

Report to the Overview and Scrutiny Committee



SCRUTINY



Epping Forest District Council

Date of meeting: 23 February 2016

Portfolio: Environment

Subject: Review of Waste and Recycling Collection Arrangements

Responsible Officer: Derek Macnab (01992 564050)

Democratic Services: Adrian Hendry (01992 564246)

Recommendations/Decisions Required:

That Members consider the outcome of the Review of the Council's Waste and Recycling Collection Arrangements in order to advise the Cabinet of any key findings.

Introduction

(1) 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.

(2) 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.

(3) 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 were reported and the service is only now fully stabilised. The Council's Environment Portfolio Holder, believes that it is 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.

(4) 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.

The Review Process

(5) Given the likely level of both Member and Public interest, particularly with respect to the introduction of the revised 4-day collection arrangements, it was agreed that an additional meeting of the Select Committee would be dedicated to this single subject. Given the Work Programme of the Committee, the availability of external contributors to the review and to allow a period of time for the contract to fully stabilise, a date of the 17 December 2015 was set.

(6) In order to ensure that the review focused on the main issues that Members wished to explore, the 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;
- 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;
- 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;
- iv. Current Performance of Contract and Future Prospects.

(7) 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:

(8) 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.

(9) Officers have reviewed the notes and have identified what would appear to be some

key learning points from the meeting. Members are invited to consider these issues and any others that they identify, as the basis for a report to the Cabinet.

Part One - Procurement:

- Competitive Dialogue proved to be an effective means of procuring the new Waste Contract, from both the Client and Contractors perspective.
- 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.
- The role that cross-party Portfolio Holder Advisory Groups play in shaping service contracts was recognised as a positive.
- 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:

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

- 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.
- A phased approach was not adopted and had not been elsewhere, to the best

knowledge of consultants and contractor. However, should not be ruled out in future contracts, certainly there would have been value in test rounds with the new fleet.

- 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.
- 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.
- 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.
- 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

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.