

## **Committee: Sustainable Communities Scrutiny and Overview Committee**

**Date: 2<sup>nd</sup> November 2017**

Wards: All

**Subject: South London Waste Partnership - Phase C performance monitoring**

Lead officer: Graeme Kane

Lead member: Cllr Ross Garrod, Cllr Nick Draper

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### **Recommendations:**

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1. Members are asked to note the contents of the report and provide officers with any comments regarding their experiences, or reports they have received, relating to the waste, recycling, street cleaning and greenspaces services.
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## **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1. This report is intended to provide Members with an update on the performance of the waste, recycling, street-cleaning and greenspaces contracts.
- 1.2. idverde's contract began on 1st February 2017, whilst Veolia began on 1st April 2017.
- 1.3. Performance of the contract is managed by the South London Waste Partnership in conjunction with the London Borough of Merton's (LBM) Public Space team and actively monitored by LBM's Neighbourhood Client Team.
- 1.4. The procurement of these services delivered significant savings to the council whilst introducing significant improvements to the service including a new fleet of vehicles including mechanical sweepers which provide a more efficient and effective means to clean streets and modern technology to provide a more efficient response to residents' concerns.
- 1.5. Overall the transition to Veolia and idverde went smoothly with little disruption to the waste/ recycling collection and street cleaning service or parks maintenance. The contracts are based on an output based specification requiring the streets to be maintained at the required standard. There have been service issues with various elements of the contract, on which the client team have been working with Veolia; further details are provided in the report.
- 1.6. The greenspaces services delivered by idverde have performed well during the summer period which is the busiest season for the service. There have been some isolated issues relating to litter bins in some locations, which have been addressed by the client team.

## **2 DETAILS**

### **2.1. Background**

- 2.2. Following the endorsement from the Joint Waste Committee on 7th June 2016, the Cabinet, on 4th July 2016, approved the appointment of Veolia ES (UK) Ltd as Preferred Bidder for LOT 1 services following the procurement exercise

undertaken by the South London Waste Partnership (SLWP). Lot 1 services included: waste collection; street cleaning; commercial waste collection; winter maintenance; vehicle procurement; and fleet maintenance

2.3. At the same Cabinet meeting, it was agreed to appoint The Landscape Group Ltd as Preferred Bidder for LOT 2 services (including Parks, Grounds maintenance, Cemeteries, Verges and Tree maintenance). The Landscape Group was then bought by idverde, who became the provider of these services.

2.4. idverde's contract began on 1st February 2017, whilst Veolia began on 1st April 2017.

2.5. Both contracts are for a period of 8 years with the option to extend for two further periods of 8 years, a maximum total of 24 years.

## 2.6. **Procurement Process**

2.7. The following objectives, agreed prior to the commencement of the procurement were:

- to target optimum savings on the costs of service provision through lower service costs and increasing recycle income;
- to deliver residents a high performing service, achieving high levels of customer satisfaction;
- to provide improved environmental and carbon outcomes in the way we deliver environmental services; and,
- to ensure the community remain engaged and involved in the management, maintenance and oversight of parks, cemeteries and open spaces in Merton and Sutton.

2.8. With these objectives in mind the Competitive Dialogue procurement process allowed the opportunity to seek optimal solutions by engaging with leading providers in the market. Through dialogue, the procurement team were able to harness the experience and economies of scale of bidders to identify the right solution for the four boroughs.

## 2.9. **Financial Implications**

2.10. The cost to the SLWP of this procurement is forecast to be £1,640,000, of which Merton's share is £410,000. In addition to the Partnership's cost. Merton incurred the cost of additional project management support along with HR resource at a cost of c£216k over the three years. Transformation Challenge Award funding of £1,330,500 was successfully bid for and received from the Department for Communities and Local Government, of which Merton's share is £332,625, resulting in a net cost for Merton of c£293k. This was funded by the Merton Improvement Board.

2.11. For the purposes of comparison it has been assumed that existing budgets will be inflated by 1.5% annually and benchmarked against the Preferred Bidders 2.5% inflation cap within the contract.

2.12. Work undertaken by Waste Services indicates that the award of the contract to Veolia has more than achieved the original savings estimation of up to £1.3m, as reported to Cabinet in July 2016.

- 2.13. Current forecasts, for Lot 2, predict a revenue saving in the region of £230k in year 1 based on current assumptions on pension contributions (£200k), and NNDR pass through costs (£49k).
- 2.14. Both contracts allow for further potential savings to the Council through the income generation and profit share elements of the contract.
- 2.15. In addition to the savings achieved by the LOT 1 & 2 services there are additional revenue savings which have been achieved centrally. For example, our corporate insurance has been reduced as a result of both the transfer of c50% of our fleet and front-line staff members to the contractors. Transport services have also seen a reduction in the cost of maintaining the retained fleet.
- 2.16. **Service requirements**
- 2.17. As explained in the Cabinet report of July 2016, the key features of the services are as follows.
- 2.18. Waste and recycling remain a weekly collection service for residents until October 2018 when a service change will be implemented. This will introduce an alternate weekly residual waste and recycling collection service with a wheeled bin for residual waste. To maintain hygiene and public health standards, food waste will continue to be collected weekly for all properties.
- 2.19. Street cleaning is based on an output model whereby Veolia are required to maintain Merton's streets and pavements to a 'B' grade as defined by Defra's Code of Practice on Litter and Refuse. Where the cleanliness of a street falls below this standard, as judged by an officer, Veolia are required to return to the road within two hours in town centres and within 24 hours in residential areas to bring the street up to an 'A' grade. Veolia are able to flex their resources and frequency of cleaning in order to maintain these standards. Litter bins should never be overflowing and when reported as full, they must be emptied within two hours. Fly-tips should be removed within 24 hours of receiving a report. Graffiti should be removed within 2 hours if offensive otherwise within two working days.
- 2.20. The maintenance of greenspaces is also based on an output model of cleanliness together with the height and quality of grass cutting. The frequency at which cuts and litter picks occur is for the contractor to decide in order to maintain these standards. The cleanliness of parks must also be maintained at a 'B' grade.
- 2.21. **Neighbourhood approach**
- 2.22. In accordance with their bid, Veolia have implemented a neighbourhood approach to deliver the services across the borough in a consistent manner. There are three neighbourhoods consisting of approximately equal size. Veolia has two Neighbourhood Environmental Managers who oversee the teams within each of the neighbourhoods. In this way, the Neighbourhood Environmental Managers, and their teams, become familiar with their areas and are able to respond in an informed manner to issues that arise as well as use their knowledge to avoid issues occurring in the first place. The Neighbourhood Environmental Managers are responsible for allocating resource across their neighbourhoods to respond to incidents reported to the Council or identified by the crews. The manual sweepers are also based within their neighbourhood; this allows them to learn their routes/beats, and the characteristics of the area.

Each neighbourhood is supported by a cage vehicle to empty litter bins and remove fly-tips and street cleaning bags. The mechanical sweepers, of which there are six across the borough, are not allocated to a neighbourhood and cross boundaries in order to maximise their efficiencies and productivity. In addition, they have five 'gluttons' which vacuum up small bits of litter and detritus in the key town centres. The suite of resources work as a team to reach the required standards.

#### **2.23. Performance monitoring and contract management**

- 2.24. The operational performance of the contract is overseen and managed in a number of different ways in order to maintain and improve performance for the benefit of our residents. Before the commencement of the contracts, LBM created a new Neighbourhood Client Team consisting of three experienced Neighbourhood Client Officers (NCOs). Together, they monitor the contract through site visits and daily interaction with the contractors' Neighbourhood Environmental Managers, residents, stakeholders and local Members. They respond to customer requests, queries and complaints in order to resolve waste/recycling collection, street cleaning or green space issues. They also gather intelligence and information from analysing data held in the Council's customer management system. In addition, they have access to the contractor's operational management systems in order to determine what resources are being used in order to deliver the services and when. Through their work they are developing strong relationships with key stakeholders as well as intricate knowledge of the wards for which they are responsible. This helps them to pre-empt problems and resolve issues to avoid disruption and inconvenience for our residents.
- 2.25. The contracts are managed through the SLWP team. The Authorised Officer for both contracts is the SLWP Strategic Partnership Manager and there is a separate Contract Manager for the Lot 1 contract within the partnership team. These roles are responsible for the management of the contract across all four of the partner authorities. They are directed by the Management Group which consists of the appropriate Assistant Directors from each borough. Regular contract management meetings are held between SLWP, representatives from each of the boroughs and the contractors in order to oversee and progress the delivery of the contract.
- 2.26. Weekly operational meetings take place with both contractors and the client team to address immediate services issues. Monthly meetings with senior managers from Veolia and idverde also take place to address strategic and commercial elements of the contract to ensure contract compliance and service delivery. The authorities, through the SLWP, work in partnership to address issues across the contract area; this puts each authority in a stronger position to ensure contractual compliance from the service providers.
- 2.27. Within the contract there are mechanisms by which poor performance can be addressed. The Service Performance Indicators provide an insight into how the contract is performing. These indicators are reported and reviewed on a monthly basis. Where performance is below the required standard, financial deductions can be applied to the monthly contract payments. The calculation of the indicators and deductions is reliant on having a fully integrated ICT system, which is progressing but not yet complete. Financial deductions are routinely

applied to the contract where appropriate to address poor performance. Deductions were applied in both July and August and are being finalised for September.

## 2.28. **System integration**

- 2.29. The efficiency of both contracts relies on the integration of Merton's customer relationship management (CRM) system and the contractor's operational systems. The contract with Veolia provides the opportunity to integrate their operational management system (Echo) with LBM's CRM. The client team have access to all the data in Echo, which is updated in real time by the collection and street cleaning team as well as the office-based supervisors.
- 2.30. For example, a report of a missed bin entered by a resident through LBM's website can be delivered to a driver within minutes and they can return to the missed bin before returning to the depot. This speeds up response times and reduces administrative overheads.
- 2.31. There is a long list of service requests to integrate for example: missed bin; street below grade; fly-tipping; container delivery; new garden waste customer. The list is grouped into priority order based on the volume of each request. As of end of September, all the Priority 1 integrations had been completed and work had started on Priority 2 integrations. All integrations are currently expected to be completed by Christmas 2017. The service will not be running at optimum efficiency and responsiveness until these processes are integrated.
- 2.32. For idverde, the key system from a resident's perspective is that relating to pitch and court bookings. idverde has introduced a new system which will enable on-line bookings. The system is currently in test to ensure it is user-friendly before it is launched on the LBM website. Residents can currently book by calling or emailing idverde directly. Further integration is required between LBM's CRM and idverde's operational system so that residents can log service requests on-line, which will then go directly to idverde. Currently reports are sent to idverde by email or phone.

## 2.33. **Contract Performance**

### 2.34. **Missed bins**

- 2.35. Residents are requested to present their rubbish and recycling in the following way:
- put it out by 6am on their collection day (unless in a time-banded collection)
  - put it in the correct containers
  - put it at the front edge of their property where it can be seen clearly, but not on the road or pavement
  - take their black bags out of their outside bin, if they have one
  - make sure their bags are not split.
- 2.36. If a resident's bin is not collected, and they have followed all the requirements above, it is referred to as a 'missed bin'. As long as a resident reports the 'missed bin' within 48 hours of their scheduled collection day, Veolia are required to return to empty it within 24 hours. If a report is made after this time,

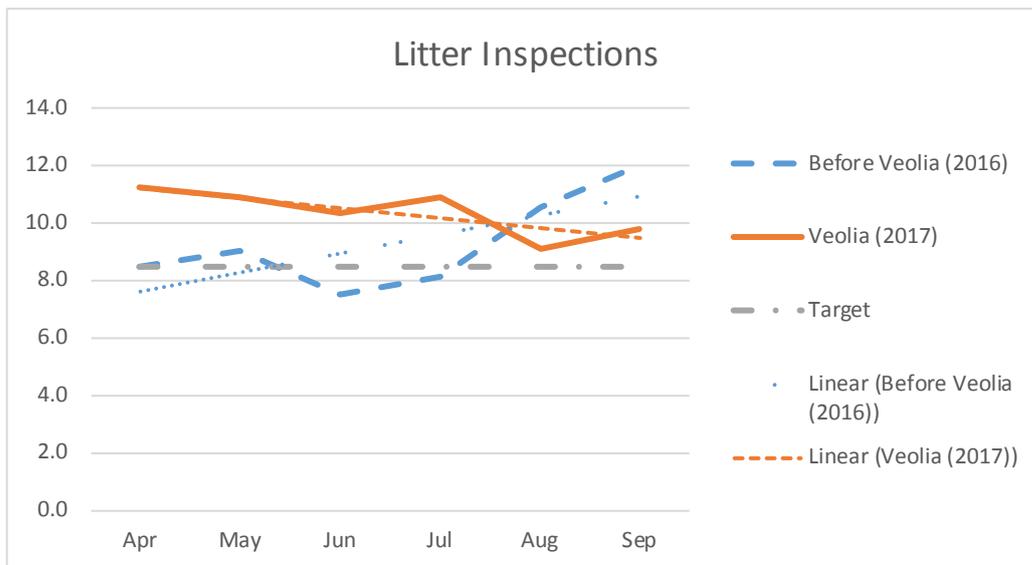
the resident will either have to take the waste to the household recycling centre or retain it until their next collection.

- 2.37. The client team monitors the number of missed bins as well as their location in order to identify any repeat misses. This analysis helps the team to identify where repeated issues are occurring and proactively take steps to resolve them before residents feel the need to escalate it as a complaint.
- 2.38. To enable comparison from one month to another, the performance of missed bins is measured against 100,000 collections. This can be equated to a percentage of bins missed. LBM's performance monitoring target for missed bins per 100,000 collections is 75/month.
- 2.39. In the first six months of the contract, the following 'missed bins' have been reported:

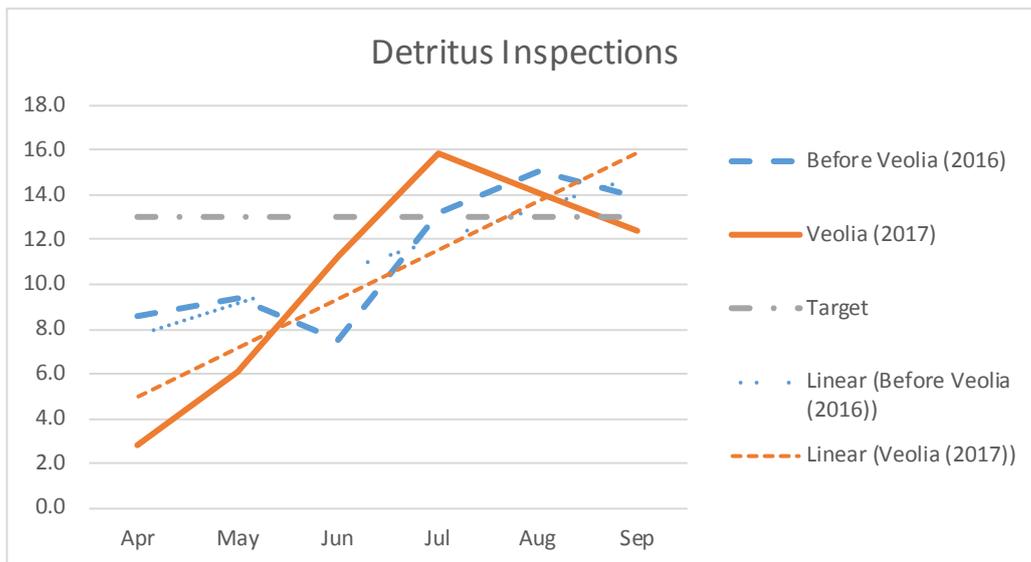
Month	April	May	June	July	August	Sept
Missed bins per 100,000 collections	48	68	77	90	75	107
Percentage of collections missed	0.048%	0.068%	0.077%	0.09%	0.075%	0.11%

- 2.40. The average for the first six months is 78 missed bins per 100,000 collections. This is marginally above target of 75. Reducing the number of missed bins as low as possible will remain a focus for the NCOs, who work with Veolia to identify issues and find solutions before a resident experiences repeated collection issues.
- 2.41. Owing to the in-cab technology and improvements to LBM's on-line reporting functions, the system to record missed bins is now more accurate than before the Veolia contract began and the methodology of calculating the number of missed bins has changed. Therefore, the number of missed bins recorded before the Veolia contract is not directly comparable with the current reported performance.
- 2.42. **Commercial waste**
- 2.43. The commercial waste service delivered by Veolia is operated by a separate team to the residential service. All administration and customer service for the service is carried out directly by Veolia. The contract is structured in such a way that LBM should have little or no involvement in the delivery of this service. The team are aware that some customers have experienced difficulties in receiving collections and have raised particular concerns about the standard of service from the Veolia call centre. These issues have been raised with Veolia's management. Early problems with collections from schools have been resolved and there have been no further significant issues at schools or community centres.
- 2.44. **Street cleaning**
- 2.45. NCOs respond to reports of street cleanliness issues by liaising with Veolia to rectify the problem. Issues are identified by their own proactive inspections as well as their reactive inspections following a resident, or Member, report. In

addition, LBM's Performance Monitoring Officer undertakes monthly and quarterly inspections at random across the borough to assess for litter and detritus separately. The data from these inspections provides an insight into the street cleanliness of Merton's roads over time. Anything graded B- or above is within the acceptable limits of the contract. The graphs below compare the results of these inspections between April - September 2016 (before Veolia) and April - September 2017 (with Veolia). The scores are based on the former Defra National Indicator 195 for street cleanliness; LBM's performance target is less than 8.5 for litter and less than 13 for detritus; both of which are stricter targets than previous years.



2.46. Independent inspections for litter on Merton's roads indicates that the management of litter since Veolia began the contract is improving and for the last two months has been better than the standards previously maintained.



2.47. The same independent inspections for detritus indicate that there was an increase in detritus in the first four months of the contract but has since improved and for the last two months, the performance is better than last year. In September, the streets were cleaner than the target.

- 2.48. Since the beginning of the contract, there have been specific issues related to street cleaning which have been a focus for the client team, Veolia and residents. These include the management of street cleaning green sacks. These should be removed by the evening crews on the day of sweeping; this is not always happening and is being addressed by the client team with Veolia. Overflowing litter bins undermine residents' ability and commitment to disposing of their litter responsibly and bring down the overall condition of an area. It is disappointing therefore when the bins are not emptied frequently enough to avoid this occurring. Unfortunately, there have been incidents when bins have been overflowing. This remains a focus for improvement.
- 2.49. Weeds on pavements and roads were treated with pesticide in June. For whatever reason, this application did not appear to work and there was a flush of weeds across Merton in July and August. Veolia made a second application of weed spray in August and this made a notable difference by killing off weeds in most roads. The crews were then removing the weeds by hand from tree pits, where weed spraying is not possible in order to protect the trees. A further application of pesticide is scheduled during the autumn.
- 2.50. The leaf fall season presents an annual challenge for the street cleaning crews. As a result of this contract, there will be additional resources to clear the leaf fall compared to arrangements prior to the contract. Veolia are committed to introducing two additional crews equipped with specialist equipment to sweep and collect the leaves. The work will take place over a ten week period. Exact dates cannot yet be specified due to the seasonal factors that can affect leaf fall. The work will start once the majority of the leaves are starting to fall, which is of course variable and depends on the weather. Veolia and the client team are monitoring the situation and will make a joint decision about when the additional crews should be mobilised. The use of additional resources ensures that the normal street cleaning operations can continue throughout the season. Until the additional resources are introduced, the normal crews will clear leaves from the streets during their scheduled sweeping.
- 2.51. **Fly-tips**
- 2.52. The number of recorded fly-tips across the borough has increased significantly since March. This is unlikely to reflect a significant increase in incidents and is more likely to be a result of improved reporting and data capture by the new in-cab technology. The number of fly-tips in the borough is higher than expected by Veolia and they are currently struggling to keep up with their removal within 24 hours of being reported. The key to reducing the number of fly tips is to encourage residents to dispose of their waste responsibly. LBM's Environmental Engagement and Enforcement Team are actively working in areas where fly-tipping is a particular problem in order to raise awareness among residents of their duties to dispose of waste responsibly and where necessary, fines are issued to offenders.
- 2.53. The table below presents the number of fly-tips reported (previous fly-tip records are not comparable given the changes in data capture and reporting technology). Whilst some reports may be duplicates, it gives an impression of the volume of fly-tips that Veolia are required to clear each month across the borough.

	April	May	June	July	August	September	Totals
Reported Cases	658	574	561	635	547	768	3743

#### 2.54. **Graffiti**

2.55. Veolia were delayed in being able to provide the necessary resource to clear graffiti from public land; this was resolved in August when their new bespoke graffiti removal vehicle was delivered. They are now able to respond to reports and should be clearing graffiti from public land within 48 hours of a report. For graffiti on private property, Veolia require a waiver form to be signed by the property owner; this can delay removal. There may also be a charge for the property owner. The client team are working with Veolia to clear the backlog of graffiti cases that built up as a result of the delay.

2.56. Idverde operates a dedicated graffiti team that deals with this problem across parks and open spaces across both Merton and Sutton boroughs. After some initial mobilisations issues, this team is now generally performing to the standards of the specification which mirror those within the contract with Veolia for clearing graffiti on other public land.

#### 2.57. **Greenspaces**

2.58. idverde have been performing well in their maintenance of Merton's parks, verges and open spaces. The grass cutting regime has ensured grass has not been higher than the required specification. On the whole they have performed well regarding litter picking and emptying of litter bins. There have been incidents where bins have been overflowing, particularly over the weekend during fair weather. Where necessary, the client team have liaised with idverde to ensure the frequency of collections increases to meet the seasonal demand. idverde have experienced a high level of turnover amongst their managerial team in Merton, this has led to some delays in establishing good contract management processes and principles. idverde have appointed a Commercial Manager who is responsible for increasing the income from sports and leisure activities across Merton. Regardless, the operational service has been delivered in line with the specification. Relationships between the client teams and idverde staff are improving and will assist with better partnership working.

2.59. There has been substantial and productive engagement between idverde and our various parks' friends groups throughout the contact period to date. idverde staff have attended a number of meetings of the borough's friends groups, both collectively and individually, during the past 9 months in their endeavours to become familiar with the friends' aspirations and current work programmes and have provided practical support and materials where required.

#### 2.60. **Winter maintenance and gully cleansing**

2.61. Under the Veolia contract, they are responsible for highway gritting and gully emptying. Veolia have been working with the Highways team to prepare for the winter season and the gritting requirements. Five new vehicles have been delivered to provide this service. Grit has been ordered and delivered. Calibration and test-runs of the vehicles have been undertaken and the crews have completed the City and Guilds accreditation to ensure they are fully trained in their duties.

2.62. Gully cleansing services have begun. Veolia undertake scheduled maintenance of gullies as well as ad hoc works in response to resident and Member requests.

Veolia are reporting that the work is being undertaken and providing records of this work. Merton's Highways team are continuing to work with Veolia to improve the standard of these records.

### **2.63. Ways for the public to report incidents**

2.64. Residents, and Members, are able to report incidents or service failures in a range of ways. They can use the Report It function on the LBM website: <http://www.merton.gov.uk/doitonline/report-it.htm>

2.65. The website enables residents to report easily a range of service requests including:

- Missed recycling or waste collection
- Litter and street cleaning problems
- Abandoned cars
- Graffiti
- Fly-tipping

2.66. Residents can also telephone the Merton Council Contact Centre: 020 8274 4901.

2.67. By using these channels, the reports reach the contractor and client team as quickly as possible so problems can be solved as efficiently and effectively as possible. This also ensures all resident reports are logged in CRM and any repeat issues can be identified before they become bigger problems.

## **3 SERVICE CHANGES IN OCTOBER 2018**

3.1. In accordance with the contract, service changes will be implemented for the waste and recycling services from the autumn of 2018. The introduction of alternate weekly waste and recycling collections is expected to incentivise recycling, particularly the use of the food waste service. The introduction of wheeled bins is intended to keep Merton's streets cleaner as well as providing a more cost effective and safer method of collection. The collection regime is similar to many boroughs and councils across the country, including those with the highest rates of recycling. WRAP and the Health and Safety Executive have conducted reviews of alternate weekly collections and separate food collections to ascertain the health and safety risks and any appropriate mitigation. The findings have indicated that all possible risks for both operatives and residents can be avoided through basic precautions. Veolia will be undertaking risk assessments and appropriate training and safety measures to ensure their operatives are working safely. Advice is already provided on LBM's website to help residents keep their bins clean. <https://www.merton.gov.uk/rubbish-and-recycling/changes-from-2018>

3.2. Plans for the service changes are being developed by Veolia in conjunction with LBM officers and the SLWP. The plans will include: ordering, delivering and commissioning of new vehicles; ordering and delivering of new bins; and route adjustments and day changes. A crucial work stream will be the development of clear and comprehensive communications to residents. An update on the planned service changes will be presented to the Sustainable Communities Panel in February 2018 for their information and comment.

#### **4 ALTERNATIVE OPTIONS**

- 4.1. This is an update on the performance of the Council's key waste, recycling and street cleaning services and therefore there are no decisions required or recommended. Members are asked to note the contents of the report and provide officers with any comments regarding their experiences, or reports they have received, relating to the services.

#### **5 CONSULTATION UNDERTAKEN OR PROPOSED**

- 5.1. No formal consultation has contributed to the creation of this report.

#### **6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

- 6.1. The report includes information relating to the financial savings secured from the procurement of these services.

#### **7 LEGAL AND STATUTORY IMPLICATIONS**

- 7.1. There are no legal or statutory implications as a result of this update report.

#### **8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

- 8.1. There are no human rights, equalities or community cohesion implications as a result of this update report.

#### **9 CRIME AND DISORDER IMPLICATIONS**

- 9.1. There are no crime or disorder implications as a result of this update report.

#### **10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

- 10.1. There are no risk management or health and safety implications as a result of this update report.

#### **11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**

- 11.1. N/A

#### **12 BACKGROUND PAPERS**

- 12.1. N/A

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