fixed budget each year.

Operational Risk — Does the option pose an operational risk of failure to the authority?

The possibility of issues in the day to day running of the services (i.e. vehicle breakdowns, shortage of staff). Managing these risks is easier when we can use other services and national contracts. With the in-house option, the Council would need extra resources to handle these risks on its own.

Implementation Risk — Does the option present implementation risk?

This concerns the possibility of things going wrong when changing service providers, e.g. if the procurement of new vehicles is delayed, or not having operational plans in place for day one, and how those risks can be mitigated.

Market Conditions — Are the market conditions able to support this option?

Markets evolve and change over time and the interest in providing services to the Council changes as service providers look at the opportunities they want to bid for. Changes in legislation and emerging new technologies mean that changes in service provider can bring benefits. There is also changes in the key players of the market with new providers emerging and the consolidation of existing providers.

Timing — What are the timings of the option, and can it be delivered?

Planning new services takes time, which must consider all elements of the service delivery approach. Procurement of an outsourced service, procurement of new vehicles and recruiting staff are timely processes and need to be completed in time for April 2027.

Using the criteria above, we have scored each option to understand its suitability to deliver the services from 2027.

		Option 1		Option 2		Option 3		Option 4	
Primary Criteria	Secondary Criteria	Awarded Score	Weighted Score	Awarded Score	Weighted Score	Awarded Score	Weighted Score	Awarded Score	Weighted Score
Affordability / Cost	Cost	*Scored as part of Quantitative Analysis*							
	Financial and Commercial Risk	1	1.0%	5	5.0%	4	4.0%	1	1.0%
Quality	Service Quality	4	8.0%	4	8.0%	3	6.0%	4	8.0%
	Capacity	3	6.0%	5	10.0%	5	10.0%	3	6.0%
	Capability	2	3.0%	5	7.5%	5	7.5%	2	3.0%
	Social Value	4	4.0%	5	5.0%	3	3.0%	4	4.0%
	Operational Risk	2	4.0%	4	8.0%	4	8.0%	2	4.0%
	Market Conditions	5	10.0%	4	8.0%	5	10.0%	5	10.0%
	Control and Ability to Change	5	10.0%	3	6.0%	2	4.0%	4	8.0%
	Implementation Risk	2	3.0%	3	4.5%	5	7.5%	2	3.0%
	Timing	5	5.0%	5	5.0%	5	5.0%	5	5.0%
	Total	**33**	**54.0%**	**43**	**67.0%**	**41**	**65.0%**	**32**	**52.0%**

The tables below set out some of the advantages and disadvantages of the different options:

1 Option 1

✓ Strengths

- Service Quality: the Council will have full control to direct resources to under-performing areas.
- Social Value: the Council will be able to ensure the services meet the Council's priorities across the borough.
- Market Conditions: the impact to the Council of the Environmental Services market is limited (i.e. the Council does not need to get quotes from multiple suppliers to ensure best value) however the Council will need to be aware of the procuring goods such as new vehicles, which currently have long lead times.
- Control and Change: the Council will have the ability to make changes to the services to meet the boroughs needs, and meet legislation.

✗ Weaknesses

- Financial & Commercial Risk: responsibility for any costs associated with issues that arise will sit with the Council, and there will be fewer economies of scale compared with outsourced providers to achieve financial efficiencies.
- Capability: the Council has limited technical capability to deliver the services within it's current structure to manage a significantly sized and complicated fleet. There is a risk the Council would not be able to recruit suitably qualified or experience staff to meet the requirements to operate the services.
- Operational Risk: the Council has limited ability to manage operational risk, for example if numerous vehicles were to breakdown at the same time.
- Implementation Risk: the Council has limited experience in implementing large, technical services, and transferring over 300 staff. This would be a significant risk, and require bringing in additional support.

2 Option 2

✓ Strengths

- Financial & Commercial Risk: the Council can set a fixed budget each year, and benefit from access to economies of scale through outsourced providers.
- Capability: outsourced providers have large pools of experts available to support the delivery of services and train staff.
- Capacity: outsourced providers are generally able to support multiple contracts with functions such as HR and IT teams.
- Social Value: contractual commitments will be made by the outsourced providers and monitored through the Council's Social Value Portal.

✗ Weaknesses

- Control and Ability to Change: although change will managed as outlined within the contract, this can take some time to formalise compared with an in-house service.
- Implementation Risk: a new service provider will still need to transfer 300 staff and implement changes, however, having more experience minimises the risk.



3 Option 3

✓ Strengths

- Financial & Commercial Risk: the Council can set a fixed budget each year, and benefit from access to economies of scale through Veolia.
- Capability: Veolia have demonstrated their ability to manage the contract, and have the capability to do so.
- Capacity: Veolia have sufficient levels of staff to operate the services.

✗ Weaknesses

- Control and Ability to Change: the existing contract is 14 years old and has limited abilities for significant changes to services.
- Service Quality: the current service performs well, however due to the old contract terms and outdated performance mechanisms, this is difficult to manage effectively.
- Social Value: there are no contractual commitment to social value within the existing contract - although Veolia do support social value initiatives.

4 Option 4

✓ Strengths

- Service Quality: the Council would have some ability to control how the company operates to manage service quality (depending on how company is set up).
- Market Conditions: the impact of the Environmental Services market is limited (i.e. the Council does not need to get quotes from multiple suppliers to ensure best value) however the Council will need to be aware of the procuring goods such as new vehicles, which currently have long lead times.
- Social Value: contractual commitments will be made by the company which will meet the Council's priorities and monitored through the Council's Social Value Portal.
- Control and Change: there will be some ability to make changes to the services to meet the boroughs needs, and meet legislation. (depending on how company is set up).

✗ Weaknesses

- Financial & Commercial Risk: there will be significant costs to set up a new company, and ultimate financial responsibility will sit with the Council if the company exceeds its budget.
- Capability: the Council has limited ability to fully set up a new company and will need support to set up the company, and the company will need to recruit staff who can deliver the services.
- Operational Risk: The company will have limited ability to manage operational risk, for example if numerous vehicles were to breakdown.
- Implementation Risk: The Council has limited experience in implementing such large services, and transferring over 300 staff. This would be a significant risk.



The overall evaluation results are shown below, setting out the scores against both cost and quality. This shows that Option 2 scores the highest in both Affordability/ Cost and Quality.

This is because it is modelled as the cheapest option, and reduces the overall risk to the Council. Outsourced providers have greater technical capabilities to successfully deliver the services, whilst also removing elements of risk that will ensure that the services are delivered continually to the expected quality, even in the event of unexpected issues such as a pandemic.

		1. In-House	2. Outsourced Contract	3. Extend Veolia Contract	4. LATCo
		Weighted Score	Weighted Score	Weighted Score	Weighted Score
Total Score	Affordability / Cost	22.5%	25.0%	24.5%	23.6%
	Quality	54.0%	67.0%	65.0%	52.0%
		76.5%	92.0%	89.5%	75.6%
		3	1	2	4



Next Steps

Your views will feed into our overall assessment of how we should deliver our waste, recycling and cleansing services from April 2027. We will provide further updates later this year following completion of this work.

Please take a moment to answer this short questionnaire and help us to shape your future services.

Questionnaire

1. Which of the options do you prefer for the future delivery of the waste and cleansing services?

Please tick one and explain why.

☐ 1. In-House ☐ 2. Outsourced Contract ☐ 3. Extend Veolia Contract ☐ 4. LATCo

2. Do you agree with the Council's approach to evaluating the options?

Please tick one and explain why.

☐ Very Suitable ☐ Suitable ☐ Unsuitable ☐ Very Unsuitable ☐ Don't know

3. Are there any other options you believe the Council should consider for the future delivery of waste and cleansing services?

Please explain why.

4. How important is it for you that any future waste and cleansing services are flexible, to adapt to new requirements?

☐ Very important ☐ Somewhat important ☐ Neutral ☐ Not very important ☐ Not at all important

5. How important is it for you that the most cost effective solution is sought when decided how the waste and cleansing services will be delivered in the future?

☐ Very important ☐ Somewhat important ☐ Neutral ☐ Not very important ☐ Not at all important

6. Is there anything else you think the Council should factor into the final recommendation?

7. How are you responding to this survey?

☐ As a resident of Haringey ☐ On behalf of a business ☐ On behalf of a public, voluntary or community group

8. Please provide your full postcode:

For more information visit

wastecollections.haringey.gov.uk

