

APPENDIX G

City Of Westminster

Information on the contract

1. What is the length of the contract with Veolia?

The collection contract with Veolia runs until 2017

2. What is the value of the contract?

£37 million. They had reduced the contract by £3 million to make savings, but this was reinstated it due to the fact it had a knock affect on the street scene.

3. Is the contractor working to a default structure?

The contract does not work on a default structure but on a partnership. They hold monthly meetings to discuss complaints, missed collections and service developments.

4. What is the commercial waste income?

£12 million and they have 12,000 customers

5. How is the Collection carried out?

The waste is comingled with domestic, but they do have dedicated rounds for evening/night collection

6. What is their Market share?

In the late 90s they had near 100% market share but now the market share is at 55%. They do have 60% of the SME market.

Sales /Marketing/Promotions

- They have 3 external sales executives
- They recently sent out marketing material and did newspaper advertising but they got a very poor response.
- They have come to the conclusion that face to face is the most effective tool.
- They have brochures.

Self serve

- 20% of their sacks orders are done online and customer can make online payment as well.
- They are in the process of getting authorisation to have their own dedicated website.

Pricing Strategy

- This done by examining what their competitors are offering.
- Benchmarking market rates
- Examine why customers are cancelling (majority due to national agreements)
- They try to keep the standard general waste sack to under a pound.

What service delivery models have they used in the past?

They have used various service delivery models:

In-house: - The problem they found with this was that there were constraints due to corporate policy i.e. unable to give bonuses to the sales team.

In-house with a centralised outsourced contact centre: – Vertex was a company that was hired to deal with customer's calls and queries.
Negatives: No specialised staff, poor response times, customer queries not resolved at 1st point of contact, just data logging, no incentive to grow the business and income began to fall.

Outsourced: - The current model is that the service is outsourced to Veolia. Initially everything came across in 2007 except the sales force which went over in 2012. They stated that this system has worked well for them to date.

Disposal

- They pay £40 per ton on waste disposal.
- This is part of the contract with Veolia this rate will end in 2017.
- The waste goes to energy.
- There is also a small amount that goes to Cory.
- It is cheaper for them to turn waste into energy than recycle the waste.

Enforcement

There is a dedicated enforcement team of 4 personal that solely target commercial businesses placing unauthorised waste out.

Debt Management

- It is done in-house by the team.
- Monthly invoice
- They have halved their historical debt from £400k to £200k.
- They suspend services but not often due to unpaid invoices.
- Sales guys will visit customer to chase any outstanding debts.
- The sales guys get a bonus when they sign up a % of contracts on direct debit.

Additional Information

- They stated that they would never get out/sell off the commercial waste like Wandsworth as they need control over their street scene.
- City of London got out of their agreement with WRWA by leasing out their commercial waste portfolio to Enterprise. They had to lose their branding on sacks and bins. Enterprise went back to WRWA and got a better rate (£110).
- The standard commercial waste industry disposal cost is at 30%, while we are running at 60%.