

7. Waste Management, Recycling and Street Cleansing Services - Contract Review

REPORT OF: Assistant Chief Executive
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Wards Affected: *All MSDC Wards*
Key Decision: No
Report to: Scrutiny Committee for Customer Services and Service Delivery
13th March 2018

Purpose of Report

1. To provide the Committee with a review of the activity of the Waste Management, Recycling and Street Cleansing Services for the calendar year January to December 2017.
2. The Committee are asked to note that future reports will present the data for the financial year and will therefore be reported in the July meeting cycle.

Recommendations

3. The Committee is asked to note the contents of this report.
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Background

4. The Mid Sussex Waste Management Contract was tendered in 2005/06.
5. The Contract has continually evolved in response to legislative changes and as the Council, as a partner in the West Sussex Waste Partnership, has aligned operations with the Waste Disposal Authority's processing plant and facilities.
6. There is currently a drive to improve dry recycling quality to ensure end destination markets are maintained and to ensure the Council can continue with its simple commingled dry recycling collections. Furthermore the requirement to achieve statutory targets for recycling and composting will require further service changes in the future in order to ensure capture rates of high quality recyclable materials are maximised.

Scope of Service

7. The Mid Sussex Waste Management Contract is delivered by Serco Ltd, from the Bridge Road depot in Haywards Heath. The Contract provides recycling and refuse collections and street cleansing services.
8. Serco employ 73 staff to deliver the combined contract, which includes :-
 - a) Residual or recycling collections from 62,500 properties each week, collecting over 13,500 tonnes of dry recycling and over 27,000 tonnes of residual waste in 2017.
 - b) Garden Waste Collections from over 17,600 bins every fortnight, which has generated 5,850 tonnes of material for composting in 2017. This subscription service is provided at a cost of £65 per annum (£2.70 per collection), and is delivered by three dedicated vehicles and crews.

- c) Special collections for residents requiring Clinical Waste Collections (from 1184 properties) generating 85 tonnes in 2017 collected by a dedicated crew.
 - d) Assisted collections (where residents are unable to present their waste containers at the curtilage of the properties) from 1236 residents.
 - e) Approximately 1,400 Bulky waste collections, generating 93 tonnes in 2017.
 - f) The provision of an average of 53 Mobile Civic Amenity Collections for Town and Parish Councils.
 - g) Prioritised street cleaning operations across a road network of 700 KM, 5 days per week, with a scaled down service at weekends. Over 1,000 tonnes were mechanically swept from the roads during 2017; and since December 2017, these arisings have been recycled.
 - h) 560 tonnes of waste emptied from 600 Street bins and 157 tonnes of dog waste removed from over 400 dog bins in 2017.
 - i) 324 Fly tipping clearances generating over 130 tonnes of waste in 2017.
9. The Waste Management Contract requires that wheeled bin collections commence at 7am and are completed before the waste transfer stations close at 4.30pm. The collection services operate on a Monday to Friday basis, but special Mobile Civic Amenity collections for Town and Parish Councils are undertaken in MSDC car parks or village hall car parks in more rural areas throughout the year at weekends.
 10. Town centre cleansing operations commence early in the morning to ensure high profile town centre locations are cleaned before rush hour, with re-visits taking place throughout the day as required. The street cleansing service operates at weekends but at a reduced level.

Contract Governance & Performance Management

11. The governance arrangements for the Waste Management Contract include monthly operational and strategic meetings and a quarterly Partnership Board, attended by the Divisional Leader, Cabinet Member for Service Delivery, and Serco's Regional Managers.
12. The Contract sets out how inflationary uplifts are calculated based on a basket of market indices. The Contract sum is also reviewed with each additional 500 new properties. In 2012 the Council considered Serco's request to include an uplift for additional street cleansing taking place as a result of growth of housing, and this was approved by the Council.
13. Following negotiations with Serco in 2011 the Contract review point was varied to enable it to be split into two ten and half year periods linked to Refuse Collection Vehicle fleet replacement at the contract mid-point. Savings were made on dispensing with a second vehicle fleet which was due to operate from 2014 to 2021, in favour of a more robust/ enhanced vehicle maintenance plan for the original and second fleet. We have used this contract review point to also redesign workflows and associated responsibilities to provide an improved customer experience.

14. Members will be aware that the Commercial Services and Contracts division has recently been restructured to reflect our maturing contracts with suppliers and to benefit from synergies across these contracts. This is the next phase in developing our customer focussed and commercial approach to service delivery. We anticipate the new structure will be in place in the coming months.
15. The quality of dry recycling has been one of the biggest challenges for both the Council and Serco, in response to the need to meet both West Sussex County Council's input specification and to remain with the simple, low cost and popular commingled recycling collection service. Extensive work has gone into this aspect of the service and this will need to continue for the life of the Contract to ensure the end product meets the needs of the reprocessors / manufacturers. The introduction of mixed plastics into the dry recycling collections in April 2015 was well received and assisted with recycling quality.
16. The drive now is on achieving statutory national recycling rates by 2020 and focusing on the types of recycle that are being thrown away rather than recovered.
17. The main challenge for the cleansing service has been the increased requirements for cleaning of Trunk Roads and High Speed Roads. This has required a lengthy and continuing dialogue with Highways England and its contractors, and a new training plan and service delivery arrangement for Serco.

Key Performance Indicators (KPIs)

18. The Key Performance Indicators (KPI's) governing this contract are as follows:-
 - a) Local Environmental Quality Systems (formerly NI195) litter target to remain below 4%.
 - b) Local Environmental Quality Systems (formerly NI195) detritus target to remain below 6%
 - c) Number of missed bins per 100,000 collections- 19 per 100,000
 - d) Customer satisfaction with Street cleansing- to exceed 83.5%
 - e) Customer satisfaction with Refuse collections- to exceed 86%
 - f) Customer satisfaction with Recycling collections- to exceed 82.5%
 - g) Street Cleansing - Fly tipping removed within 24 hours of consignment notices being issued.

These KPI's are actively monitored and reviewed by the Partnership Board.

19. Performance against these targets has been consistently strong. A summary of performance in 2016/17 is provided at [Annex 1](#).
20. At the anniversary of the agreement the Partnership Board reviews the Contractor's performance against these targets and agrees new targets for the following contract years.

21. Where performance over the previous year has exceeded agreed targets across all measures, the Council pays the Contractor an amount equal to 1% of the Contract Sum; with this figure being paid on a pro-rata basis for each exceedance when one or more targets has been missed. All targets were achieved in 2017, and the requisite payments were made.
22. Equally, where performance over the previous year has not been to the agreed standard, a payment deduction equal to 1% of the Contract Sum (with a 'pro-rata' percentage deduction being made for performance below the minimum standard in one or more of the target areas).
23. These provisions are in addition to any entitlement the Council has to make performance deductions in respect of serious service performance failures. No such deductions were necessary in 2017.

Key Headlines from 2017

24. Alongside the day-to-day management of the waste and street cleansing services, a number of specific projects have been progressed over the previous 12 months, the highlights of which are summarised below.

Garden Waste Growth

25. In 2016/17, with a customer base of over 14,000 and a waiting list of 800 households, the Council agreed to invest in its Garden Waste Subscription Scheme to enable more people to benefit from the service.
26. Through the introduction of a third dedicated collection vehicle and crew, it was anticipated that the customer base could grow from 14,200 to 18,200 subscribers over a 2 year period.
27. In order to facilitate this change, £80,000 was invested across two years, 2016/17 and 2017/18 to finance the purchase and delivery of new garden waste bins, with a further £22,000 allocated for promotion, Serco were required to provide a third vehicle and crew to service these additional customers.
28. As at January 2018, there are around 17,600 subscribers, and new applications continue to come forward at a good rate. At the current rate of growth, it is anticipated that the target of 18,200 customers will be achieved by the end of March 2018.

Cleansing A23 Trunk Road

29. This Council is responsible for removing litter from road verges throughout the district, including all high-speed roads and trunk roads. Litter clearance and cleansing work on the A23 can only be carried out safely with the use of traffic management. Therefore, work has taken place with Highways England (HE) and their contractor to establish working relationships to enable trained litter pickers from Serco to join HE's planned night time road closures to clear the A23 of litter safely.
30. During 2016/17 these operations saw operatives safely join over 50 night closures, resulting in the collection of nearly 10 tonnes of discarded waste from the A23.
31. As a result of this success, a dedicated budget was allocated in 2017/18 for this purpose, and work is underway to formalise a long-term approach to this issue through the provision of a dedicated 'high-speed' cleansing team.

Recycling Quality Project

32. As previously mentioned, securing high quality dry recycling is a key priority.
33. Rigorous performance targets have been established across the West Sussex Waste Partnership to ensure dry recycling contamination rates are maintained below 6 percent, with financial penalties applying for any failures to achieve this.
34. In light of this, MSDC have invested in a number of targeted strategies to improve recycling quality, particularly in low performing areas and communal bin stores. This includes the provision of signage for bin stores, recycling bags for flats, promotion of community recycling champions, provision of lockable bins and door-stepping.
35. This work has achieved significant success, with contamination levels now being consistently maintained well below the 6 percent target.
36. Further work, to provide lockable bins to low performing bin stores and bags for flats at approximately 484 properties is now underway, and will be completed during 2018/19.

British Heart Foundation Pilot (BHF)

37. As part of its agreed Waste Strategy the Council has been exploring ways to increase the volume of textiles and small Waste Electrical and Electronic Equipment (WEEE) recycled in Mid Sussex.
38. This follows a 2015 waste composition analysis, which provided helpful information about the current volumes of these materials present in the residual waste bin, and as contaminants in the dry recycling bin.
39. The Council already provides the opportunity to recycle textiles via a network of over 30 charity bring banks across the district, which are operated and maintained by a number of charities; but despite this, there's still a significant amount of WEEE and textiles in the domestic waste stream.
40. It was therefore decided to carry out a pilot project in partnership with Serco and the BHF, where the BHF provide a doorstep collection service for the collection of these goods.
41. The Pilot commenced at the beginning of November 2017 and involves the provision of 3 doorstep collections of textiles and WEEE from 20,000 properties throughout the year-long trial period.
42. Early indications are that there has been a very strong take-up, with the first phase of the pilot seeing over 8.5 tonnes of reusable textiles, over 7 tonnes of recyclable textiles, and nearly 200 electrical items being collected.
43. The next phase of collections is due to take place in March 2018; and a full report on the project will be presented to this Committee after the completion of the pilot in the summer of 2018; after which a decision will be required as to whether to continue with this, or any other form of doorstep collections of these materials

Round Changes and New Fleet

44. As previously stated, the Contract review point was varied to enable it to be split into two ten and half year periods linked to the need to undertake Refuse Collection Vehicle fleet replacement at the contract mid-point. This programme of replacement is currently underway, and it is anticipated that a new fleet will be in place and fully operational by May 2018.
45. In order to accommodate the increase in property numbers across the district, and to future-proof the service in light of projected housing growth, an additional waste collection vehicle is being introduced in 2018. In preparation for this it has been necessary to make changes to collections for some households across the district.
46. The first tranche of changes took place at the end of January 2018 and covered over 2,000 properties across the district; and further changes are scheduled for March and April 2018.

Digitisation Programme

47. In line with the drive towards digitisation of the council's services, the service is implementing a new Customer Relationship Management (CRM), with the aim of improving workflows and customer experience, and increasing efficiency, freeing up staff time across the Division, enabling officers to focus on adding value by using their expertise rather than spending their time administering systems.
48. A significant number of the key processes are now in place, and have enabled new ways of working with the Customer Services Team and Serco; and work is currently underway on the development of an end-to-end garden waste solution.
49. It is planned to use these developments as a platform from which to introduce in-cab technology over the coming year, which will enable the team to provide more timely information and feedback to customers, and to better manage and monitor contract performance.

Service Priorities for 2018/19

50. Building on these projects, the following key priorities have been identified for the coming 12 months:

Garden Waste	<ul style="list-style-type: none">• Further increase the tonnage of compostable waste collected by continuing to promote and increase uptake of the Garden Waste Subscription Service; increasing subscription numbers from 18,200 to 20,000 during 2018/19.
Food Waste	<ul style="list-style-type: none">• Carry out a targeted food waste reduction project involving a "Love Food, Hate Waste" communications campaign and promotion of home composting/food digesting in conjunction with WSCC.• Consider the business case for implementing a kerbside food waste collection pilot within the district.
Textiles/ Waste Electrical Goods (WEEE)	<ul style="list-style-type: none">• Diverting textiles from the residual waste stream and increasing recycling rates through improved communications and management of textile bring banks.• Increase the capture rate of WEEE goods through the

	<p>promotion of furniture and bulky waste re-use via local re-use charities.</p> <ul style="list-style-type: none"> • Completing the kerbside collection trial with the British Heart Foundation and considering options for longer-term solutions.
Recycling Contamination	<ul style="list-style-type: none"> • Maintaining the level of recycling contamination below 6% by continuing to monitor and address issues of contamination and recycling quality- particularly in flats. This will involve working on an inter-authority basis on a project to improve recycling at multiple occupancy properties.
Technology and Digitalisation	<ul style="list-style-type: none"> • Continue with the implementation of the Salesforce CRM system; reviewing and improving workflows to enable the provision of more timely information and feedback to customers, and to better manage and monitor the performance of the contractor. • Progress the implementation of in-cab solutions across the waste and recycling fleet, to enable the provision of real-time information and thus further enhance the efficiency of the service.
Performance Management	<ul style="list-style-type: none"> • Update and improve the use and implementation of Performance Management systems across the contract, carrying out detailed analysis of current performance data to ensure that the information is representative of the service standards achieved and that appropriate contract management practices are being employed to address any performance issues.
Recycling on-the-go	<ul style="list-style-type: none"> • Support the Landscapes team with a trial of recycling in key parks and open spaces.
Street Cleansing	<ul style="list-style-type: none"> • Continue the joint working with Serco, A one+ and Highways England to allow for night time litter picking of the A23, with the aim of achieving improved levels of cleanliness and reduced volumes of litter on the Mid Sussex stretch of the A23, and improved levels of customer satisfaction with the cleansing service.

Legislative / Policy Context

51. The Waste Management Contract states that should legislation change, the Contractor may approach the Council to seek a variation to the Contract and to seek costs associated with meeting the new legislative requirement.
52. The current key drivers for the waste industry include the waste hierarchy which requires the Council in conjunction with the Waste Disposal Authority (WSDA) to get the best environmental outcome for each waste stream collected. Decisions on the type of material that can be processed are made by the West Sussex Waste Partnership, which is focused on collection of dry recycling materials that are going in the wrong bin.
53. The Waste (England and Wales) Regulations 2011 sets out the requirement to collect the four elements of dry recycling (glass bottles, paper, card, metal cans and plastic bottles) separately unless the Council can prove that it can collect and process materials to the standard required by national processors. This complex argument

was reviewed by this Council following a combined Technical, Environmental, and Economically Practicable (TEEP) review across the West Sussex Waste Partnership which agreed to process all dry recycling through the Material Recycling Facility (MRF) at Ford. This opened in 2009 and produces very high quality dry recycling material streams for re-processing.

54. The existing requirements for UK local authorities to meet the target of 50 percent dry recycling and composting by 2020, were driven by European Legislation. The Council's Cabinet approved the initial TEEP assessment in February 2015.
55. Litter clearance on Trunk Roads including the A23, requires Principal Litter Authorities such as Mid Sussex District Council to adhere to Highways England requirements. These are to follow the best practice guidance set out in the traffic safety measures and signs for road works and temporary situation's Chapter Eight best practice guidance. This has been endorsed by the Health and Safety Executive as the primary reference point for work on public highways.

Financial Implications

56. The annual value of the Waste Management Contract in 2016/17 was £ £3,911,420.

Risk Management Implications

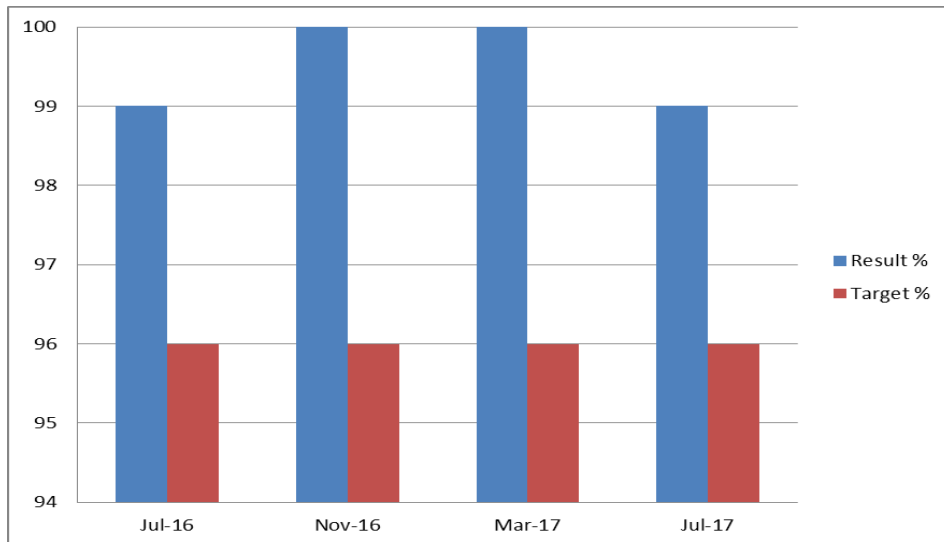
57. Serco has a good reputation and relationship with the Council, and their performance has been above average throughout the period of the first ten years of the Contract. The following key risks have been identified regarding this contract and the waste service more generally:
 - a. Failure to provide a collection service that copes with the tonnages and volume of dry recycling and garden waste materials needed to deliver a 50 percent recycling and composting performance by 2020, and the potential risk of fines.
 - b. Potential legal challenge to commingled service delivery due to poor quality recycling.
 - c. Potential challenge to littering on roads through service, under the Environmental protection Act 1990, of a Section 91 Litter Abatement Notice on the Council.

Background papers

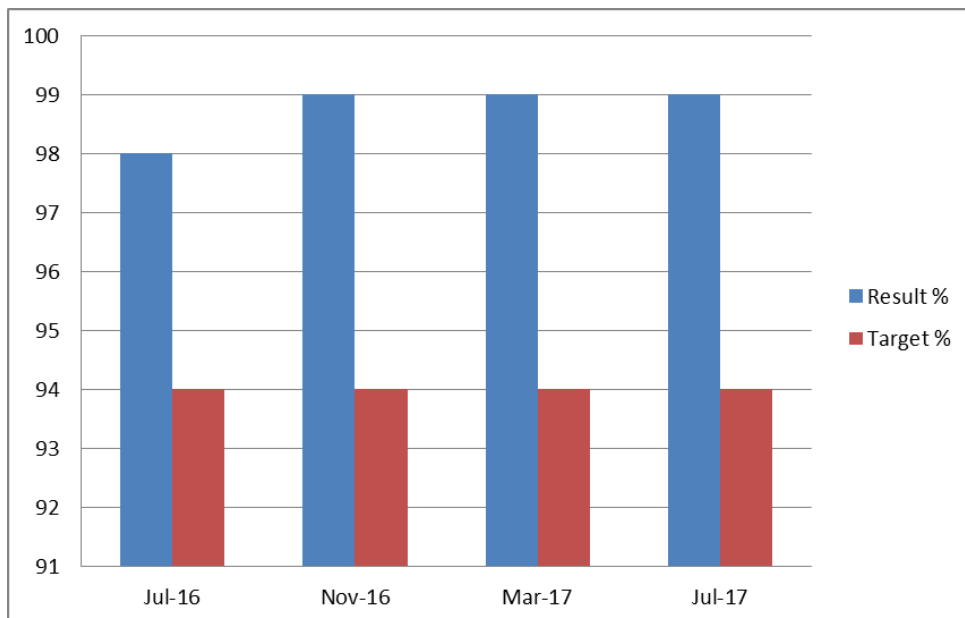
None

Annexe 1- Contract Performance Data

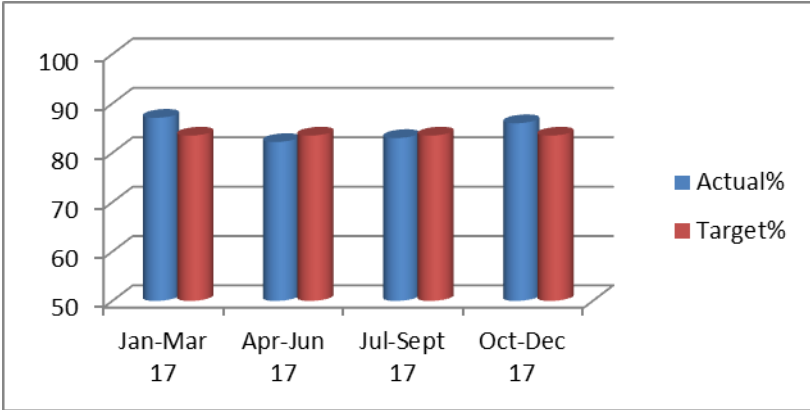
Local Environmental Quality Systems (formerly NI195) litter target to remain below 4%. Graph shows inspection 'pass rate'.



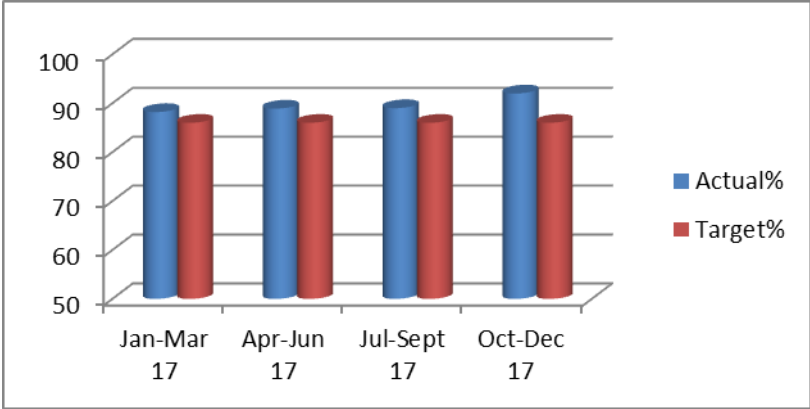
Local Environmental Quality Systems (formerly NI195) detritus target to remain below 6%. Graph shoes inspection 'pass rate'.



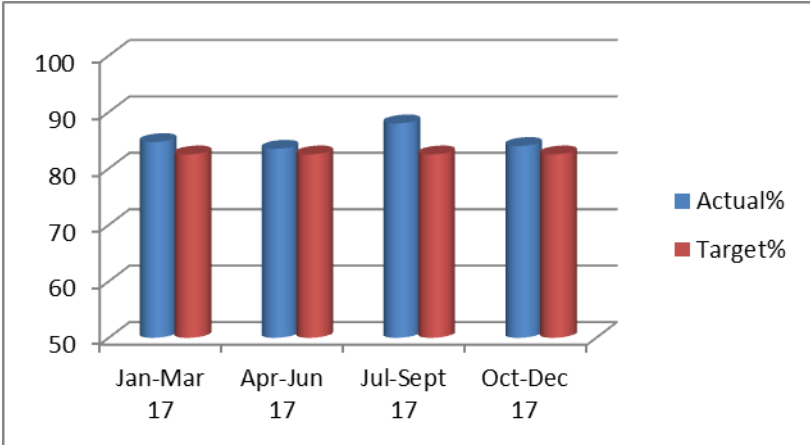
Customer satisfaction with Street cleansing- to exceed 83.5%



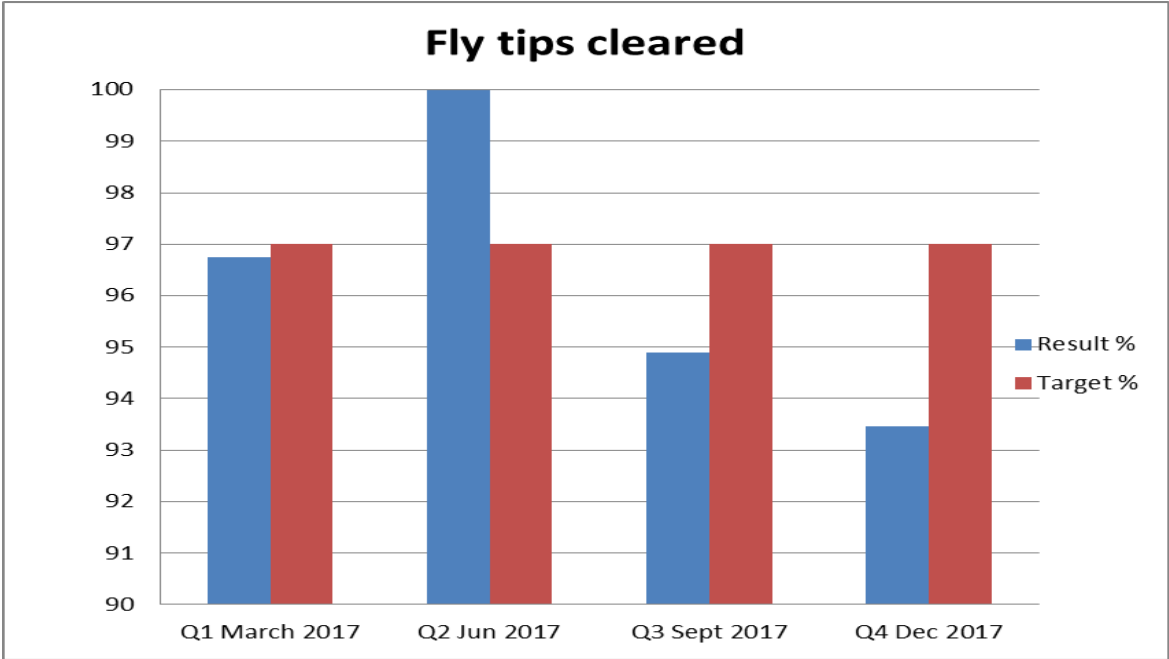
Customer satisfaction with Refuse collections- to exceed 86%



Customer satisfaction with Recycling collections- to exceed 82.5%



Street Cleansing - Fly tipping removed within 24 hours of consignment notices being issued.



NB- This shows an overall end of year result of 96.27% based on the 2017 calendar year. The Result for the last full financial year 2016/17 (which is the figure on which Serco are measured) was 97.44%.