

Inaugural Meeting and Workshop

Tuesday, 12th September 2006
at Nabarro Nathanson, Lacon House, Theobald's Road, London WC1X 8RW

Present

Mark Atkinson, London Fire and Emergency Planning Authority (Chair)

Group Members

Peter Ramage, Royal Borough of Kensington & Chelsea
Richard Williams, London Borough of Camden
Malcolm Duesbury and Bob Stranks, London Borough of Lambeth
Rosalyn Steward and Mandy Scharer, Royal Borough of Kingston
Keith Turner, Croydon Council
Fiona Heyland, London Borough of Tower Hamlets

Facilitators

Stephen Benton and Antony Buchan, Association of London Government
Andy Davies, Project Consultant, LCE
James Snape, Partner and Clare Turner, Solicitor, Nabarro Nathanson

Apologies were received from:

Keith Balmer, London Borough of Brent
Mark Banks, Westminster City Council
Dave Newman, London Borough of Hammersmith & Fulham

Action

1 Welcome and Introductions – Chair

MA thanked Nabarro Nathanson for their hospitality. Group members managing waste contracts gave a brief summary of their current activity.

2 Objectives of the Meeting

MA reminded attendees of the twofold purpose of the meeting:

1. To elicit from group members their views on the likely implications of the proposed takeover of Cleanaway by Veolia/Onyx.
2. To begin the process of sharing best practice between group members in the disciplines of contract and relationship management.

3 Implications of the Acquisition of Cleanaway by Veolia

AD presented his research into the proposed acquisition of

Cleanaway by Veolia/Onyx.

The two companies have contractual relationships with 10 London boroughs in all, accounting for a 50% market share in waste services. No other player holds more than 2 refuse collection contracts. London's spend of £125m with the merged company would render it the leading supplier by value of *any* services to London local government.

The matter has been referred by the Office of Fair Trading (OFT) to the European Commission as the rules require for companies of this size. LCE had made representations to OFT who had responded to the effect that they believed that sufficient competition would remain. Market share alone did not constitute a case that warranted further investigation.

OFT has asked the European Commission to refer the case back to OFT to investigate the impact of the merger on the market for waste incineration. The Commission is due to make its decision on 21 September.

A discussion followed. BS said that due consideration needed to be made of the commercial and industrial waste disposal market, which dwarfed the market for municipal waste services.

The meeting agreed that although the merger could have a significant impact on competition in the refuse collection, street cleansing and recycling markets, the issues were extremely complex. One significant issue was the availability of depot facilities to companies bidding for waste contracts.

Although the meeting did not come to a clear conclusion, it was agreed that LCE should make further representations to the Commission such that further investigations be made into the impact of the merger on the local market in London. JS offered the services of Nabarro Nathanson's competition lawyers in drafting a letter to that effect. AD accepted this and agreed to take this forward.

JS

AD

4 Conclusions from the LCE Status Review of Contract and Relationship Management in London

AD gave a presentation on the Status Review and the next steps for the project.

He also introduced the Strategic Supplier Intelligence Project also being led by LFEPA for the LCE. AD said he would be taking steps to draft a Supplier Relationship Management Strategy for Veolia / Onyx / Cleanaway and a plan to engage with the company(s) to mutual benefits over the coming weeks.

AD

5 Partnership Boards and Open-book Accounting

PR made a presentation describing how a partnership board and open-book accounting had helped him achieve better outcomes in his outsourced refuse collection and street cleansing contract. He shared with the meeting the Partnership Agreement between RBK&C and SITA.

6 Performance Management

RW described the quantitative approach to performance management used at Camden Council in its contract for refuse collection and street cleansing with Veolia / Onyx.

Interesting comparisons could be made between the relative merits of the very different approaches employed at Camden and at RBK&C.

7 Issues facing the competitive market

James Snape gave a presentation on the issues facing the waste disposal market and particularly on innovation and emerging trends in PFI, PPP and prudential borrowing approaches to contracting project finance.

8 Review, “What Next?” and Close

MA thanked all the presenters, the hosts and everyone for their contribution to the discussion. The group had sampled a number of aspects that would be taken forward at future events. He asked AD to email the group to seek their feedback from the meeting such that future events could concentrate on the issues that matter.

The meeting closed at 1715.