

London Borough of Waltham Forest

Report Title	Environmental Services Contract Extension
Meeting / Date	Cabinet, 9 September 2025
Cabinet portfolio	Councillor Clyde Loakes, Deputy Leader (Climate and Air Quality)
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Wards affected	All
Public access	OPEN except for Appendix 1 which is EXEMPT in accordance with Section 100(A-H) of the Local Government Act 1972 and Schedule 12A as amended, on the grounds that it involves the likely disclosure of exempt information as defined in Part 1, paragraph 3, as it contains information relating to the financial or business affairs of any particular person (including the authority holding the information).
Appendices	Appendix 1 Financial Model (Exempt) Appendix 2 Equality Screener



Summary

- 1.1. This report sets out the options for the future delivery of the Environmental Services Contract. In 2019 Urbaser (latterly FCC via acquisition and will be referred herein as such) started an 8-year contract with LBWF to deliver the Environmental Services Contract. The contract will conclude at the end of September 2027.
- 1.2. The Environmental Services Contract provides three main elements, Street Cleansing, Waste and Recycling Services (including bin and large item collections), as well as Grounds Maintenance for parks, open spaces and sports grounds. Under the terms of the current contract the parties have an option to extend the contract for up to 8 years, via cabinet approval.
2. Recommendations
Cabinet is recommended to:

- 2.1. Agree to the extension of the existing Environmental Services Contract for a further eight years from 30th September 2027 to 29 September 2035; as permitted under the terms of the original contract.
- 2.1.1 To delegate the final negotiations of the contract extension to the Strategic Director of Neighbourhoods and Environment and the Strategic Director of Resources.
- 2.1.2 Agree an increase in the annual budget of £1.6 million from 30th September 2027 to fund the contract extension.
3. Proposals
- 3.1. Current contract provision of services:
 - 3.1.1 Collection Services: household residual, dry recycling, food and garden waste collections, other non-domestic waste and recycling collections, household bulky waste collection, and other ancillary services such as bin deliveries and additional items.
 - 3.1.2 Cleansing Services: mechanical and manual cleansing, market area cleansing, clear all service on designated roads, removal of fly-tipped materials, seasonal leaf management, litter bins management, weed control service on hardstanding areas, car park cleansing, neighbourhood clean ups and community pay back, dead animal clearance, special events cleansing, and other ancillary services.
 - 3.1.3 Grounds Maintenance Service: park keeping, opening and closing of parks, open spaces and sports grounds, building management and cleaning, grass cutting and maintenance, horticultural features, weed treatment and vegetation control, management and maintenance of sports grounds, park furniture and equipment, sand pit maintenance, water feature maintenance, floral displays, overhanging vegetation, and other ancillary services.
- 3.2. The current contract is an output-based specification, and this includes specific quality standards that the Contractor is required to achieve. The alternative to this would be for the Council to specify a frequency-based specification and the contractor would adhere to the frequency, but then would not be contracted in turn to maintain a specific standard. Experience suggests that this leads to a lower standard of service for residents.
- 3.3. FCC have 23 Key Performance Indicators that apply to all the services in the contract which are used to measure the performance of the Contractor.
- 3.4. In addition, there are 6 Annual Contract Targets that apply to strategic areas of the Contract, which include for example reducing of carbon

emissions from the operation of the services and increasing customer satisfaction with the services year on year.

- 3.5. The Recycling Team monitor the contract with formal monthly/quarterly and yearly meetings being held. Then informally on a day-to-day basis via a number of measures such as street inspections to ascertain cleansing standards, visits to grounds sites to check facilities and provisions for users, the contact residents have with us via the many channels and back office operating procedures.
- 3.6. Enhancements and amendments to the contract since 2019:
 - 3.6.1 There have been two major changes since the contract began in 2019 with regards to the delivery of collection services.
 - 3.6.2 The Environment Act 2021 was enacted into UK law in 2023, setting out the mandatory requirement to introduce separate, weekly food waste collections by 31 March 2026 at the latest for all residential dwellings. The Council's Recycling Strategy 2023 was taken to Cabinet in October 2023 which outlined the recommendation for a separate weekly food waste collection service to all 109,000 households in the borough by 2025. This was agreed by Cabinet and the introduction of the new service implemented in September/October 2024. Organic collections, the co-collection of food and garden waste in the same receptacle was amended to a garden waste only collection at the same time.
 - 3.6.3 In March 2025 the amendment to the frequency of service to kerbside residual collections was initiated to support the transfer of the amount of waste presented for residual waste which could be reused and recycled through current services offered.
 - 3.6.4 The additional items service for residents in kerbside properties has been expanded beyond the initial offer of clothes/shoes, batteries, small electrical items and printer cartridges.
 - 3.6.5 Continual service adaptation through our partnership working with FCC has allow in contract changes, such as the upgrading of street cleansing machinery to deliver an enhanced service.
- 3.7. Current Contract performance
- 3.8. The Authority identified the following Strategic Outcomes that the current Contractor needed to deliver to fulfil its contractual duties. A high-level progress update is outlined next to each point below.
- 3.9. Strategic Outcome 1: The customer is at the centre of service delivery and the Authority and the Contractor address the needs of the customer in a modern, friendly and efficient way. The Contractor works together and in co-operation with the Authority to maximise customers'

participation in the services. FCC have continually sought to update and upgrade their IT solutions and vehicle technologies, for example their vehicle tracking and camera systems to ensure safety and accountability.

- 3.10. Strategic Outcome 2: The Contract delivers maximum value for money for the cost of the service and achieves the Authority's outcome of maintaining and enhancing its financial position. Cost savings and alternatives are regularly discussed and undertaken, for example the refurbishment of Council assets such as the vehicle wash at the depot to ensure that vehicles are maintained to their highest ability and services are enabled in as smooth a manner as possible.
- 3.11. Strategic Outcome 3: Technological change is embraced throughout the Contract and opportunities offered by rapid technological advancements are harnessed. Staff training including the recording of health and safety procedures and protocols are now carried out via online systems, including training via live video links. This minimises the downtime of operatives that work in manual jobs and are not accustomed to using technology as part of their day-to-day roles.
- 3.12. Strategic Outcome 4: The Contractor delivers solutions to help the Authority continuously reduce waste and increase recycling and Key Performance Indicators (KPIs) are set to monitor and report performance. These actions contribute positively to work towards the achievement of the recycling targets, the reduction of greenhouse gas (GHG) emissions from the operations of the services. FCC have continued to consistently employ a dedicated Engagement Officer with responsibilities including the implementation of new initiatives to minimise waste, increase reuse and reduce contamination.
- 3.13. Strategic Outcome 5: The Authority's area is kept clean and litter free. Green and open spaces are well-maintained, welcoming, clean, safe and accessible. FCC have continued to keep the Authorities parks and open spaces in good order, maintaining year on year the Green Flag award, continuing and supporting residents' initiatives such as London in Bloom and committing to and delivering the planting of 100's of new trees.
- 3.14. FCC have kept the number of missed bin collections below the established KPI (during business-as-usual times) which translates into less than 1% of all bins collected recorded as being missed. Also ensuring that the borough is kept clean with services performing consistently at a A/B Grades as per the established DEFRA NI195 matrix, which is highly positive.
- 3.15. There is a strong partnership approach between the Council and FCC, with FCC playing a large part in the successful implementation of two large service changes which took place within the last year.

4. Options & Alternatives Considered
 - 4.1. Current contract duration and the ability to extend - the initial term of the Contract is for 8 years, with the ability to extend for up to a further 8 years. The duration of the extension(s) may range from 1 year to 8 years, subject to not exceeding the maximum possible contract length of 16 years.
 - 4.2. Option A: do nothing. This option is not recommended as it would result in the Council not fulfilling its statutory obligations. The services are currently delivered as part of one contract which will expire on 29th September 2027. The present contract includes statutory functions and services which the Authority has a duty to discharge. Failure to do anything would expose the Authority to risk of either non-compliance with its statutory duties or by default having to provide the service directly.
 - 4.3. Option B: This is the preferred option. Extend the current Environmental Services Contract with the existing provider FCC for 8 years. 8 years is the preferred period of time, this is based on the life span of a dustcart. Dustcarts are operationally viable and sound from new over a period of 8 years. This 8 year lifetime of vehicles is recognised within the contract.
 - 4.4. Option C: Extend the current Environmental Services Contract with the existing provider for a period of less than 8 years. This option is not recommended. Negotiations have concluded that extending the contract by 8 years is the most advantageous both operationally (including because of the life of vehicles as set out above) and financially (as set out in Appendix 1).
 - 4.5. Option D: Full procurement, including competitive dialogue. This will include procurement costs of between two to four hundred thousand pounds and the likelihood of an increase in the contract price of over 16%. There are currently five main companies who provide contracts of this size and nature (FCC, Veolia, Suez, Biffa and Serco). There is a risk to the Council, that a full procurement would most likely result in a higher price than the extension offer and the same provider remains. A new provider will also likely insist on introducing their own waste collection solution which would involve a large service change. This could include changing days of collections again and a new collection model; which could lead to disruption for residents.
 - 4.6. Option E: Bring the services in-house. This would lead to an increase in costs over the £1.6 million proposed in option B due to pension costs and the lack of skills and infrastructure to be able deliver a directly provided service.
5. Council Strategic Priorities (and other National or Local Policies Strategies)

- 5.1. The Environmental Services contract contributes and actively progresses the achievement of three of the Council's Missions:
Three - Make Waltham Forest a great place to live and age well
Five - Lead the way for a net-zero borough
Six - Create safe, green neighbourhoods where everyone can thrive
- 5.2. DEFRA introduced their Simpler Recycling reforms in 2023; this will deliver improved services across the country by clearly setting out what Local Authorities need to collect whilst allowing them the flexibility to make the best choices to suit local need through the delivery of service. These changes apply consistently across both domestic and non-domestic dwellings, ensuring that there is nationwide clarity and consistency.
- 5.3. Extending the FCC contract will continue to contribute to the progression and achievement of local and national priorities.
6. Consultation
 - 6.1. A borough-wide consultation was carried out with residents as part of the Waltham Forest Recycling Strategy 2022-32. This outlined the need an additional service which was introduced in 2024.
 - 6.2. Engagement with internal stakeholders, Portfolio Leads and third-party organisations such as the North London Waste Authority will help inform any enhancements to the contract.
7. Implications
 - 7.1. Finance, Value for Money and Risk
 - 7.1.1. An increase of £1,643,835 per financial year to deliver the Environmental Services contract as outlined in appendix 2. With indexation applied to each of financial years of the extension to the contract. The increase in cost will be incorporated within the medium-term financial strategy. The increased amount was arrived at after significant negotiations took place over the last year; this has resulted in the increased amount reducing by 50% vs what was originally proposed.
 - 7.1.2. Appendix 1 details the financial model from FCC and the changes to the contract cost, mainly due to:
 - An increase in full time equivalent positions to cover sickness and annual leave
 - Employers National Insurance rising
 - An increase in salary rates as salary rates have exceeded indexation
 - Increase in vehicle parts and repair and maintenance cost
 - A saving of £326,712 (four vehicles and three staffing positions)

- 7.1.3 Benchmarking carried out across other North London Waste Authority boroughs shows that Waltham Forest has one of the most economical contracts across the 7 authorities. With one of the boroughs having a considerable rise in delivery price when they renegotiated their contract for similar services, compared to Waltham Forest's more favourably proposed increase.
- 7.1.4 Extending the contract allows the Authority to have a greater control over timelines as well as reducing procurement costs.
- 7.1.5 The contract will remain fully compliant with the London Living Wage.
- 7.1.6 The preferred option of a contract extension provides the least financial risk to the Council. This has been established via a benchmarking exercise undertaken with the other six North London Waste Authority Boroughs. It also allows for the greatest mitigation of reputational risk to the Authority, usually associated with new large-scale suppliers of services such as Environmental Services.

7.2 Legal

- 7.2.1 Clause 2.3 of the contract permits the Council to extend the Contract by up to 8 years in total, provided notice is served no later than 12 months before the current Expiry Date (i.e. by 29th September 2026) and each extension period is at least one year.
- 7.2.2 If the Council wishes to extend the Contract for the full 8 year term in a single extension notice, this is also permitted under the terms of the Contract.
- 7.2.3 Clause 2.4 of the contract confirms that the extension is subject to both parties agreeing any changes and/or price adjustments. If agreement is reached, the Contract will continue otherwise, it will terminate on the original Expiry Date of 30 September 2027.
- 7.2.4 The Council is the waste collection authority for the London Borough of Waltham Forest for the purposes of the Environmental Protection Act 1990 and has powers pursuant to that Act in relation to Grounds Maintenance and Street Cleansing.
- 7.2.5 As the proposed extension was clearly set out in the contract the recommendation to take it up complies with the Procurement Act 2023 and the Council's Contract Procedure Rules.

7.3 Equalities and Diversity

- 7.3.1 There are not expected to be any impact on equalities and diversity from the extension of this contract. The equalities policies and practices of the preferred contractor will be kept under review through standard contract monitoring.

7.4 Sustainability (including climate change, health, crime and disorder)

- 7.4.1 Extension of the current Environmental Services contract will ensure that a reduction in waste and an increase in reuse and recycling are continually prioritised. Striving to main a clean and green borough to align with the current missions.
- 7.4.2 It was identified through negotiations with FCC that there is a potential to mix and match the diesel and electric vehicles to maximise carbon savings; further negotiation is to be done on this matter.
- 7.4.3 As with the current contract there will be refreshed, incentivised targets to keep pushing the recycling rate higher and the rate of contamination lower. The current contract sets the recycling targets at 40%-45%-50% milestones and the contamination rate at below 8%. Collaborative work has been on-going throughout the contract period in both areas to drive up participation and assist in educating residents in reducing their contamination.
- 7.4.4 FCC will continue to employ a dedicated Engagement Officer with responsibilities around implementation of new initiatives to minimise waste, increase recycling and reuse, and reduce contamination. This includes:
- Creation of new apprenticeships and work placements for Waltham Forest residents annually;
 - Commitment to local employment target relating to new vacancies;
 - Spending an agreed amount of the annual contract value in the local economy and through Waltham Forest businesses;
 - Giving priority to circular procurement options and business models that maximise value from products and services for as long as possible;
 - Continue to produce a Community Benefit Plan annually to support the development of the local economy.
- 7.4.5 FCC will continue to support the Council's community safety objectives through proactive environmental management and design out crime principles, such as removing overgrown vegetation to improve natural surveillance and maintaining clean, well-managed public spaces that deter anti-social behaviour. Through the delivery of its contracted services, the provider will act as the 'eyes and ears' of the borough by routinely identifying and reporting issues such as street drinking, rough sleepers, drug use or weapon and drug paraphernalia finds to relevant council teams, playing an active role in the Council's mission to create safer neighbourhoods.

7.5 Council Infrastructure

- 7.5.1 There are no implications for Council Staff. Current staff will remain within FCC employment. Unions will be made aware of the decision and all staff communicated to as a result of the decision made.

Background Information (as defined by Local Government (Access to Information) Act 1985). N/A

None