

# COMMUNITIES OVERVIEW & SCRUTINY PANEL

THURSDAY, 1ST OCTOBER, 2020

At 6.15 pm

in the

VIRTUAL MEETING - ONLINE ACCESS

## SUPPLEMENTARY AGENDA

### PART I

<u>ITEM</u>	<u>SUBJECT</u>	<u>PAGE NO</u>
4.	<u>SERCO CONTRACT (WASTE COLLECTION) - OPERATIONS UPDATE</u>  To consider the background report and receive a presentation from SERCO.	3 - 8

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# Agenda Item 4

Report Title:	<b>Waste Collection &amp; Allied Services Contract</b>
Contains Confidential or Exempt Information?	No - Part I
Lead Member:	Councillor Coppinger, Lead Member for Planning, Environmental Services and Maidenhead
Meeting and Date:	Communities Overview & Scrutiny Panel 1 <sup>st</sup> October 2020
Responsible Officer(s):	Ben Smith, Head of Commissioning - Infrastructure
Wards affected:	All

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## REPORT SUMMARY

1. At the Communities Overview & Scrutiny Panel on 3<sup>rd</sup> September 2020, the Panel requested an additional meeting to consider the waste collection contract and current levels of operational performance being delivered by SERCO.
2. This covering paper sets out the background position from procurement through to current performance levels and is offered as supporting information for the discussion.
3. In addition, it is noted that the Audit & Governance Committee have requested that an internal audit be conducted in this service area. It is, therefore, recommended, that the Panel agrees the terms of reference for this audit based on the outcome this scrutiny exercise.

## 1. DETAILS OF RECOMMENDATION(S)

**RECOMMENDATION: That Communities Overview & Scrutiny Panel notes the report.**

## 2. BACKGROUND INFORMATION

This report is offered as supporting information and background data to inform the discussion of the Panel.

### 2.1 Procurement

Waste and recycling collection and associated services were previously delivered under contract by VEOLIA. The contract reached the maximum permissible term (including contract extensions) on 30<sup>th</sup> September 2019.

A procurement exercise was conducted between October and December 2018 following the publication of an OJEU (Official Journal of the European Union) on 28<sup>th</sup> September 2018.

The collection specification invited tenders for the following services:

- Kerbside residual waste collections (weekly)
- Dry mixed recycling collections (weekly)
- Food waste collections (weekly)

- Garden waste collections (fortnightly)
- Bulky waste collections (chargeable)
- Management of the waste Transfer Station at Vicus Way, Maidenhead
- Management of the Household Waste and Recycling Centre (HWRC) and Civic Amenity Site (CA) at Vicus Way, Maidenhead

The initial contract term is eight years (to October 2027) with an option to extend for a further eight years. The specification did not prescribe how the service should be delivered.

Three bids were received which were evaluated on a combination of quality (55%), financial robustness (5%) and price (40%) submissions with a preferred bidder identified. Cabinet\* considered a report on 28<sup>th</sup> February 2019 and resolved to award the contract to SERCO.

(\* Note: the report was considered by the Highways, Transport and Environment Overview & Scrutiny Panel and no comments were received)

All bids proposed different models and route optimisation; efficiency improvements and added value items over and above the former contract.

## **2.2 Contract Mobilisation**

The core collection element of the SERCO bid was based on a 'minimum miles' model and the introduction of a new target operating model.

Contract mobilisation was delivered in a phased approach with commencement of the new contract from 1<sup>st</sup> October 2019 (on an identical collection model to the former contract) with transition to the target operating model from March 2020.

This enabled the transition of all operational aspects (for example: staff transfer and property 'handover') to be managed, which were predominantly not customer facing to be in place from day one with service changes (customer facing) planned and implemented as a second phase.

## **2.3 Major Incident: Covid-19**

On 19<sup>th</sup> March 2020, the Thames Valley Local Resilience Forum declared a major incident as a response to the Covid-19 global pandemic.

Emergency governance and powers were invoked to enable the major incident response. Government guidance was also issued with respect to service delivery and a decision was made to introduce an alternate weekly collection model. This enabled essential front-line services to be protected; reflected the reduced resource availability and delivered a managed response to risks and within the 'Lockdown' period in line with our Business Continuity Plans.

The HWRC and CA sites were temporarily closed, and non-core services were suspended (for example: green waste\* and bulky waste collections).

(\* Note: green waste services were reinstated after two weeks as resources allowed)

The alternate weekly model remained in place until August 2020 with a weekly service resuming from Monday 17<sup>th</sup> August 2020. The resumed weekly service saw the introduction of the target operating model which had been deferred from March 2020.

Implementation of the target operating model ensured compliance with the contract award and restored previous levels of services<sup>4</sup> to our residents. This was undertaken with due acknowledgement of the risks that accompany a major service change -

Covid-19 excluded, the service has remained largely unchanged for 15 years and was the first experience of major service changes for residents during this period.

## **2.4 Target Operating Model – Implementation**

The target operating model was based on a ‘minimum miles’ approach with new routes created and reconfiguration of the commodities which were collected on each vehicle (for example: residual waste and food waste is collected together with recycling and green waste collected together on dedicated vehicles. Appendix A sets out the basic metrics for the operating model.

Implementation of the new model required changes for approximately 21,000 properties either with changes of collection day; different weeks for green waste subscribers or both. Approximately 43,000 properties remained unchanged but individual letters were sent to every household advising their individual situation.

A service change of this magnitude is complex and a ‘dip’ in performance levels is to be expected as residents and the workforce learn new routes and working practices.

Analysis of performance levels since commencement of the weekly target operating model will be covered in the presentation by SERCO. However, performance levels are significantly below contract standards and key performance measures are not being achieved. A summary of areas for improvements are summarised below:

- Scheduled activity for each day not completed
- Repeated missed collections
- Increased incidents of assisted collections being missed
- Lack of consistency in communicating resolution times for missed collections
- Promises and commitments not being delivered

Improvements which have been implemented to deliver sustained levels of service in line with contract standards are summarised below:

- Resource levels increased
- Route data analysed to rebalance routes
- Additional management and supervisory capacity deployed
- Workforce relations and ‘change’ programmes implemented
- New systems introduced to capture and manage repeated missed collections

## **2.5 Background Information (Contract Performance Summary)**

The contract requires a performance management approach which is summarised in Appendix B.

The contract facilitates a range of escalations for failure to deliver key performance measures, including:

- An escalation process of warning notices
- Financial performance deductions
- Service Breakdown measures
- ‘Step In’ rights

(\* Note: contractual exchanges are commercial in confidence and, therefore, excluded from this Part I paper)

## **APPENDICES**

This report is supported by 2 appendices:

- Appendix A: Contract Metrics
- Appendix B: Key Performance Indicators

## Contract Metrics (Appendix A)



### The Borough

68,044 Properties:

- 48,685 Houses
- 19,359 Flats

No significant service change for 15 years



### 80 Staff: Our People

- 21 Drivers
- 34 Loaders
- 2 Workshop Fitters
- 15 Waste Transfer
- 8 Office & Management



### Our Fleet

- 23 Dustcarts (2 narrow access)
- 2 Vans: Bulky & Bin Deliveries
- 3 Supervisor Vans
- 3 Plant Vehicles



### Our Services

#### Collections

- Refuse
- Recycling
- Food
- Garden
- Bulky



#### Bin Deliveries



#### Collection Figures

##### Refuse

30,777  
Weekly Collections

6,155  
Daily Collections

##### Recyclables

30,654  
Weekly Collections

6,131  
Daily Collections

##### Garden

14,295  
Weekly Collections

2,859  
Daily Collections

##### Food Waste

48,685  
Weekly Collections

5,832  
Daily Collections

#### Transfer Station

65,000 tonnes per year:

- Refuse – 31,000t
- Recycling – 18,000t
- Garden – 11,700t
- Food – 2,600t
- Other – 1,700t



#### Civic Amenity Site

5,129 tonnes per year:

- Soil – 425t
- WEEE – 531t
- Metal – 603t
- Hard Core – 1,424t
- Wood / Timber – 1,371t
- Other\* – 775t

## Appendix B: Performance Management

**Performance Outputs: the following key outputs are set out in the contract:**

*‘...Contract Service Output 4 - The Contractor delivers and takes ownership of the Key Performance Indicators for all relevant Service activities...’*

*‘...Contract Service Output 5 - The monitoring of the Contract by the Contractor reflects the actual performance of the Services, identifies and improves poor performance and resolves issues in a timely manner, with regular liaison with the Authority...’*

<b>Key Performance Indicators</b>
<b>Waste Collection and Recycling Services</b>
WC 1: Missed Collections from Households shall not exceed 60 Missed Collections per 100,000 Scheduled Collections in any one month
WC 2: Volume of Missed Collections Not Rectified
WC 3: Volume of Repeat Missed Collections
WC 4: Volume of Repeat Missed Collection at properties within a 3-month cycle, and thereafter further failures at the same property
WC 5: Volume of Missed Assisted Collections
WC 6: Volume of Repeat Missed Assisted Collection
WC 7: Volume of Assisted Collections where there is a failure to return the Container to the Agreed Collection Point
WC 8: Volume of Reported Waste Separation Failures
WC 9: Volume of recycling loads rejected at a Delivery Site and the Authorised Officer determines that the rejection is due to the Contractor failing in its obligations under this Specification
WC 10: Volume of failures to deliver Containers within 5 Working Days of instruction or notification
<b>Service Requests and Complaints Management</b>
CS 1: Volumes of failures to provide a response to the Authority’s request for assistance within the requirements of the Authority’s Complaints Procedure
<b>HWRC and CA Site Management</b>
HWRC 1: Length of time that the HWRC is not open during the specified Opening Hours to accept Contract Waste
CA 1: Length of time that the CA site is not open during the specified Opening Hours to accept Contract Waste.

In addition to the Key Performance Indicators, the contractor is required to produce a monthly performance report covering

- Service issues and improvement plans in place;
- Volume of Container deliveries;
- Accidents / incidents during delivery of the Services;
- Details of fleet audits / MOTs / health and safety inspections;
- Number of bulky item collections undertaken