

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Waste Management Contract **Date:** Monday, 13 March 2006
Cabinet Committee

Place: Civic Offices, High Street, Epping **Time:** 5.00 - 8.05 am

Members Present: D Jacobs (Chairman), S Barnes, R Glozier, J Knapman and Mrs C Pond

Other Councillors: Mrs A Grigg (Overview and Scrutiny Committee Observer)

Apologies: (none)

Officers Present: J Bell (Senior Accountant), J Gilbert (Head of Environmental Services), G Lunnun (Democratic Services Manager), P Maddock (Assistant Head of Finance), Ms A Mitchell (Assistant Head of Legal, Administration and Estates (Legal)), J Scott (Joint Chief Executive) and D Marsh (Environmental Services)

7. OVERVIEW AND SCRUTINY OBSERVER

The Chairman welcomed Councillor Mrs A Grigg, attending her first meeting as an observer on behalf of the Overview and Scrutiny Committee.

8. DECLARATIONS OF INTEREST

No declarations of interest were made pursuant to the Council's Code of Member Conduct.

9. ANY OTHER BUSINESS

It was noted that there were no urgent items of business for consideration at the meeting.

10. EXCLUSION OF PUBLIC AND PRESS

RESOLVED:

That the public and press be excluded from the meeting for the item of business set out below on the grounds that it would involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the Local Government Act 1972:

<u>Agenda Item No.</u>	<u>Subject</u>	<u>Exempt Information Paragraph Number</u>
6	Waste Management Contract	3 and 4

11. WASTE MANAGEMENT CONTRACT

(a) Background Information

The Head of Environmental Services advised members of the structure for this meeting as agreed at the first meeting held on 28 February 2006. Indecon, consultants, would advise members, Indecon representatives would leave the meeting and representatives of South Herts Waste Management (SHWM) would attend to discuss matters with members with officers absent, the discussion would continue with officers present, SHWM representatives would leave the meeting and members and officers would review the current position.

The Committee discussed recent correspondence between SHWM and the Council's Joint Chief Executive (Community Services) and noted steps, which had been taken by the officers.

The Committee considered a report regarding legal and financial issues associated with the contract. Members noted that the contract was a traditional type as opposed to a partnering contract. However, it had been let using some elements of partnering in that the tenderers had submitted method statements setting out how they intended to perform the contract. These statements had been the subject of some negotiations between officers and the successful tenderer before the contract had been signed. The contract had provided for the parties to enter into a full partnering contract within six months of the date of the contract but due to difficulties in service provision this had not been achieved.

The Committee were advised that the structure of the contract was contained in the conditions of contract and details of the service to be provided were set out in the method statements. The Council was required to give formal notice of any changes to the service or contract conditions to the service provider who could accept the changes or serve notice seeking additional payments. Any dispute was to be referred to dispute resolution in accordance with the contract. It was also possible for the parties to agree to vary the contract in a less formal way.

The attention of members was drawn to the provisions regarding default in the day-to-day performance of the contract. A default notice could be issued requiring the default to be put right and 10 defaults in service provision of any one part of the service could be treated as a critical default. Also, if the service provider failed to provide the services as agreed, meet recycling targets or failed to deliver a number of strategic targets, the Council could issue a critical default notice. Members noted the steps available to the Council following the issue of a critical default notice.

The Committee considered the provisions relating to termination of the contract and the clause regarding arbitration/dispute resolution. Members also considered SHWM's financial situation based on accounts submitted to Companies House. An analysis of payments under the contract showed that the Council had paid SHWM all that the company was entitled to receive. Additional payments had been agreed in respect of garden waste collections, end of lease costs and productivity costs. A request for up-rating of the contract sum for inflation was still under consideration. Members noted the position in relation to penalties for critical defaults.

The Committee considered a further report in relation to service levels, issues relating to method statements, service supervision and service deterioration. Members noted that SHWM had been informed of the areas of service and contract delivery which were of particular concern.

The Committee received details of missed collections. In general terms the types of properties missed fell into the following categories:

- (a) those on Paladin collections;
- (b) those which were difficult to access;
- (c) flats in wheeled bin areas whose collections were still based on black sacks;
and
- (d) parts of entire areas, e.g. Waltham Abbey, North Weald.

The Committee were also informed that there were areas of the District where the public had stated that since the day change they had yet to receive a collection on the prescribed day of collection.

Members were asked to take account of the fact that some complaints were often due to the unwillingness of householders to embrace the wheeled bin system or misunderstandings about the new arrangements. Default notices were issued once the initial complaint had been investigated by a Waste Management Officer and it was clear that the contractor had not dealt with the original issue. SHWM had asserted that defaults had been issued improperly on the basis of complaints rather than actual default in performance. In order to provide members with an indication of the degree to which complaints were converted into default notices, the report provided an analysis of telephone calls received and default notices issued. Members noted that the number of defaults issued was consistently less than the number of calls received.

The Committee noted that it was not possible to detail every issue within all the 31 method statements where it was considered that SHWM had not met all of the requirements. The report provided a summary of some of the issues.

Members were advised that it was important to have front line supervision of waste management and the role of supervisor was critical in ensuring that the crews performed properly. The report suggested that the level of complaints regarding missed collections and, in particular, complaints about the same properties being missed week after week could only be due to a lack of crew willingness coupled with a lack of supervision. The Council's Waste Management Officers were unable to undertake supervision of this nature, which was clearly the role of the contractor.

Whilst it had been recognised by both the Council and SHWM that the day change exercise would result in customer confusion and high levels of complaint, the officers had expected to see marked improvements after four to six weeks. However, the data regarding missed collections showed that this had not happened. It was clear that residual collection misses remained at more than twice the level at the start of the Council year.

(b) Advice from Indecon

C Jacobs and P Dresser of Indecon attended the meeting and advised on the advantages and disadvantages of making major changes to the collection arrangements.

The Chairman thanked the representatives of Indecon for their advice and the Indecon representatives left the meeting.

The Committee considered officer presence for the discussions with representatives of SHWM taking account of the recent correspondence between the company and the Joint Chief Executive (Community Services).

RESOLVED:

That initially the discussions between the Committee and the SHWM representatives be held with only the Joint Chief Executive (Community Services) and the Democratic Services Manager (to take notes) present.

(c) Discussions with SHWM

P Thornton, K Lee, L Mullin and Ms J Kessels, representatives of SHWM, attended the meeting.

The Chairman drew attention to the levels of complaints received from the public regarding missed collections, the pressure being placed on Council officers taking complaints over the telephone and the apparent lack of follow-up action promised by the contractor in relation to missed collections. He sought the views of the SHWM representatives, acknowledging that some of the complaints were due to members of the public who were not prepared to embrace the new arrangements or were confused about those arrangements.

The representatives of SHWM expressed their views and answered members' questions. They admitted that they had made mistakes, advised of management and other changes which had taken place to improve the situation and gave a number of assurances that the Council would see a marked improvement in service when the statistics for March 2006 were available in April 2006.

P Thornton admitted that SHWM had made mistakes but questioned the extent of the problem of missed collections. He suggested that many of the telephone calls were from the same members of the public telephoning time and time again. Members were advised that the contractor's management had been improved, one additional supervisor had been employed and another was due to start in a month, also K Lee had been transferred from operations in the north of the country to work on this contract. P Thornton advised that the Council would see evidence of these improvements when the statistics for March were available but said that the assistance of the Council was still required on issues such as side waste and collection from flats in wheeled bin areas. He gave a number of assurances in relation to specific matters.

Members questioned the SHWM representatives about the company's recent correspondence with the Joint Chief Executive (Community Services). P Thornton advised that he saw the proposals outlined in that correspondence as continuing with the improvements already started. He gave further assurances in relation to these proposals.

The other Council officers returned to the meeting and the discussion continued. It was agreed that detailed notes of the discussions would be provided to SHWM. The Chairman thanked the SHWM representatives for attending the meeting. The SHWM representatives thanked members for the invitation to the meeting. The SHWM representatives left the meeting.

RESOLVED:

That further consideration be given to the Waste Management Contract at the next meeting of the Committee on 27 March 2006.

CHAIRMAN