

TONBRIDGE & MALLING BOROUGH COUNCIL

STREET SCENE and ENVIRONMENT SERVICES ADVISORY BOARD

11 February 2020

Report of the Director of Street Scene, Leisure & Technical Services

Part 1- Public

Matters for Recommendation to Cabinet - Non-Key Decision (Decision may be taken by the Cabinet Member)

1 WASTE SERVICES CONTRACT

Summary

This report updates Members on progress with the Waste Services Contract following the introduction of opportunities for new and improved recycling services on 30th September 2019. The report outlines progress against the key aims of the new service and actions taken by the Council and Urbaser in addressing outstanding contract performance issues.

1.1 Background

1.1.1 The Council's Waste Services Contract was tendered in partnership with Tunbridge Wells Borough Council. Urbaser was appointed as the successful contractor by Cabinet on the advice of this Board, and commenced the delivery of the new contract on 1st March 2019.

In summary:-

- the contract covers the collection of household refuse and the cleansing of streets across the boroughs of Tonbridge & Malling and Tunbridge Wells [in Tonbridge and Malling this involves circa 54,500 households];
- between 1st March – 29th September 2019 the contract matched the service delivery arrangements in the previous contract, and the performance of Urbaser was good;
- on the 30th September 2019 the new improved household recycling collection service was introduced, including weekly food waste; plastic bottles, trays, pots & tubs; glass bottles & jars; tins & cans paper & card/cardboard; , household batteries, small electrical appliances and textiles;
- the new Service includes an opt-in Garden Waste Service for which there is a separate annual charge.

1.1.2 A separate Member Group, chaired by the Chair of this Board has been established by this Council to help oversee the implementation of, and the monitoring of the new contract, and at the June 2019 meeting of this Board Member representation on the Group was agreed. The Group last met on 5th December 2019 and focused on an assessment of the new Service arrangements, the revised bring bank site arrangements and future marketing and communication to residents.

1.2 Service Review

1.2.1 Whilst the last four months have been dominated by performance issues relating to the Waste Collection Service and the Council's contractor (as detailed in Section 1.3), it is important to first review current progress against the Council's four main aims for the new service as outlined below:

- Service improvements and efficiencies;
- Greater consistency across the Partner Authorities;
- Increased recycling performance;
- Financial savings.

1.2.2 In addition to the above a 30% target on commencement of the opt-in garden waste service rising gradually to 40% over the period of the Medium Term Financial Strategy was assumed.

1.2.3 Service improvements and efficiencies – opportunities for kerbside recycling have increased including weekly food waste, plastic bottles, trays, pots and tubs, glass, bottles and jars, tins & cans, paper and card/cardboard, household batteries, small electrical appliances and textiles. This increase in kerbside collections has resulted in a significant reduction in usage of the Council's Bring Bank (Recycling) Sites. Residents were pleased to see the new arrangements providing a greater opportunity for recycling

1.2.4 Greater consistency across the partner authorities – this has been achieved in regard to waste streams collected and a coordinated approach is being taken to the monitoring of contract performance primary through the Joint Steering Group and the post of Partnership Manager. There still, however, remains the need for each Council to have the flexibility to manage the contract in response to its own individual circumstances if required. This is reflected in the different colours of bins used by each authority and the differing approach to charging for garden waste.

1.2.5 Increased recycling performance – for a number of years, annual recycling rates for the borough of Tonbridge & Malling have remained relatively static at around 42%. Whilst the Council has no specified target, it has always been the aim to achieve an annual recycling rate of 50% following the introduction of the new

service arrangements. Based on data received to date recycling rates for October and November 2019 were at 55% and 54% respectively. This compares with 44% and 40% respectively in the same months in 2018. Overall during this period – compared with October & November 2018 - the amount of material collected for recycling & composting has increased by 27%, the amount of waste sent for disposal has dropped by 24%, and overall waste arisings have dropped by 2.5%. This significantly improved level of performance is extremely encouraging and reflects a very positive response from the public to the new collection arrangements. It is also a good start bearing in mind the problems experienced during these months with the collection arrangements

- 1.2.6 Financial savings - at the November 2018 meeting of this Board Members received a detailed financial appraisal of the new Waste Services Contract, and the financial implications have been reflected in the revenue budget from 2019/20 onwards. The total estimated contract sum for the year 2019/20 is £4.1m.
- 1.2.7 The annual gross level of income for the opt-in garden waste service in year one was forecast to be £550,000, which was based on a take up rate of 30%. At the time of writing, income in excess of £ 960,000 and a take-up rate of close to 50% has been achieved.
- 1.2.8 On the assumption the much higher take-up of the opt-in garden waste service remains constant, the contribution made by the new Waste Services contract over the period of the current Medium Term Financial Strategy to the Council's finances of the new Waste Services contract is circa £700,000. For completeness, all other things being equal, beyond the current MTFs period the uplift in the contract sum over the above CPI will represent annual budget growth, dependent on the difference between the two rates, of circa £100,000.
- 1.2.9 Garden Waste Subscription Service – I am pleased to advise that residents within the borough have fully engaged with the new service, with 25,738 households subscribing and 27,522 garden waste bins ordered in total (households can have up to 3 bins). 47% of all households in the borough have now signed up and this represents by far the highest take-up in Kent and is significantly greater than the original target of 30%.
- 1.2.10 In overview it is felt that to date the introduction of the new service has achieved the Council's stated aims which is clearly very encouraging. It will be essential to closely monitor performance on a continued basis with regular reports to this Board. Unfortunately these achievements have clearly been overshadowed by ongoing problems with the collection arrangements, which have resulted in a very challenging few months for both residents and the Council.

1.3 Contractor Performance

- 1.3.1 The new Service arrangements were implemented on 30th September 2019 in accordance with the phased approach previously agreed by this Board.

- 1.3.2 Members will all be aware that the last few months have been extremely difficult and both Senior Officers and Members have been fully engaged with Urbaser to ensure all residents receive an acceptable level of service, as defined in the contract documentation. This has involved a number of formal meetings, in addition to the regular client/contractor liaison. In the early weeks/months following any roll out of a major new service it is expected that issues will arise, and this has clearly been the case for this Council. This has specifically been around the non-completion of rounds on their scheduled day, repeat missed collections and pull-out/assisted collections. Whilst these issues may have been expected, the speed with which they have been addressed by Urbaser has been both frustrating and disappointing. The overall situation was improving prior to the Christmas period, which was reflected in a higher percentage of rounds being completed on their scheduled day and a reduction in calls and emails to the Council.
- 1.3.3 Urbaser's performance over the Christmas period was, however, unsatisfactory, with a high level of uncompleted rounds and other missed bins. This poor level of performance compounded the already outstanding contract issues and resulted in a significant increase in calls and complaints from residents.
- 1.3.4 In response to this the Council escalated contract issues with Urbaser, with the Chief Executive personally writing to Urbaser's Managing Director (a copy of the letter is attached at **[Annex 1]**). A meeting then took place on 8th January 2020 between the Council (including the Leader, Deputy Leader, Cabinet Member, Chief Executive and the Director of Street Scene, Leisure & Technical Services) and Urbaser (UK Operations Manager and Business Manager). The meeting clarified the current ongoing contract issues and tasked Urbaser with providing a detailed Action Plan to address and resolve them. The Action Plan was finalised on 17th January 2020 and was implemented immediately. Due to financial and personal information, Urbaser has classified the Action Plan as 'Confidential - Commercially Sensitive' and it is not therefore possible to share it in full with Members of this Board. I have, however, included a summary of the key issues/actions at **[Annex 2]**.
- 1.3.5 Progress on the Action Plan is being monitored at a weekly liaison meeting between the Head of Street Scene and Leisure and Urbaser's UK Operations Manager. The UK Operations Manager has also been based at the Tonbridge depot for half of his working week since mid-January and this will continue until the performance issues have been satisfactorily resolved.
- 1.3.6 I am pleased to report that since the implementation of the Action Plan contract performance has improved significantly, with Urbaser regularly reporting that all rounds are being completed on their scheduled day, and resources have been deployed to progress the clearance of the back log of missed collections. The Council has also seen a notable reduction in calls, email traffic and complaints. For example, the number of calls received during the week commencing 6th January 2020 was 1,385, compared to 797 during the week

commencing 20th January 2020. The number of calls continues to fall and I can update Members verbally at the meeting on the current levels. It is now essential that this improved level of performance is sustained in the future.

- 1.3.7 Following liaison between Management Team and the Leader, Deputy Leader and Cabinet Member for Street Scene & Environmental Services the Council has also taken additional measures to address issues. This has included employing a separate company to temporarily deliver new bins/replace damaged bins, deployment of an additional Waste Services Inspector to focus on 'hot spot' areas and the employment of additional temporary staff to handle calls/complaints. Whilst the cost of these measures are being met by the Council, Members will note from sub-section 1.8.7. later in this report, that Urbaser has agreed to contribute financially to these costs. Officers in the Waste Team have also started to implement financial penalties to the contractor for repeat missed collections, with all monies received used to fund improvements to the contract. 14 defaults were issued during December 2020, amounting to 45 points. Numbers of the defaults issued will be reported to future meetings of this Board to assist is monitoring the performance of the contractor.
- 1.3.8 It is recognised that work is still required over the coming weeks and months to ensure that all outstanding issues are fully resolved and that acceptable levels of service for residents is provided and maintained. A verbal update on the current performance position will be given at the Board.

1.4 Communal Bins

- 1.4.1 There are approximately 450 communal bin stores across the borough that support the disposal of waste from flats and other communal buildings. Residents of the flats will receive the same new opportunities for recycling as other borough residents, though this may be restricted by individual circumstances including the physical space available within each bin store. A site review has been undertaken of each bin store to assess opportunities available, and subsequently new bins have been ordered to support the new service arrangements.
- 1.4.2 Whilst it was the original intention to roll-out the new bins/service to flats prior to Christmas, priority has been given to addressing the contract performance issues. It is proposed that the roll-out does not commence until these performance issues have been resolved and satisfactory service levels are achieved on a consistent basis. It is anticipated that the roll-out will not commence until April 2020.

1.5 Bring Bank Service

- 1.5.1 Members will be aware that following the introduction of the new service arrangements, the number of bring bank sites will be reduced to 10, located strategically across the Borough. The strategic bring bank sites, previously agreed by this Board, are as follows:-

- Tesco Car Park – Larkfield

- Station Approach – Borough Green
- Rocford Road Car Park – Snodland
- Sovereign Way Car Park – Tonbridge
- Asda Car Park – Kings Hill
- Morrisons Car Park – Larkfield
- Bailey Bridge Car Park – Aylesford
- Hadlow College – Hadlow
- High Street Car Park – West Malling
- Village Hall Car Park – Burham

[N.B. The large bring bank site at Sainsbury's in Aylesford in run independently by the supermarket retailer and will remain available to the general public].

- 1.5.2 The strategic bring bank sites will be serviced by Urbaser, and the cost of this is included in the Company's tender. The banks will collect the same material mix that is being collected from the kerbside. In order to enable Urbaser to initially focus fully on the new kerbside service arrangements it was agreed at the last meeting of this Board to re-programme the implementation of the new bring site arrangements to January 2020. Taking into consideration comments above at sub-section 1.4, it is now proposed that the current bring bank sites remain in place until after the roll-out to communal bins stores, to allow continuity of service to those residents.

1.6 Marketing/Communications

- 1.6.1 At the February 2019 meeting of this Board Members approved an Operational Marketing Plan developed in liaison with the Member Group. The Plan was developed to ensure information reached as many residents as possible, was cost effective and utilised both traditional and modern marketing techniques.
- 1.6.2 I have attached at **Annex 3** a copy of the Plan, including an update on each of the activities. Members will note that the majority of actions have been completed. The school recycling visits and competition have not started due to staff resources. It is the aim to launch a Schools Competition later this year. There has also been an understandable delay in Urbaser launching its Collection App, which was included as an additional initiative in its tender bid. The Collection App can be downloaded on smartphones, so residents can easily check their collection dates and set reminders so they are alerted to when their collections are due and which bins to place out for collection. Liaison will be undertaken with Urbaser later in the year.
- 1.6.3 In order to maintain momentum it is important that the existing Marketing Plan is now updated and extended for a further year. It is essential to continue to increase recycling rates across the Borough, and keep recycling at the forefront of residents' minds. Key issues over the next 12 months which will require marketing support include the new bring site arrangements; promotions for garden waste, both to increase the number of subscriptions and to retain existing

customers; encouraging residents to pay by direct debit when garden waste subscriptions are due to be renewed; introducing food waste to flats; targeting poor performing areas in order to maximise recycling & reduce contamination; school & community group visits and developing new resident packs. To enable the above Cabinet agreed the allocation of £40,000 be made in the 2020/21 revenue budget. This is in addition to the £100,000 marketing budget for 2019/20 which will be fully spend by the end of the financial year. A revised Marketing Plan will be drafted in liaison with the Member Group and reported to the next meeting of this Board.

- 1.6.4 The standalone waste and recycling website (www.tmbc.gov.uk/recycleforall) continues to be popular since its launch on 7th May 2019. The website includes a promotional video, frequently asked questions, pictures of the new containers and a whole host of helpful information. This will be further developed over the coming months.

1.7 Legal Implications

- 1.7.1 The Council has a legal duty to provide waste and street cleansing services. The new Waste Services Contract was undertaken in compliance with all current legislation, including Public Contract Regulations.
- 1.7.2 The introduction of the new service arrangements will assist the Council in meeting its requirements under the Waste (England & Wales) Regulations 2011, which are to provide separate collections where necessary to achieve high quality recycling.

1.8 Financial and Value for Money Considerations

- 1.8.1 At the November 2018 meeting of this Board Members received a detailed financial appraisal of the new Waste Services Contract, and the financial implications have been reflected in the revenue budget from 2019/20 onwards. The total estimated contract sum for the year 2019/20 is £4.1m.
- 1.8.2 The annual gross level of income for the opt-in garden waste service in year one was forecast to be £550,000, which was based on a take up rate of 30%. At the time of writing income in excess of £960,000 and a take-up rate of close to 50% has been achieved.
- 1.8.3 On the assumption the much higher take-up of the opt-in garden waste service remains constant, the contribution made by the new Waste Services contract over the period of the current Medium Term Financial Strategy to the Council's finances of the new Waste Services contract is circa. £700,000. For completeness, all other things being equal, beyond the current MTFS period the uplift in the contract sum over the above CPI will represent annual budget growth, dependent on the difference between the two rates, of circa £100,000.

- 1.8.4 The Capital Plan provision for new containers was increased from £600,000 to £695,000 in the recent Capital Plan review process.
- 1.8.5 A revenue budget of £40,000 for 2020/21 is to be established to enable the marketing plan to be updated and extended for a further year funded in full from the Invest to Save Reserve.
- 1.8.6 Within the Inter Authority Agreement between this Council and KCC, this Council receives a monthly payment based on performance. The 'Performance Payment' is the difference between what the cost of processing/treating/ disposing of any waste stream would have been without the new service arrangements and the Actual Disposal Costs of processing/treating/disposing of any waste stream as a result of the new service arrangements. The annual estimate of income from the Payments is £690,000, and performance against this target will be reported to future meetings of this Board.
- 1.8.7 At a meeting with Urbaser on 29th November 2019 involving Senior Officers and Members, the question of Urbaser contributing to additional costs incurred by the Council as a result of problems with the contract was discussed. Urbaser agreed to contribute to the costs incurred by the Council in employing additional temporary staff to deal with calls and complaints and payment has already been received. Urbaser also agreed to fund a 1 month extension to the garden waste subscription for all residents signed up across Tunbridge Wells and Tonbridge & Malling Boroughs. With regard to additional staff costs incurred by KCC associated with the extension of hours at the North Farm disposal site, Urbaser also confirmed this would be funded by the Company.
- 1.8.8 A Partnership Group meeting has been arranged to consider the additional costs incurred in relation to the new service contract. A number of these costs will be shared between this authority and Tunbridge Wells Borough Council and reflected in the revenue and capital budget outturns.

1.9 Risk Assessment

- 1.9.1 A Project Steering Group established by this Council, Tunbridge Wells Borough Council and Kent County Council has met regularly to oversee the implementation and ongoing management of the Waste Services Contract. The Steering Group is being managed in accordance with a formal Joint Working Agreement agreed by each of the Partners.
- 1.9.2 This authority is represented on the Group by the Head of Street Scene & Leisure. The Contract Partnership Manager reports regularly to the Steering Group on progress and any key issues are addressed.
- 1.9.3 Weekly meetings will also continue with Urbaser to ensure good levels of performance and communication are maintained, and the Operational Marketing Plan will ensure residents continue to be kept fully informed.

1.10 Equality Impact Assessment

1.10.1 A full Equality Impact Assessment (EQIA) has previously been reported to this Board and its recommendations have been implemented.

1.11 Policy Considerations

1.11.1 Communications

1.11.2 Community

1.11.3 Customer Contact

1.11.4 Procurement

1.11.5 Recommendations

1.12 Recommendations

1.12.1 It is RECOMMENDED TO CABINET that:-

- i) achievement of the new service to date against the stated improvement aims be noted;
- ii) actions taken by both Urbaser and the Council to improve contract performance be noted, and the outcomes of the Contract Action Plan be closely monitored;
- iii) the roll-out of new services to Flats and Communal Bin Stores and the subsequent reduction in bring bank sites be delayed until the collection arrangements are delivered in accordance with the contract requirements; and
- iv) detailed performance information be reported to future meetings of this Board.

The Director of Street Scene, Leisure & Technical Services confirms that the proposals contained in the recommendation(s), if approved, will fall within the Council's Budget and Policy Framework.

Background papers:

contact: Darren Lanes

Nil

Robert Styles

Director of Street Scene, Leisure & Technical Services