

WASTE MANAGEMENT PARTNERSHIP BOARD MINUTES

Date of Meeting: 05 November 2012
Location: Committee Room 2, Civic Offices, Epping
Time: 2.00 pm
Attending: Cllr W Breare-Hall – Env. Portfolio Holder & Board Chairman (WBH)
 John Gilbert - Director, Environment & Street Scene (JG)
 Qasim Durrani, Assistant Director, Technical (QD)
 David Marsh, Waste & Recycling Manager (DM)
 Steve Holgate, Sita UK (SH)
 Dave Swire, Sita UK (DS)
 Melvin Dhorasoo - Sita UK (MD)

Also present: Stella Forster (Minutes)

		Action
1.	<p>Introductions (to include recent changes in Sita management) Dave Swire, who will be replacing SH at future meetings, was introduced to the Board. SH explained that following an organisational review, from 1 January 2013 Sita's logistics and municipal divisions are to be split to give each a better focus. SH will be General Manager of the commercial side of the business, with DS managing the municipal side. Both will be based at Wokingham.</p>	
2.	Apologies for Absence - Cllr. Mrs Stavrou	
3.	Declarations of Interest - None	
4.	Draft minutes of the meeting held on 3 September 2012 - Agreed	
5.	Matters arising - to be covered under the agenda.	
6.	<p>Review of current contract performance (operational & financial) WBH thanked SH for sending the powerpoint documents in advance of the meeting. SH said that the report is now split into two parts, open book accounting and KPIs. On P4, profit margins Q1 v Q2, the decreases in operating and EBIT margins in the second quarter is mostly due to some big DD claims following a serious accident in September. This resulted in a vehicle write off, claims for a stressed horse and a third party claim. Fortunately there were no serious injuries and although the driver resigned the following day both operatives are now back at work.</p> <p>As promised at the last meeting, SH showed WBH a breakdown of how the DD system works. Funds are put aside for accidents, which are either spent if a claim is paid out in full or put back if it is settled for less.</p> <p>P5, full contract v contract year to date from April: SH said that having the accident was unfortunate but the picture is still positive. With 2 years still to go the contract is currently running at about a 7% margin, and the 2-3% target overall for the contract should be achievable.</p> <p>However, the recycling market is declining and cardboard, for example, has halved in value over the last few months. Although Sita have deals in place and there is no risk to the Council this will have an effect on the accounts and it will be something to consider for the next contract.</p>	

P6 cost split monthly: the picture does not change too much apart from variations in the wage bill at bank holiday times. Fuel continues to be an increasing cost and fuel theft is on the rise, with 6-7 depots targeted recently. Although Langston Road is on a busy road with many cameras the latest theft was at a depot that was considered secure with full fencing, CCTV cameras etc. 35 vehicles had their diesel decanted, at a cost of £15k. The police are heavily involved and have gathered evidence of the offenders.

P7 cost split quarter on quarter: this rarely changes very much. Although fuel is now beginning to creep up Sita is constantly looking at ways of saving fuel and have introduced a daily fuel management system that has had a significant impact on fuel costs. The vehicle maintenance deal at Epping is more expensive than at other sites, but core vehicle costs have gone down slightly. The accident had a huge impact on costs; MD reported that £9k was spent just on recovering the vehicle, which was considered a good deal.

P8 other costs clarification: glass collections, food and green waste disposal and bulked waste make up 95% of what constitutes 'Other Costs'.

KPIs - P10 summary of waste flows: The percentage of green recyclables is now dipping due to the time of year, and is not likely to increase again until April next year. Dry recyclables are at their lowest figure for some time, although there has been a general decrease in all waste streams. Hopefully the recycling percentage will be back up to 60% before Christmas.

JG: It is possible that residents are becoming complacent about recycling. There is still too much food waste in residual bins and it is important to find ways of capturing it. SH said that evidence from surveys indicate that the service must be reinforced at least annually. There are various ways of achieving this, e.g. for other contracts Sita is currently producing an A5 leaflet which the crews deliver to anyone on their rounds who has not recycled, and this is most effective. Roadshows are cheap to put on and can also get the message across, particularly when tied in with giveaways. However there is a mixed response and they tend to appeal to those people who already participate. Roadshows at train stations at rush hour seem to achieve good results. Some other ideas, such as community league tables, award schemes etc. have not proved successful in the past.

JG said that it is unfortunate that the drop in recycling has coincided with an increase in the target this year. In answer to JG's question, SH said that Rochford have dropped from the No 1 spot for recycling to No 3 but although they are keen to regain their position they are reluctant to spend more money on achieving it. Like Epping, there is a judgement call to be made.

DM: The service is already well publicised; there are two major calendar drops each year, as well as certain other information as the need arises. A food waste booklet will be delivered before Christmas when there is more food to dispose of. However, a leaflet carried by the crews is a good idea and an instant solution. It would be possible to identify the general areas where the biggest problems are. Earlier exercises have shown W/A to be the least co-operative, in stark contrast to areas such as Chigwell which have fewer economic difficulties.

P11 missed bins - SH: Although the figures are still low they are beginning to creep up. The Olympics may have had a small effect during this period. MD said that this is under constant review. The food & garden crews have been trained to identify households that present one bin for emptying, then put out a second or third bin and complain of a missed collection.

SH: Hopefully the figures will return to a lower figure next quarter. The use of

microchips has not been successful, but Bracknell have introduced an innovative incentive scheme to encourage participation. A reader on the vehicle can recognise the containers each household presents and the resident is rewarded with points which can be cashed in for Council services, e.g. swimming, car parking etc. This is the first of its type, fully funded by Defra and the results are awaited.

P12 Accidents: There have been no RIDDORS since January, but personal accidents have increased, with 2 personal injuries and 2 from the accident. Because this was a RTA the police were involved but there is no requirement to report it to the HSE. The worst time of year for accidents is now approaching.

P13 Overtime, Agency & sickness: Sickness levels are creeping up, with two operatives off after the accident and two on long term sick leave. This affects all the other figures and is monitored closely. The numbers are still considered good for the industry Sita is in.

7. Sita Customer Closeness Survey

This was introduced to monitor clients' perception of Sita, and to identify ways of improving performance and customer relationships. It is intended to carry this exercise out on a quarterly basis. SH thanked DM for completing the survey, but expressed his disappointment with the score given by Epping for service delivery.

MD had discussed the summary of results with DM, who said that the score could have been improved if some of the questions had been more specific to the individual contract and had not been aimed at a national level. Also he had marked 'unresolved' on the last page as the tenses were confusing. In addition the survey was sent to several people at the Council but as it was felt that he was the most appropriate officer to respond, this would also have lowered the score. He said that if there were issues to be resolved they would be discussed with Sita at the time and would not wait until a survey was completed.

SH said that anyone who opened the link but did not respond received a zero score and the contact list had now been amended. Lessons had been learnt from this first survey and the issues would be addressed before the next one is sent out. It had proved useful to clarify where companies required changes to be made. The average score from commercial clients was 7.6/10, and for the municipal side it was 8.7. Epping scored only 6 and, as a much higher figure was expected, this set alarm bells ringing.

JG emphasised that the outcome of the survey was misleading and the impression that Epping was not happy with Sita was certainly not intended.

8. Replacement vehicle arrangements

JG has spoken to the Council's insurance officer and there are a range of options available. These include Sita providing the funds for the Council to purchase a new vehicle, or Sita supplying a vehicle which the Council would own at the end of the contract.

SH said that for the time being Sita have replaced the vehicle like-for-like from their own fleet. Their preferred option is to replace the vehicle for the life of the contract and the Council retain it at the end, or the net book value is agreed. Two insurance assessments have been carried out and the net book value of the vehicle, which was 2 years old, was £80k. As the replacement cost is £135k, the value has been halved in two years. As Sita are incurring hiring costs it would be appreciated if the matter could be resolved as soon as possible. JG will now discuss this with Finance.

9. Recycling in flats

JG

DM: The nine blocks of flats where managing agents have impeded all attempts to change the service are now being targeted. Work has initially started on two blocks in Epping, and the residents will be informed by a letter going out next week that residual waste collections will be changing from weekly to fortnightly. They have sufficient space for additional containers and they will be offered as much help as they need with recycling. However this will undoubtedly be an unpopular move and there may yet be problems with deliberate contamination. If so the managing agents will be forced to take some responsibility. One way of addressing this issue is to regain the cost of extra collections and passing it on to tenants via their service charge.

Work will continue throughout the district, and the most problematical blocks will be left until last. There are no problems with new blocks where recycling has been established from the beginning. Also Housing put a clause in their tenancy agreements so that tenants are aware of their responsibilities.

At WBH's suggestion, DM will inform the relevant members of the action which is about to take place in their ward.

DM

10. Government funding of weekly collections

JG: This initiative has not proved as successful as anticipated, and only one authority has taken up the Government's offer to help fund a weekly collection. The popularity of fortnightly collections may have been underestimated, and councils would have been reluctant to reduce their recycling revenues. EFDC have not heard their result, but their bid is highly unlikely to have been successful and no officer time is now being spent on this matter.

11. Health & safety issues

The HSE are expected to return in the next month or so to make sure that the issues identified at their last visit have been addressed. They usually give some weeks notice but have not yet been in touch. However, if they do arrive unannounced it can be demonstrated that their suggestions about putting reporting mechanisms in place have been implemented. They have been kept fully informed of all actions taken and have approved the questionnaires on quarterly and monthly checks that are carried out. DM passed around the Q2 audit results.

Sita have their own checking regimes, and EFDC verify that these are being carried out correctly. The results are generally good, although supervisor vehicle checks had a failure rate of 29%. DM explained that this was due to the paperwork not being filed, and JG suggested this was made clear before the HSE's next visit. MD confirmed that this issue had been addressed with the supervisor concerned.

12. Depot relocation and new contract

NWA has now been discarded as a possible location for the depot but there are a few other sites still being considered for their suitability. JG has been in discussions with the consultants about the way a future contract might be procured and has had a meeting with iESE, a company that has a waste framework in place, to discuss what options may be available.

It is only 2 years until a new contract is required and if by the spring of 2013 an alternative depot site has not been found the contract will have to include the contractor providing one, in which case timescales are tight. Whether this will be a straightforward tender or competitive dialogue, which is more flexible but more expensive, will have to be decided.

In response to WBH's question, SH said that it is difficult to get the timing right to

avoid clashing with other big contracts being let. However April is a time to avoid and Epping's is likely to be at a better time of year. Once the tendering process begins it is bound to attract interest from all the biggest waste companies.

13. Date of next meeting

7 January 2013. Meeting room to be confirmed.

14. Any other business

WBH asked for an update on the Government waste strategy and the possible new regulation which would require local authorities to discontinue comingled collections, as discussed at the last meeting. JG replied that this is unlikely to be taken forward as it would affect too many authorities and it had been based on a few companies' commercial interests. There is yet to be a judicial review, but it is generally felt that if the recycling materials collected are of a high enough standard local authorities will be able to continue as at present.

DS gave his contact details. They are:

Phone: 07970 233697

E-mail: dave.swire@sita.co.uk

He also said that he would bring Nick Browning to the next meeting.

MD invited members of the Board to attend a presentation being given at 2pm on Thursday 15 November to mark the fact that all 30 operatives who took examinations in cleaning support services have passed. Sita are very proud of them all. QD said that this will be placed on the website as a good news story.

QD had been asked to formally thank the static operative at W/A for his dedication and hard work. SH undertook to pass this on, and said that the public perception of static workers was generally very high.

On this fifth anniversary of the current contract, JG, on behalf of the Board, thanked SH for his attendance at meetings over the past five years, and for all the time and effort he had put into building the relationship that existed between Sita and the Council. He wished him well for the future.