

Decision Maker: Environment PDS Committee

Date: 15th March 2016

Decision Type: Non-Urgent Non-Executive Non-Key

Title: Waste Management Contract Review 2015/16

Contact Officer: John Woodruff, Strategic Commissioner
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Chief Officer: Nigel Davies, Executive Director of Environment & Community Services

Ward: All

1. Reason for report

- 1.1 This report outlines the performance of the Waste Management Contracts for 2015/16. The Contracts cover the collection of all Municipal Waste (refuse & recycling) and its subsequent disposal.
 - 1.2 This report reviews the performance of the collection element of the Contract in terms both of the quantities of materials collected and the achievement of the standards required by the Contract in terms of missed collections and associated quality standards. The performance of the disposal element of the Contract is primarily assessed by the levels of recycling and diversion from landfill achieved.
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2. **RECOMMENDATION(S)**

That Members of the Environment Policy Development and Scrutiny Committee:

- 2.1 **Note and comment on the performance of the contractor (Veolia Environmental Services) as highlighted in this report.**

Corporate Policy

1. Policy Status: Existing Policy
 2. BBB Priority: Quality Environment
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Financial

1. Cost of proposal: NA
 2. Ongoing costs: None
 3. Budget head/performance centre: Waste Services
 4. Total current budget for this head: £17.963m
 5. Source of funding: NA
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Staff

1. Number of staff (current and additional): NA
 2. If from existing staff resources, number of staff hours: NA
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Legal

1. Legal Requirement: Statutory Requirement: The service is compliant with the Environmental Protection Act 1990, Controlled Waste Regulations 2012, Household Waste Recycling Act 2003 and the Waste (England and Wales) (Amendments) Regulations 2012
 2. Call-in: Not applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): All residents and businesses in the borough.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments: N/A

3. BACKGROUND

3.1 The Waste Management Contract was let to Veolia Environmental Services in 2001, and expires in March 2019. See Appendix A for summarised Contract details. Services incorporated into the Contract are:

- Kerbside collection of refuse & recyclables
- Bulky waste collection
- Fly-tipping collection
- Trade waste collection
- Clinical waste collection
- Green garden Waste collection
- Emptying of the bring banks (paper, glass, cans, plastics, textiles)
- Operation of Waldo Road and Churchfields Household Waste Recycling Centres (HWRCs)
- Separation of recyclables at the HWRCs
- Delivery of separated refuse and recyclables to appropriate destinations

3.2 The contract specifications have been revised during the course of the Contract, to enable the collection service to be changed in line with emergent statutory requirements, widening markets for recyclables and to achieve savings. The most fundamental change was the move to Edge of Curtilage collections in 2003. Other changes have been:

- 2003 Introduction of green Box service for glass/cans/plastics
- 2005 Introduction of GGW Satellite Sites
- 2010 Introduction of food waste collections to street level properties
- 2011 Introduction of food waste collections to flatted properties
- 2012 Introduction of GGW Wheelie Bin collection service
- 2015 Revision to the frequency of paper collection

3.3 The introduction of these changes has diversified the service provided to households, with the variety of separate collections increasing and the frequency of collection varying for different materials. The kerbside service now makes 18.4 million individual collections per year, compared with only 10.7 million in 2003.

3.4 These major service changes have also involved the revision of the service collection days. With the growing number of properties in the borough, and the need to ensure collection rounds are as efficient as possible, revision of the collection rounds is essential to ensure that each round can complete its work each day and that the vehicles don't become overloaded.

SUMMARY OF PERFORMANCE 2015/16

3.5 The changes to the collection service in summer 2015 led to increased numbers of verified missed collections during July, August and September 2015. However, these have settled down as residents become used to the new service and schedules, and on average they remain within the contracted levels of 1 missed bin per round per day across the period.

Veolia responded robustly to the issues created as a result of the changes to collections in the summer, taking a more pro-active response to customer issues, and are working closely with LBB officers to ensure the performance improves and the service is delivered well within the contractual standards.

3.6 A combination of the changes to the recycling service, the changes in the recycling market (particularly with regard to paper), and changes in consumer behaviour have unfortunately

impacted negatively on Bromley's household recycling rate – currently projected to be at 48.5% for 2015/16 (down from the highest annual figure of 50% in 2011/12 & 12/13).

The total volume of municipal waste remains relatively stable, and both the recycling rate and the volume of waste diverted from landfill remain well ahead of the targets in the Contract with Veolia. Officers continue to work with Veolia to explore further options for Bromley's waste, with the aim of diverting yet more waste from landfill and towards recycling processes.

COLLECTION SERVICE

- 3.7 *Kerbside collection of refuse & recyclables.* The service change in July 2015 reduced the frequency of paper collections to every other week, alternating with the collection of the green box (glass, cans, plastics). All other service frequencies remained unchanged. At the same time, changes were made to the collection day and/or week for approximately 30% of properties. This was to 're-balance' the collection rounds in terms of number of properties covered per day and tonnage collected, to allow for the new properties built in the borough since the last re-beating exercise in 2005.
- 3.8 Although extensive communications were provided to residents regarding the service change and, where appropriate, the change to collection days, some confusion arose. Similarly, some collection crews changed their collection area, in which led to a reduction in efficiency as they became familiar with their new rounds. This unfortunately led to an increase in missed collections across all areas of the service
- 3.9 One of the concerns regarding the service change was that it would reduce the volume of materials collected for recycling, particularly paper, due to the collection frequency reducing. However, based on the most recent four months, paper tonnages are close to previous levels, and the tonnage of green box material has increased.
- 3.10 It is encouraging to note that the number of recycling boxes requested by residents continues to increase. The numbers of requests since 2012 are shown at Appendix B and the increase is noticeable. Currently no charge is made for additional or replacement recycling boxes. This is positive in terms of residents' ongoing commitment to recycling, however the increasing requirement for boxes creates additional budget pressures.

Customer Contact

- 3.11 The CRM IT system is utilised by the Customer Contact centre, Waste Services and Veolia to record all reports of issues with the service. Appendix C shows the level of reports for each element of the service over the last 12 months. This enables the increase in reports caused by the service change in July to be clearly identified, and also demonstrates the time-scale of the return to normal service levels as perceived by residents.
- 3.12 The ongoing development of the service, affecting all residents, has naturally led to an increasing level of contacts from residents. This has coincided with the introduction of two important initiatives, which make it far easier for residents to report issues to the council.
- 3.13 Previously, residents could only report issues by telephoning the Customer Contact centre or sending an e-mail. The introduction of web-based reporting through the council's web-site and the introduction of automated voice-recognition telephone reporting has made it far easier for residents to report any issues regarding their waste collections. However, this does have the potential disadvantage of a lack of contact with a Customer Service operative, who would be able to provide residents with up to date information regarding delays in collection, or correct misunderstandings regarding weeks/day of collection.

- 3.14 As a result, there has been a significant increase in the number of customer contacts from the public (e.g. an increase from 901 contacts in April 2013 to 1,694 in January 2016, an increase of 88%). As demonstrated at Appendix B, this 'channel shift' has led to increasing challenges in managing the public's expectations of the service, which is recognised as an important factor, impacting on the reputation of the Council and the public perception of the local area.
- 3.15 Veolia has responded robustly to these issues, with a new management team in place who have taken a more pro-active response to responding to customer issues, and an aim of improving the ethos adopted by the collection crews. The council continues to monitor these issues, issuing defaults where appropriate.
- 3.16 *Bulky waste collection.* This service continues to operate well. This year, we have carried out an average of 270 collections per month, compared with an average of 242 per month last year. The kerbside Waste Electrical & Electronic Equipment collection service also continues to be popular, although collections have fallen since the introduction of the collection fee last year.
- 3.17 *Fly-tipping collection.* Veolia are responsible for the collection of large fly-tips, of 3m³ or above, which need a collection vehicle equipped with a crane to enable the material to be cleared. In the period April – December 2015, 330 such fly-tips were cleared, representing 593 tonnes of material. This is an increase in the volume of rubbish removed on the same period in 2014, when 237 fly-tips were cleared at a total weight of 459 tonnes.
- 3.18 *Trade waste collection.* This element of the service has had a relatively stable year, with little change in overall customer numbers (1,120), and with budgeted income being achieved. The administration of the scheme has been transferred to the CRM system, enabling real-time analysis of customer requirements, container numbers, contractor charges and debt recovery.
- 3.19 *Clinical waste collection.* The commercial element of this service has had a relatively stable year, with budgeted income being achieved. Domestic collections are the subject of a project to more fully identify which customers are in genuine need of a clinical waste service (evidence from other authorities suggests much of the waste collected could be treated as offensive waste, which can be collected with household waste) and which customers should be having their clinical waste collected by the NHS. This project is ongoing, and a report will be brought to Members later in the year.
- 3.20 *Green Garden Waste collection.* The garden waste collection service continues to grow; publicity for the scheme for the spring is being arranged, and will feature heavily in the next edition of Environment Matters. Customer numbers stand at 17,714, indicating steady growth over the winter period. Total garden waste tonnages are 260 tonnes lower than last year, but the tonnage in the winter months (October – January) was 500 tonnes higher than last year. This continues the trend of lower arisings in the spring and summer, but increased arisings in late autumn and the winter period. This reflects the recent pattern of disappointing summer weather but milder winters.
- 3.21 *Emptying of the bring banks* (paper, glass, cans, plastics, textiles). Previously, the paper banks and combined plastics & can banks were emptied by Veolia, whilst the bottle banks were emptied by an external sub-contractor from the glass industry. The glass sub-contractor was unreliable and Veolia's collection vehicle suffered from poor reliability. The result was numerous complaints regarding over-flowing banks and subsequent fly-tipping around the banks. In October, Veolia purchased an additional vehicle and took over the emptying of the bottle banks. This has led to more frequent emptying, and a resultant 20% increase in glass tonnages. The flexibility provided by the additional vehicle has also improved the reliability of

the emptying of all the banks, and this was particularly noticeable over the Christmas period, when the banks are very heavily used.

Contract Management

- 3.22 The Waste Management Contract includes defaults for a variety of service elements, with particular regard to missed collections. These may be generated directly through the CRM system, or specifically by LBB client officers following investigation of customer reports or complaints. Defaults are discussed regularly with Veolia's management team, with the aim of ensuring permanent rectification of those issues identified. In 2015 (calendar year), 3,253 stage 1 defaults were issued for missed collections reported through the CRM system, with 684 stage 2 and stage 3 defaults issued by LBB officers for specific performance issues.

DISPOSAL ELEMENTS

- 3.23 The overall performance of the service against the targets in the Portfolio Plan can be seen in Appendix D. It is apparent that, whilst overall tonnages remain relatively stable, recycling tonnages have fallen.
- 3.24 The major change has been in paper tonnages. The recycling industry considers the reduction in paper tonnages to be a result of the change of reading habits from paper to screen i.e. the dramatic rise in the use of tablets, smart-phones and other electronic media. The recession impacted heavily on local newspapers, and it is assumed that not only will this sector not recover but national newspaper sales will also continue to fall, as demonstrated with the withdrawal of the print edition of The Independent.
- 3.25 Similar issues have arisen in the markets for metals and textiles. In both cases, the export markets have been impacted by global issues, leading to reduced value for the material and tightening markets. However, Veolia and LBB officers have been able to ensure that sustainable markets for the material remain available.
- 3.26 As a result of these issues, Bromley's recycling rate is projected to be 48.5% for 2015/16 from a high of 50% in 2011/12 & 12/13. This dip in recycling rate is common to many authorities and has been experienced by other high-performing London authorities, suggesting that the national composition of waste has changed, with tonnages of some recyclables falling due to changes in consumer habits, combined with the light weighting of many products, particularly glass and cans.
- 3.27 A chart of the changes to the recycling rate over time can be found at Appendix E.
- 3.28 A variety of improvements have been made at Waldo Road and Churchfields, utilising funding from the London Waste & Recycling Board. At Waldo, the construction of a new storage bay and the installation of shutter doors in the green and food waste storage areas to contain odours, continue to enable better separation and storage of recyclables, enabling more pre-sorting of materials to ensure the quality of our output is acceptable to end-users. This has been particularly useful, as the markets for wood, metals and textiles continue to become tighter, with prices falling and quality becoming increasingly sensitive. At Churchfields, improvements to the tipping area will facilitate better and easier separation of recycle by residents.
- 3.29 The targets set in the Contract focus primarily on diverting sufficient waste from landfill to fulfil the requirements of the EU landfill Directive, which limits the tonnage of waste the council is permitted to send to landfill. Veolia are currently sending less waste to landfill than required by the Contract, whilst significantly exceeding their targets for both recycling and composting.

3.30 In partnership with LBB officers, Veolia continue to seek further material markets, both for recyclables and for further capacity for residual waste as an alternative to landfill.,

4 POLICY IMPLICATIONS

4.1 The Environment Portfolio Plan 2014/17 includes the key aims “Increasing the proportion of waste recycled and composted” and “Reducing the amount of waste sent to landfill”.

5 FINANCIAL IMPLICATIONS

5.1 The 2015/16 net budget for the waste disposal and collection contracts taking account of income generated from the contract is £17.3m. The table below sets out the budget and projected spend for the service areas within the contract and the overall Waste Service budget:-

Clinical Waste	110	85	-25
Emptying of Recycling Banks	105	98	-7
Income from Trade waste Collected customers	-1,114	-1,092	22
Income from Clinical Waste	-63	-40	23
Income from bulky waste collections	-112	-121	-9
Income from Green Garden Waste Collections	-903	-1,077	-174
Income from textile collections	-90	-56	34
Income from school paper collections	-30	-27	3
	6,359	6,227	-132
Total Waste Management Contract	17,311	17,169	-142
Other waste budgets	652	636	-16
Total Waste Services Budget	17,963	17,805	-158

6 LEGAL IMPLICATIONS

- 6.1 The service is compliant with all appropriate statutory duties and legislation, including the Environmental Protection Act 1990, Controlled Waste Regulations 2012, Household Waste Recycling Act 2003 and the Waste (England and Wales) (Amendments) Regulations 2012, which specify the Council's statutory and non-statutory duties with regard to household waste and street cleansing.

Non-Applicable Sections:	Personnel Implications
Background Documents: (Access via Contact Officer)	

APPENDIX A CONTRACT & ACTIVITY SUMMARIES

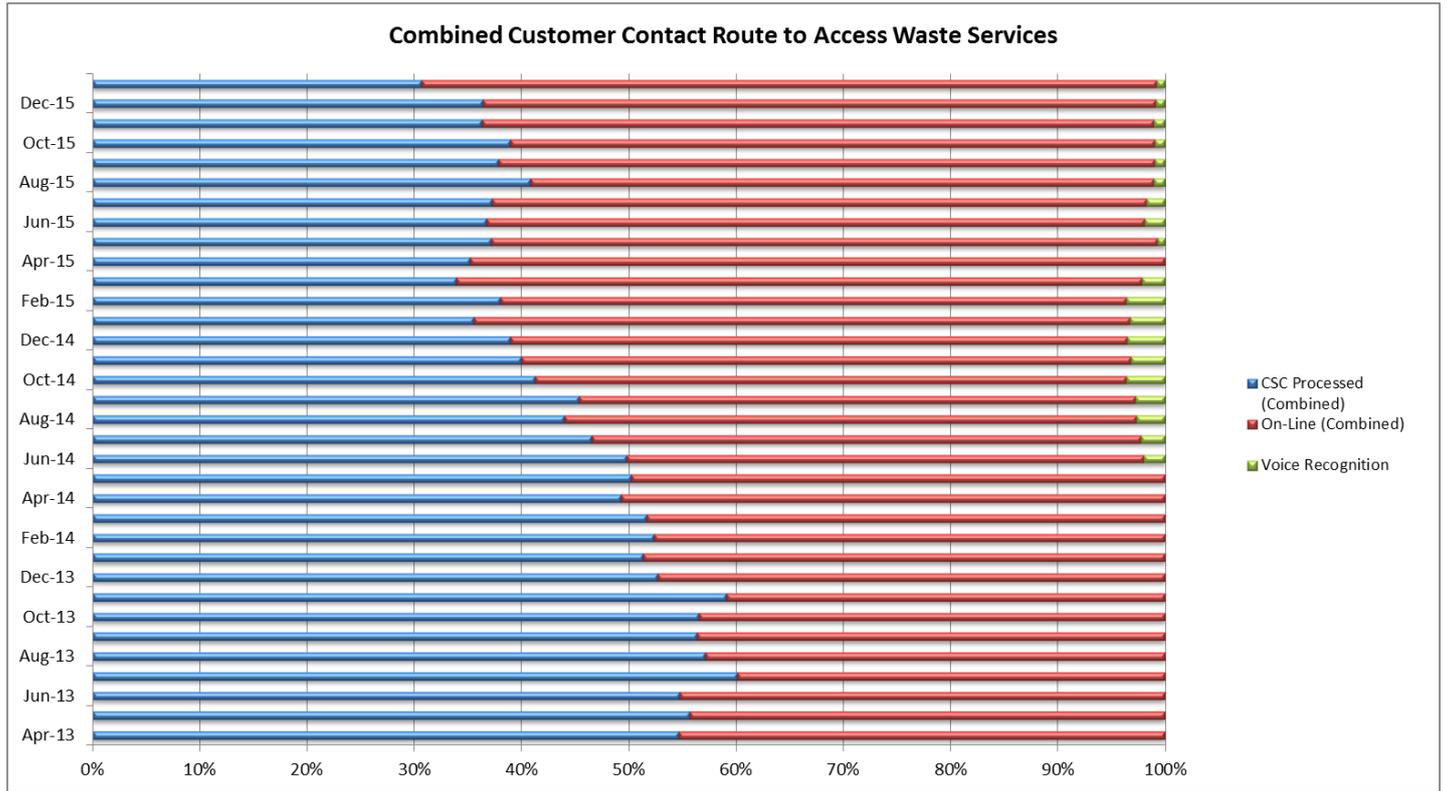
Contracts

1. Waste Collection & Management

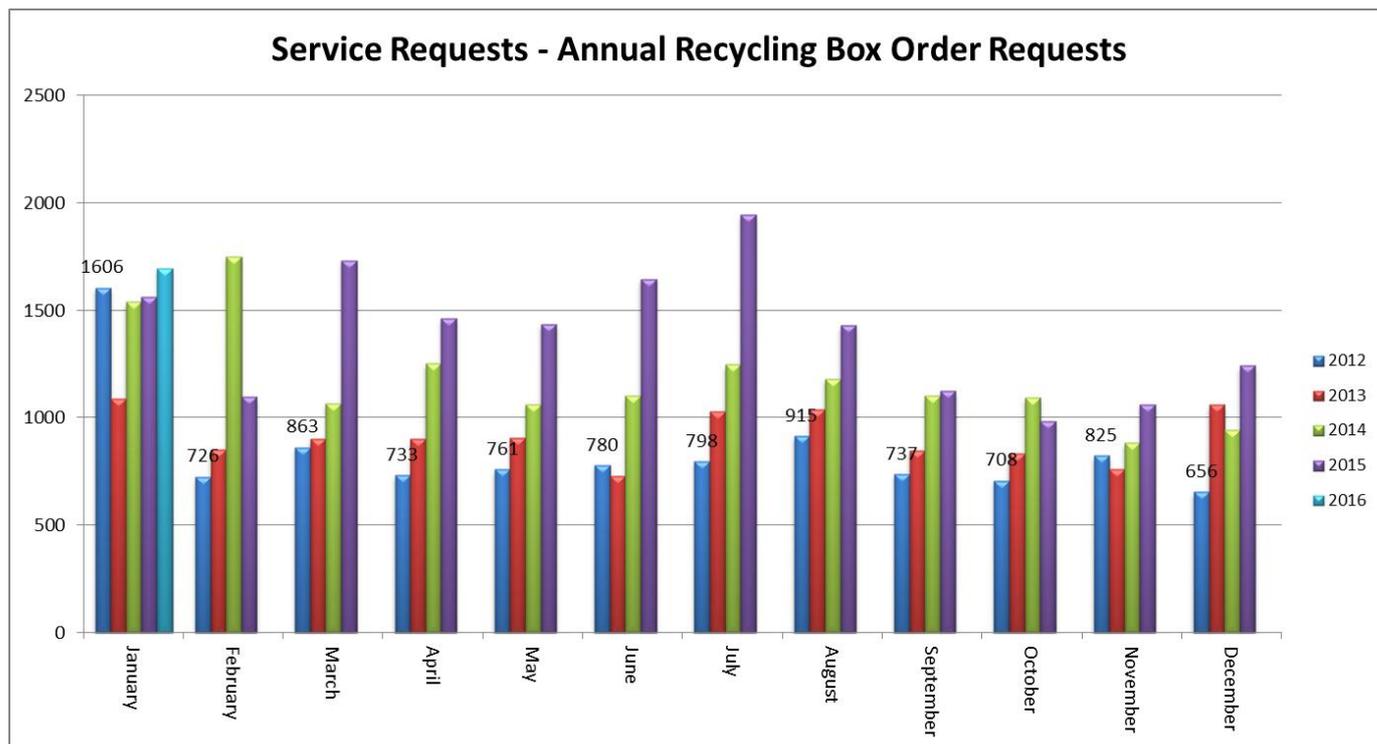
21 October 2015

1	Contract Title	Waste Collection & Management Contract
Contract Background	Register Number	<ul style="list-style-type: none"> • 11525 & 11526
	Manager	<ul style="list-style-type: none"> • John Bosley (Head of Neighbourhood Services) & John Woodruff (Strategic Commissioner)
	Contractor(s)	<ul style="list-style-type: none"> • Veolia Environmental Services
	Term <i>(start date, end date, extensions – current expiry date in bold)</i>	<ul style="list-style-type: none"> • Collection: 01.11.01 – 31.03.19 • Disposal: 24.02.02 – 31.03.19 • Collection element 7 + 7 + 3 years 4 months • Disposal element 14 + 3 years 4 months
	Description <i>(Contract summary plus latest developments)</i>	<ul style="list-style-type: none"> • The collection and disposal of municipal (domestic and trade) waste through a comprehensive door-to-door refuse and recycling service, bring banks and Reuse & Recycling Centres – contracted to VES Ltd. Contract is based on a need both to provide value for money customer services and to reduce the amount of waste which is landfilled. The service has shown flexibility and progress having commenced with 90% of waste going to landfill and now ~50% is recycled. Innovations include the introduction of separate collections for glass/cans/plastics and food waste, a wheeled bin green garden waste service, re-engineering the HWRCs and expanding the range of materials which can be recycled. • Future considerations include contractual arrangements post-2019, focussing on landfill alternatives for unavoidable residual waste, and further exploration of options to maximise kerbside collection efficiency.
	Material Changes <i>(significant changes since contract award)</i>	<ul style="list-style-type: none"> • Introduction of Green Garden Waste Satellite sites (Report ES03385: 14 January 2004) – including policy that HHW collections exclude GGW • Waldo Road HWRC Redevelopment (ES04082: 30 March 2004) • Introduction of Compulsory Recycling ‘Recycling for All’ (2006) • Change to Co-collection of Glass / Cans and Plastic Bottles (<i>removing green box separators</i>) (2007) • Kerbside food waste collection service / alternate week refuse collections (Report ES10077: 1 September 2010) • Kerbside GGW Wheeled Bin Service (ES11108: 14 December 2011) • Kerbside collection service / alternate week paper collections (Report ES14081: 18 February 2015)
	2015/16 Budget	<ul style="list-style-type: none"> • Collection: £8,834,570 • Disposal: £12,434,030

APPENDIX B COMBINED CUSTOMER CONTACT ROUTE TO ACCESS



APPENDIX B ANNUAL RECYCLING BOX ORDER REQUESTS

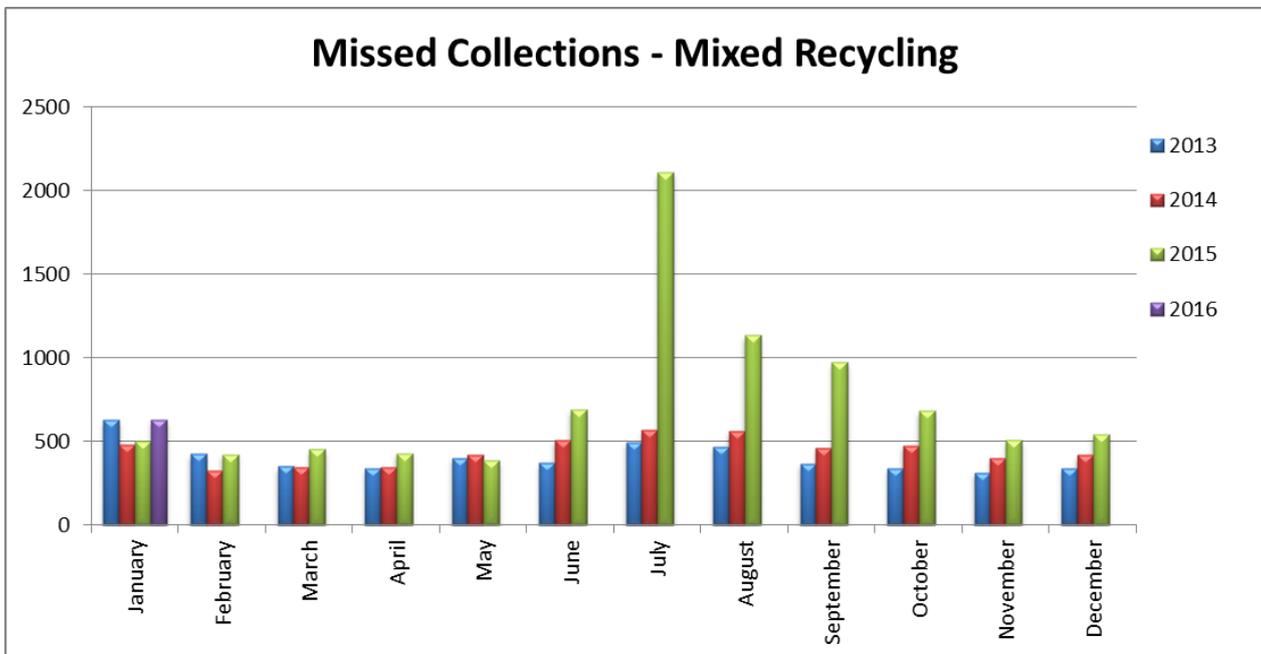
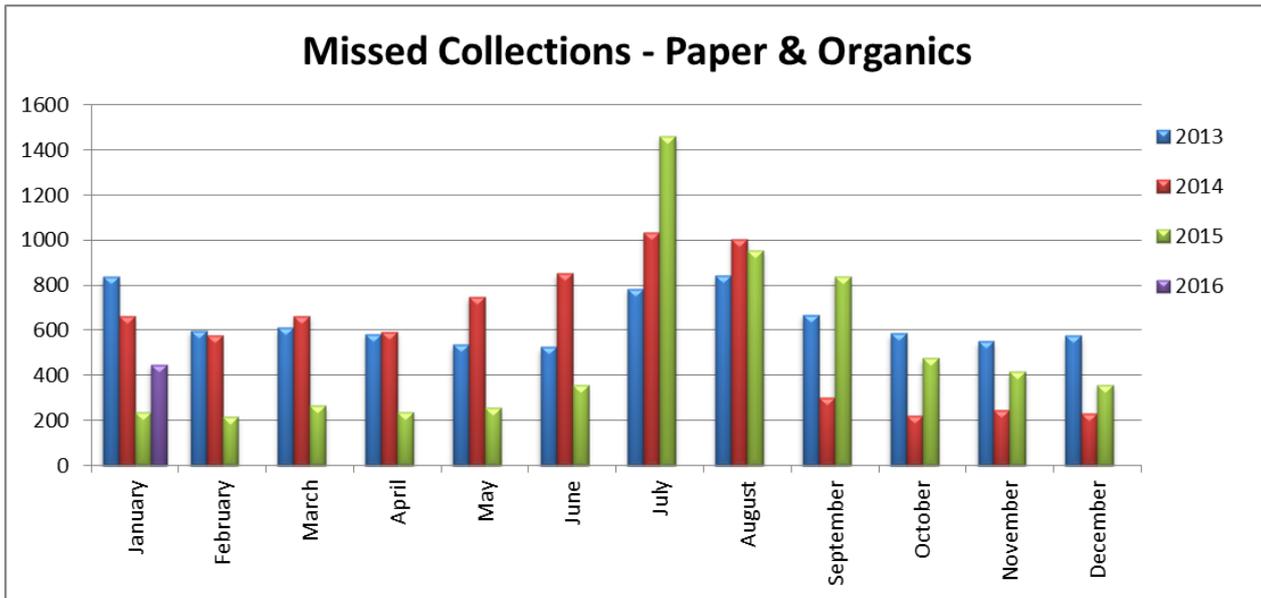


APPENDIX C SERVICE REPORTS

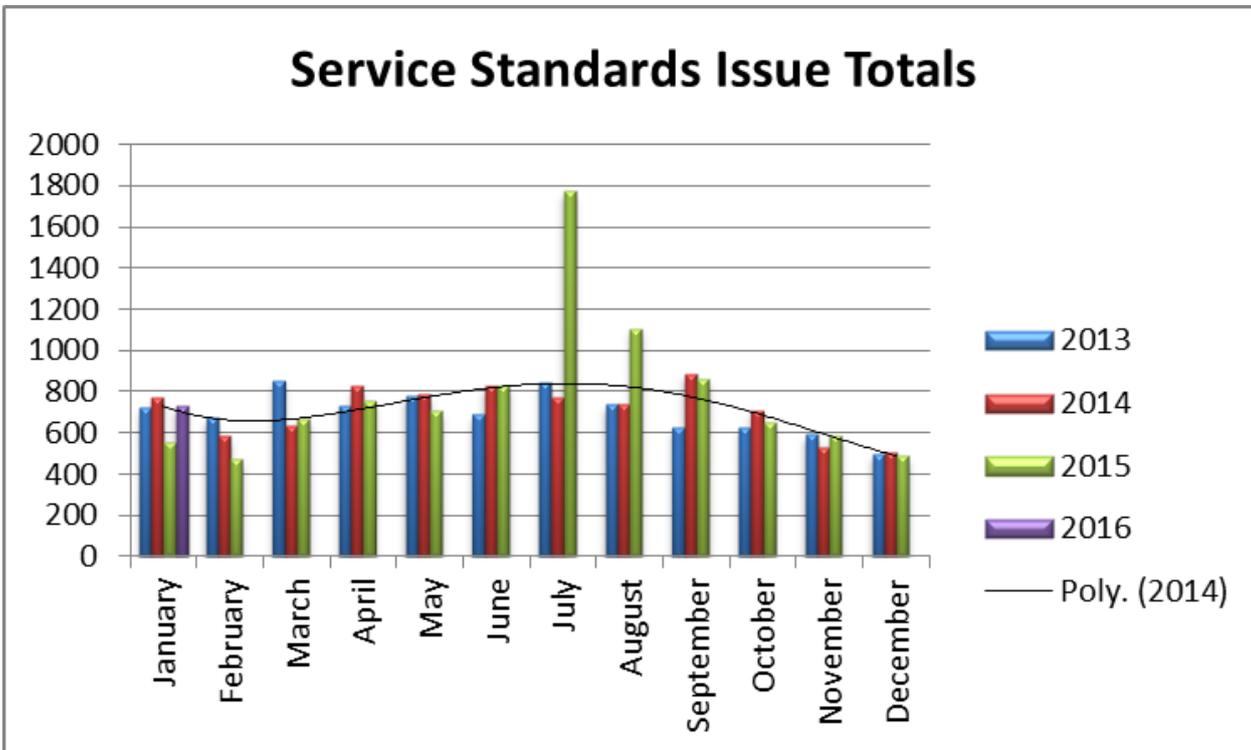
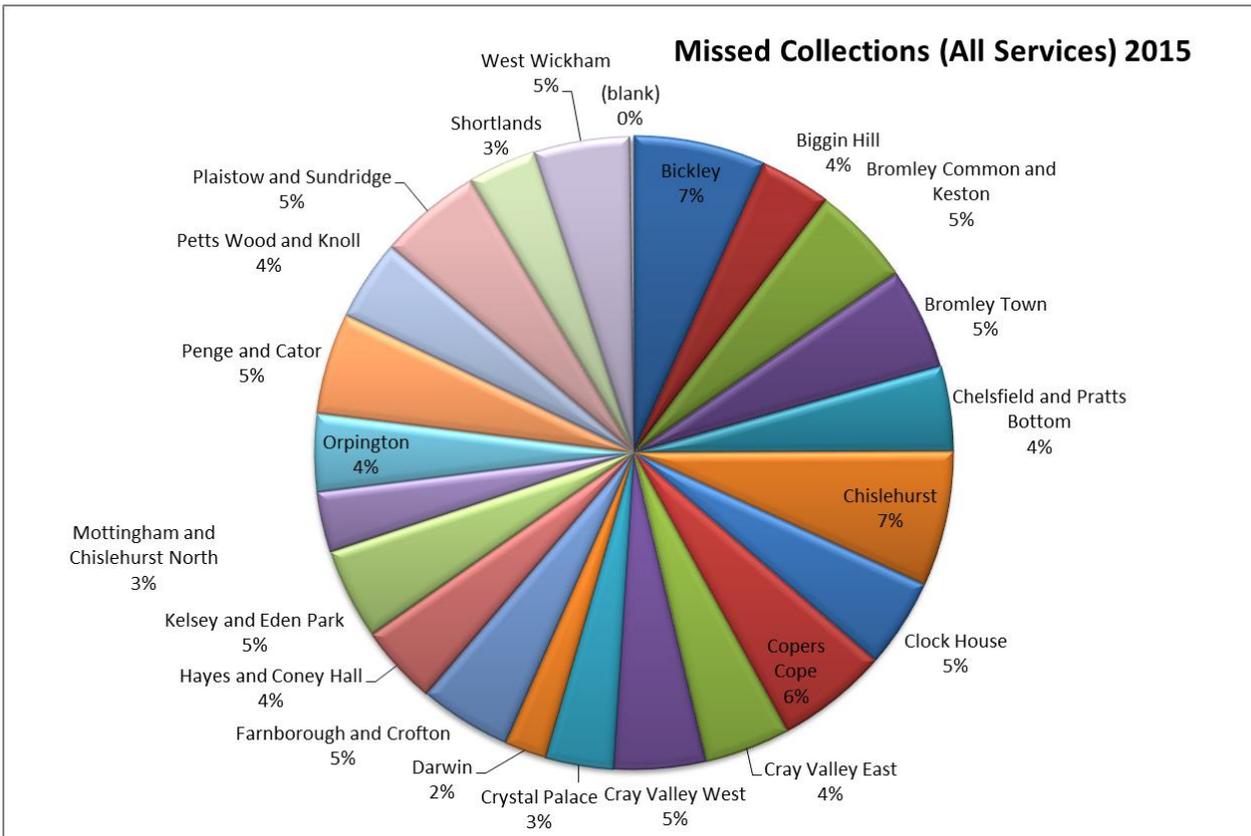


Note – (Poly 2014) refers to the rolling average for 2014 for comparison purposes

APPENDIX C SERVICE REPORTS



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APPENDIX D PORTFOLIO PLAN PERFORMANCE INDICATORS

Performance Indicators	12/13 Actual	13/14 Actual	14/15 Target	14/15 Actual	15/16 Target	16/17 Target	17/18 Target	18/19 Target
Household waste recycled/composted (%) NI 192	50	50	51	49	49	50	51	51
Dry recycling (kg/household)	261	267	None	249	260	260	260	260
Organics recycling (kg/household)	177	186	None	184	180	180	180	180
Municipal waste landfilled (%) NI 193	25	26	23	27	26	25	24	20
Residual household waste (kg per household) NI 191	451	466	440	464	450	445	440	440
Total waste arising (refuse & recycling) (tonnes)	139,360	145,577	None	144,660	145,000	146,000	146,000	146,000
Missed bins (/000,000 collections)	43*	49*	80	78	60	40	40	40

APPENDIX E RECYCLING RATE OVER TIME

Recycling Rate per Month

