

**WASTE MANAGEMENT PARTNERSHIP BOARD
MINUTES**

Date of Meeting: 16 June 2011
Location: Cabinet Office, Civic Offices, Epping
Time: 2.00 pm
Attending: Cllr John Knapman – Env. Portfolio Holder & Board Chairman (JK)
 Cllr Gary Waller (GW)
 John Gilbert - Director, Environment & Street Scene (JG)
 David Marsh, Waste & Recycling Manager (DM)
 Steve Holgate, SITA UK (SH)
 Paul Madden (PM)
 Vlad Velikoselskis - SITA UK (V V)
 Stella Forster (Minutes)
Ex-officio: Qasim Durrani, Assistant Director, Technical (QD)

	Action
<p>1. Introduction of new Council Members and Chairman</p>	
<p>2. Apologies for Absence - None</p>	
<p>3. Declarations of Interest - None</p>	
<p>4. Draft minutes of the meeting held on 6 June 2011 - Agreed</p>	
<p>5. Matters arising - None</p>	
<p>6. Review of current contract performance (operational & financial) For the benefit of the new Members SH gave a brief outline of what is featured in the statistical report that SITA prepare for WMPB meetings. JK was impressed with the clarity of the content and layout of the report, and SH informed him that it can easily be presented differently or new information added if required.</p> <p>SH: P3 Waste flows - recycling is running at 62.6%. This will be a slightly higher figure than that collated by EFDC. It will be difficult to improve on that number, although capture rates could be increased by a thorough education programme for residents. There is also still some opportunity to step up collections from flats, but a lot of work is involved.</p> <p>DM: The schemes in place for households are available to flats if required but every flat in the district must be assessed and agreements negotiated with managing agents or residents' associations. The number of collections from flats is constantly increasing, but there will always be some where there is no space to locate the bins, or where they are just not wanted. There is currently a programme to install larger, 1100L bins, with 360Ls for glass. However, as the plastic 1100Ls have been found to be too weak, the specifications have been changed and a procurement exercise is under way to acquire a more robust type, which can be refurbished if damaged. This has to be completed, with bins in place, by August.</p> <p>JK asked if there could be a maximum recycling figure which, when reached, would not be worth attempting to better. DM to send him all available data relating to individual blocks, to determine how much mileage there is left in this exercise.</p> <p>JG: County's figures for 2010/11 v 2009/10 showed that the overall weight of waste collected for Epping increased by 3.9%, and those for Rochford, another of</p>	<p style="text-align: center;">DM</p>

SITA's contracts, by 3.1%. Despite this EFDC and Rochford are now the two highest performing recycling authorities in Essex. Harlow's total waste stream however decreased by 3.7%. Rochford, which has a similar demographic to Epping, is achieving a 65% recycling rate. SH stated that SITA have explored the possible reasons for this, and although Epping produces a higher volume of residual waste per household, the explanation is unclear. It could be that Rochford rolled out all their service changes at once, whereas Epping's were incremental. Residual bin sizes in Rochford are all 180L, although if more than 6 in the family a 240L is supplied - this larger size is given to families of 4 or more in Epping.

SH: P4 Profit Margins 2011 - Operating profit over the last 12 months is 10%, 5% after overheads. Over the whole contract there is now a 3% operating profit, with a negative 3% after overheads. Epping is a stable contract for SITA, revenue varies very little and costs are usually fairly static.

P5 Cost Summary - Fuel is an ever increasing percentage but otherwise the breakdown between wages etc. does not change by large amounts. SITA purchase fuel in bulk, and have noted that the price rises quickly when there is an increase, but is much slower to drop when it decreases.

P6 Cost Split - There is a £25k difference between April and May, again fuel mostly to blame for the increase. JK asked if there could be any movement on wages, or if the number of staff could be reduced. SH replied that although SITA were quite aggressive with their wage structure in the first few years, any further harsh changes would result in loss of staff. The optimum number of operatives is a driver and two loaders, and this is unlikely to change unless new technology is introduced.

P7 Missed Bins - JK was impressed with the improvement in these figures. SH stated that the average standard was always 50 bins per 100,000, and May's figure of 21 is a good result. This does increase during the summer months, but this is related to the volume of green waste, and the use of agency workers. Epping residents appear to be understanding about the problems of collecting in bad weather and avoid reporting a missed bin, which may explain the drop in December. The figures shown on the graph do not represent the number of calls received, but are those which have been established as genuine complaints.

P8 Accidents & Injuries - staff are again being retrained as there is now a huge emphasis on health & safety within the organisation, and whilst the total number of accidents up until April were averaging 7-8 per month, there were only 3 recorded in May - only 1 slight personal injury and 2 minor RTAs.

P9 Cost Split Monthly - the breakdown of wages for the year has remained fairly static. The graph reflects catch up/overtime payments during the Christmas period. The increased figure for Lucy & Martin in January is due to a 3-month indexation payment.

V V provides a monthly statistical report for DM and his team and he gave a brief overview of the May return:

People: There were 45 supervisor H&S checks carried out to check that the correct procedures are being followed - the target is 1 per day. Sickness rates are good, 1% in May, 3% over the year to date. The report gives a brief description of the few accidents so far this year, none of which are recorded as resulting in lost time;

Vehicles: The supervisor also carried out 30 compliance checks during the month, and there was 100% vehicle availability (93% for the year to date). This is an excellent result and can only be achieved by having 3 spare vehicles available

for use if one is not considered roadworthy.

Service: No public complaints were received. 70 rectifications were sent by DM's team. If a street has not been cleansed on the correct day the crew must return and rectify within 24 hours. A success rate of 99.99% was recorded, with a £0 rectification value, and zero number of defaults.

Operational statistics Food & garden recyclable figures vary over the course of the year due to the lack of green waste over the winter period.

7. Contractual issues to include extension/retender of contract

JG: As discussed at a recent preliminary meeting with SH, the first 5 years of the contract comes to an end in Nov 2012, with an option to extend for 2 years. This provides an opportunity for both sides to review the contract to identify where improvements can be made. The contract is very different to when it was introduced, and with the Council now being obliged to find £1.3m savings for 2012/13 and a further £300k the year after, the waste management service is undergoing a review to see what savings may be derived from 2012 onwards.

JG will present a report to the joint MB/Cabinet meeting on 22 June, with the options for the future of the waste service being the main topic. The changes to the contract that would be necessary for an extension may breach EU procurement rules and Cabinet is to be asked if it is prepared to risk being challenged from another contractor. They will also be asked what approach they are likely to take with the methodology for collecting recyclables and what their view of shared services is expected to be. JG will make it clear that, based on current data, the contract is performing well across the board and the changes are not being proposed because SITA are under achieving.

SITA have already come forward with some proposals which would guarantee savings to the Council, which Members will be able to consider. A decision from them is required very quickly. JK gave his assurance that, as he would be the primary Portfolio Holder involved in the decision making process, a resolution would be reached before the September Cabinet. He stated that past experiences have made the Council generally risk averse, but when the occasion demands it some chances are worth taking. In his opinion, as the next 2 years will be a tough period for the Council, if a savings level can be agreed a continuation of the contract would not be discounted.

SH stated that SITA have been able to improve on the proposals already put forward and details will be sent within the next few days. This has been made possible by the unique situation that exists at the moment with the high value of materials, e.g. paper, which was of little value 2 years ago but has just topped £100 per ton. The key factor affecting the price is trialling loads to the MRFs to ensure the mix is acceptable to them. If the Lucy & Martin contract was terminated and glass was commingled this would also be of some financial benefit to the Council.

Regarding risk, SH said it was worth noting that there have been no challenges to a contract extension since 1989. Even if EU procurement rules are broken if the Council makes changes to the original tender, it would not be cost effective for companies such as Veolia who pre-qualified for the contract to make a challenge and thereby put their own extensions at risk. One safeguard would be to 'advertise' the proposals, delay signing the contract for 3 months, and only go ahead if no challenges are received within that time. He offered the services of SITA's own lawyers to give advice on EU procurement law to the Council. JK replied that the 3 month suggestion was a good one, and legal advice would be welcome as it would strengthen his position when presenting the options to the Cabinet, and then to Council in due course.

<p>8.</p>	<p>Olympic Games update JG: The operational plan has now been completed, and this will be presented to Members for approval in due course. DM is the chair of the EFDC/SITA Innovation Forum, and will soon liaise with Broxbourne Council, to deal with any waste service issues that may arise. Some clarification of the Park & Ride facility is still awaited. It has been agreed that street cleansing will be carried out before 9am and after 5pm. Broxbourne are considering placing posters on their lorries, and the Forum are debating the cost implications of using magnetised signs on EFDC vehicles. JG warned that Olympic organisers will be very strict about any banners, advertising material etc. complying with the colours and designs of the 'Look & Feel' concept. However, if funding is available, this should be pursued.</p> <p>There are some concerns about the hiring out of mobile homes in the district for accommodation during the Games. JK said that although the caravan park in Chigwell had withdrawn its application, requests are now being received for permission to use tents. He has requested that Planning keep him fully abreast of developments as there will be implications for the waste service if these applications are approved.</p> <p>SITA have been confirmed as the official waste contractor for the Olympics and SH will advise of any issues that that could affect EFDC or Broxbourne.</p> <p>PM advised that only family and friends of the participants will be invited to the test event in July. Numbers are estimated at around 3,000.</p>	<p>SH</p>
<p>9.</p>	<p>Health and Safety issues - none.</p>	
<p>10.</p>	<p>Depot relocation JK has yet to be convinced that moving the waste service to NWA is a cost effective exercise. He is requesting that this whole issue is reconsidered and the business case fully analysed. It may be simpler and better value for money if, when the new contract is negotiated, the provision of a depot by the Council is not included. As £1m has already been approved for the purchase of new vehicles, they would remain with EFDC.</p> <p>SH can put JK and JG in touch with authorities SITA work with who have experience of operating without a depot. He said that they invariably regret the decision. It works well for the first contract, but when this comes up for renewal they are bound to a contractor which owns the premises. It may be possible to incorporate within the contract that the company builds a new depot, which at the end belongs to the Council. However, this is not ideal as it means having a very long contract in place.</p>	<p>V V</p>
<p>11.</p>	<p>Any other business JK will be considering what savings could be made by disposing of waste at a nearer location. He expressed a wish to ride to a landfill site on a SITA vehicle so that he can gain a better understanding of how the system works. V V to organise a health & safety induction before arranging a date for JK's journey.</p> <p>JK ended the meeting by saying that he operates on a 'no surprises' principle, that he will always take advice from JG and will keep SITA fully informed and involved in any decisions that are to be made. He trusts that this will be reciprocated, and that this will hopefully lead to a good working relationship in the future.</p> <p>Date of next meeting - SF to arrange.</p>	<p>SF</p>