

Report to the Cabinet

Report reference: C-084-2015/16

Date of meeting: 7 April 2016



**Epping Forest
District Council**

Portfolio: Environment

Subject: Review of Waste and Recycling Collection Arrangements

Responsible Officer: Derek Macnab (01992 564050).

Democratic Services: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

(1) That the Cabinet consider the findings and conclusion of the recent review of the Council's Waste and Recycling Collection arrangements and recommend that these be taken into consideration in any future service contract procurement.

Executive Summary:

The Council's contract with Sita, its previous waste, recycling and street cleansing contractor, came to an end after a seven year period on 3 November 2014. The process of awarding a new contract began in 2013, with competitive dialogue chosen as the procurement methodology, in recognition of the scale and complexity of the contract.

At the final tender stage, all the remaining contractors bid on both a five-day collection and a four-day collection basis. The most advantageous tender, in terms of price and quality, was submitted by Biffa Municipal Ltd, who were appointed by Council in May 2014. The contract mobilisation and handover went well and Biffa performed satisfactorily during the period from November 2014 up until May 2015, during which time they were operating the previous five-day collection arrangements.

However, following the switch to the four-day collection schedule and the introduction of new vehicles and technology on 12 May, it quickly became apparent that the contractor was struggling to provide the service required of them. Over a period of several weeks, an unacceptably high level of missed collections was reported and the service was only now fully stabilised. The Council's Environment Portfolio Holder believed that it was very important to establish the reasons behind this service failure, not only to help in rectifying any ongoing problems and achieving an acceptable level of future service, but also to help in identifying any lessons for the Council, with respect to the letting of other major service contracts.

To this end, the Environment Portfolio Holder formally requested that Overview and Scrutiny Committee undertake a review on his behalf, the outcomes to be formally reported back to Cabinet. Overview and Scrutiny Committee subsequently agreed the request and determined that the Neighbourhoods and Communities Select Committee was best placed to undertake the review, by virtue of their Terms of Reference. This report feeds back to Cabinet the process and key findings of the Review and the general conclusions reached.

Reasons for Proposed Decision:

The Environment Portfolio Holder asked Overview and Scrutiny Committee to undertake a Review of the Council's Waste and Recycling Collection arrangements and to report back to Cabinet.

Other Options for Action:

No other options identified.

Report:

The Review Process

1. The Neighbourhoods and Communities Select Committee held a special, one topic meeting on 17 December 2015 to consider this request and then reported back to the Main Overview and Scrutiny Committee in February 2016, who endorsed their conclusions and agreed that the Cabinet be advised of these findings.

2. In order to ensure that the review focused on the main issues that Members wished to explore, the Neighbourhoods and Communities Select Committee in September 2015 established the scope of the review and how the meeting will be practically undertaken. As a result, it was agreed that the review would be undertaken in 4 parts, covering the following issues.

➤ **Part One – Procurement Process**

- (i) Why the Council elected for Competitive Dialogue;
- (ii) The Procurement Process and Key Considerations;
- (iii) Contractors' Service Improvements identified through Competitive Dialogue;
- (iv) Rationale behind the adoption of 4-Day Collection; and
- (v) Final Tender Evaluation and Award.

➤ **Part Two – Mobilisation and First 6 months of Contract**

- (i) Mobilisation in run-up to Contract Start Date November 2014;
- (ii) Operation of 5 Day Service during initial 6 months;
- (iii) Procurement of new fleet and depot relocation;
- (iv) Preparation for Service Change to 4 Day Collection; and
- (v) Communication/Information to residents.

➤ **Part Three – Revised Arrangements from the 12 May 2015**

- (i) Problems encountered by Residents. Type and Scale;
- (ii) Operational issues faced by Contractor;
- (iii) Remedial Actions and Recovery Plan; and
- (iv) Current Performance of Contract and Future Prospects.

3. The aim of the final, **Part Four** of the review, was to reach a set of conclusions around what could have been done better and to recommend any key considerations with respect to how the Council could improve procurement and implementation of any future major service contracts. This report seeks to reflect on the discussion that took place on the 17 December 2015, in order to fulfil this requirement.

Outcome and Findings of the Review Meeting

4. The notes of the meeting of the Neighbourhoods and Communities Select Committee on the 17 December 2015, which undertook the Review of the Waste and Recycling Arrangements, are attached as an appendix to this report. The notes reflect the totality of the discussion and the lines of questioning undertaken.

5. Officers have reviewed the notes and have identified what would appear to be some key learning points from the meeting.

Part One - Procurement

6. Competitive Dialogue proved to be an effective means of procuring the new Waste Contract, from both the Client and Contractors perspective.

7. Although the Members interview only scored 10% of the quality scores, and on this occasion did not materially affect the final award, it is considered that Member Interviews are still beneficial for future service contracts.

8. The role that cross-party Portfolio Holder Advisory Groups play in shaping service contracts was recognised as a positive.

9. With contracts which involve major service changes, the costs to the Council should not be underestimated in terms of advising residents etc. The £50,000 on the Waste Contract was in hindsight, too small.

Part Two – Mobilisation and First Six Months

10. Overall the Waste and Recycling Contract mobilisation went well, with service quality maintained over the period November 2014 to May 2015.

11. Although TUPE Arrangements were satisfactorily completed for staff transferring from SITA to BIFFA, there were some concerns highlighted regarding communication with staff despite Biffa's best endeavours.

12. The innovation forum established between client officers and contractor, proved useful in addressing service issues and identifying areas for improvement, this should be encouraged as good practice.

13. The original start date for the change to 4-day collection was not achieved, due to delays in vehicle acquisition and transfer of depots. However, the revised date of 12 May was still in retrospect too early.

14. The number and type of informal arrangements that exist between householders and collection crews should not be underestimated and should be specifically addressed in terms of debriefing at end of contract periods.

15. Whilst it was felt that the problems encountered around the change to 4-day collection were not simply attributable to the prior notification information provided, it was felt that the letter to all residents could have been clearer.

16. The information contained on the Council's Website was helpful, particularly the tool which converted postcodes into revised day collection arrangements.

Part 3 – Introduction of Revised Arrangements

17. Start date for change to 4-day collection too optimistic in as much as new fleet was only delivered days before implementation, preventing crew familiarity and ability to address technical failures.

18. A phased approach was not adopted and had not been elsewhere, to the best knowledge of consultants and contractor. However, it should not be ruled out in future contracts, certainly there would have been value in test rounds with the new fleet.

19. The new IT system would have benefited from earlier implementation and a longer period of testing. The round information from the start of revised collections was inaccurate, leading to whole streets being missed. Lack of integration with client system also a major problem.

20. Biffa lost 20% of the workforce that transferred from Sita, the outgoing contractor. This was a loss of valuable local knowledge which should have been captured in some way. Changing staff onto rounds in areas that they were not familiar with and an initial reluctance to utilise knowledge of waste client officers, compounded the problem.

21. Some of the fleet purchased was not fit for purpose e.g. Street Sweepers that could not deal with rural road network. In future, demonstration vehicles may prevent re-occurrence.

22. A need to utilise agency staff to cover additional rounds and cover vacancies, delayed the stabilisation of the contract. Whilst tender evaluation demonstrated that adequate resources were to be employed, did not take into consideration the effect of staff turnover. Issue to be explored in future contracts.

General Conclusion

23. It would appear that a number of the problems encountered by Biffa when introducing the revised 4-day collection arrangements, could have been avoided with additional time, e.g. to improve staff training and familiarisation with new vehicles and IT, to test drive new routes more thoroughly, to retain and utilise local knowledge of existing staff, to fully run in new fleet and to have operated longer from new depot locations, before the service change.

Resource Implications:

The review was undertaken within existing resources. None of the recommended courses of action, with respect to future service contract procurement, would have specific cost implications.

Legal and Governance Implications:

The Review concluded that Competitive Dialogue was an appropriate approach in line with European Procurement legislation.

Safer, Cleaner and Greener Implications:

The new Waste Contract utilises a fleet of modern high specification vehicles which produce significantly less emissions than the previous fleet. A range of additional items e.g. tetrapack and small electrical items are now collected for recycling.

Consultation Undertaken:

Contributions to the review were sought from the public and members. A number of residents submitted questions and attended the meeting on the 17 December 2015.

Background Papers:

Award of Contract Report to Cabinet June 2014.
Specification and Contract Documentation.

Risk Management:

Risk Management was a feature of the procurement process. Failure of a major service contract is contained within the Corporate Risk Register.

Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

The missing of assisted collections to people who are not physically able to present their own wheeled bin, has been focused on for improvement. Position has improved, but will be kept under review.