

Report to: **Executive Committee**

Date: **17<sup>th</sup> December 2020**

Title: **New Recycling Service Update**

Portfolio Area: **Cllr Keith Baldry, Executive Lead Member for Environment**

Wards Affected: **all**

Urgent Decision: **Y** Approval and clearance obtained: **Y**

Date next steps can be taken:

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### **Recommendations:**

That the Executive Committee is recommended to:

1. Consider FCC's proposal for a phased roll-out of the new Recycling Service from March 8<sup>th</sup> 2021 and approve the proposal subject to evidence of FCC's improved performance to the agreed contracted levels.
2. Note the additional costs of £84,000 that will be incurred as a result of adopting a phased approach and the mitigating actions underway to minimise the impact on the Council's budgetary position.
3. Delegate to the Executive Lead Member for Environment in consultation with the Director of Customer Service Delivery to conduct a review and to strengthen the performance monitoring, governance and oversight of the partnership and contract.

### **1. Executive summary**

- 1.1 The purpose of this report is to enable the Executive to assess FCC's proposal for delivering the new recycling service taking into account the disruption that some residents experienced to their waste collection service as a result of the recent round changes implemented in October.

- 1.2 The Executive will want to consider the proposals from FCC in the light of the dip in performance following the round changes, the recent upturn in performance, and the learning FCC has taken from that and is now applying to the service changes.
- 1.3 Appendix A is the proposal written by FCC which highlights the lessons learnt from the round changes and suggests a phased implementation (1 round at a time) starting with the delivery of recycling containers beginning week commencing 8<sup>th</sup> March and residents then moving to the new service week commencing 15<sup>th</sup> March. The contractor would then halt the roll-out during the Easter period and resume the roll-out during April.
- 1.4 The main benefits of a phased approach are that the service will be introduced round by round, meaning that only one fifth of the district is affected with each phase. This will allow FCC management to respond quickly to any issues, and apply learning throughout the process therefore limiting potential disruption to residents.
- 1.5 One disadvantage of this approach is that the Council has communicated to many of the towns and parishes that the new service is starting across the district from March and many residents are looking forward to being able to increase their recycling. This has been a long-held aspiration for the Council.
- 1.6 It is proposed that there should be a review of the current governance arrangements of the Partnership so that there is clarity and accountability for both the Council, FCC and the residents of the District. This should include all aspects of the contract, performance management and reporting of the operation, policy and service development.

## **2. Background**

- 2.1. The contract with FCC is worth over £48 million in total over the initial period of 8 years (over £30 million in South Hams) and covers both South Hams and West Devon Councils with separate requirements for each. As such the documentation is extensive and detailed. As of April 2021 there will be 6 years remaining on the contract.
- 2.2. Key drivers for outsourcing the service included; modernisation of the service, driving value for money and improving service delivery. At the time of contract award, the financial savings were stated as follows;
  - A saving of £286,000 per annum in the first 18 months of the contract, increasing to an annual saving of £424,000 per annum over the remaining 6.5 years of the contract term (on moving to the Devon aligned service at September 2020)

against the current services and equivalent future aligned service.

- The contract is a joint contract with West Devon. The award of a shared service with West Devon resulted in additional savings for West Devon and an additional saving for South Hams of £107,000 per annum.
  - A total saving of £3.19 million over the 8 year contract term. This figure includes the shared saving.
- 2.3. The contract is overseen by the Partnership Board which includes 3 Members of the Executive and 3 Members from West Devon. The Board meets on a quarterly basis and is presented with performance indicators, health and safety information, partnership activities, and service development updates.
- 2.4. FCC submitted their first year annual report in August 2020 and the findings of this were included in the performance report to the Executive on 22 October 2020. The Executive report provided evidence that FCC were meeting the contract's key objectives with acknowledgement of opportunities for improvement in the areas of litter/dog bin and bank collections. The annual review formed part of the quarterly client/contractor meetings where performance is benchmarked in the context of continuous improvement, efficiency and innovation.
- 2.5. There are also monthly operational meetings with the contractor along with frequent ad hoc meetings as required and progress in these areas forms part of the agendas.
- 2.6. Data is collated continuously to capture performance, such as the number of missed bins, and toilet inspection information as defined in the contract. It should be noted that due to certain officers being redeployed as a result of Covid-19, not all information was captured in as much detail as previously, however performance continued to be monitored by qualitative assessment. An example of this, is when public toilets inspections were curtailed, cleanliness was monitored through a review of any issues reported.

### **3. Covid-19 Impact**

- 3.1. As lockdown came into force in late March, FCC saw a 20% reduction of staff available for work due to self-isolation. There was a rise in domestic waste being presented due to the combination of people being confined mainly to the home and a change in shopping habits. Recycling banks were also used more heavily than usual with a 60% increase in tonnage reported in June compared to the same period last year. Despite the dual challenge of fewer staff and more waste to collect, and unlike many other areas across the country, all services were maintained with the exception of bulky waste collections which

had to be suspended due to Devon County Council's decision to close the Recycling Centres.

- 3.2. Despite the impacts of Covid-19, contract operations between April to September 2020, largely remained above the Key Performance Indicators (KPIs). We agreed to suspend applying points for missed domestic collections due to the number of contractor staff self-isolating and the excessive amount of waste being presented. During July, August and September, the number of missed bins were slightly over the 80 per 100,000 target by 16, 16, and 26 respectively.
- 3.3. During this time officers met FCC on a weekly basis and increased provision for emptying of banks. The Waste Partnership Board thanked FCC for performance during this period including the relatively low level of missed bins.
- 3.4. When lockdown measures were relaxed in July, the coastal towns were flooded with visitor numbers far in excess of the usual peak season. It became apparent that there was excessive pressure on litter/dog bin and recycling bank rounds from misuse by additional rented properties, along with traditional indoor eating establishments switching to take away services.
- 3.5. During this period, the specialist team was forced to focus on immediate operational issues and also localities were unable to carry out extensive contract monitoring. FCC whilst initially overwhelmed like ourselves, reacted to our requests for more resources and during August had addressed the majority of the street-scene issues.
- 3.6. At this time problems with supply chains forced the decision to delay the introduction of the new service. This in turn led FCC to propose splitting the round changes from the new service introduction to reduce risk by allowing contingency for any further Covid-19 related interruptions. This change and accompanying timings were relayed to Members at Informal All Member Briefing on 10<sup>th</sup> September 2020.

#### **4. Implementation of the Round Review**

- 4.1. FCC have acknowledged problems arising from the recent round review, and in particular concerns raised by the Council and residents regarding incomplete rounds, missed bins and repeat misses.
- 4.2. The round review impacted 2/3 of properties in the District. Within the Council, planning included employment of temporary staff to handle the anticipated rise in calls and supplement case management and the number of temps was considered correct. Letter templates for affected properties were prepared well in advance of the changes. Different templates were required

depending on the current frequency of collections, and the length of time between the last collection and the next on the new round structure. For those residents that had to wait over 15 days for a collection, these properties were given the option of presenting side waste. For those that had a 20 day delay, these properties were given an additional collection. Provision was arranged with FCC to run shunt vehicles and mop up crews to assist the new routes and provide capacity for the additional side waste from those properties that had an extended collection time.

- 4.3. After a round change it is usual for disruption to last between 6 – 8 weeks as crews get used to new rounds. As each fortnightly collection is completed, the number of missed collections should fall. The changes started on 5<sup>th</sup> October and officers met FCC local managers on a daily basis to monitor missed bin numbers and resolve issues. Weekend crews were brought in to support the collection of the missed waste. The Partnership Board met during week 2 and it was reported that figures for missed collections were broadly in line with expectations.
- 4.4. In weeks 3-4 it became evident that performance was not showing any sign of improvement. The Council escalated to higher management at FCC including the UK Operations Manager. An additional vehicle was brought in with the aim of ensuring collections were completed on scheduled collection days and the new Area Manager became involved in the daily and supplementary meetings.
- 4.5. Within a few days, it was clear that a single vehicle was not resolving the issue, and FCC responded quickly to the Council by re-examining the data and skimming properties from the worst performing rounds and putting these properties onto further additional rounds.
- 4.6. FCC have been asked to attend the January 14<sup>th</sup> Overview and Scrutiny Panel to enable members to understand the issues that FCC encountered, the impact on residents and the remedial action the Officers and FCC put in place.

## **5. Governance and Oversight of the Contract**

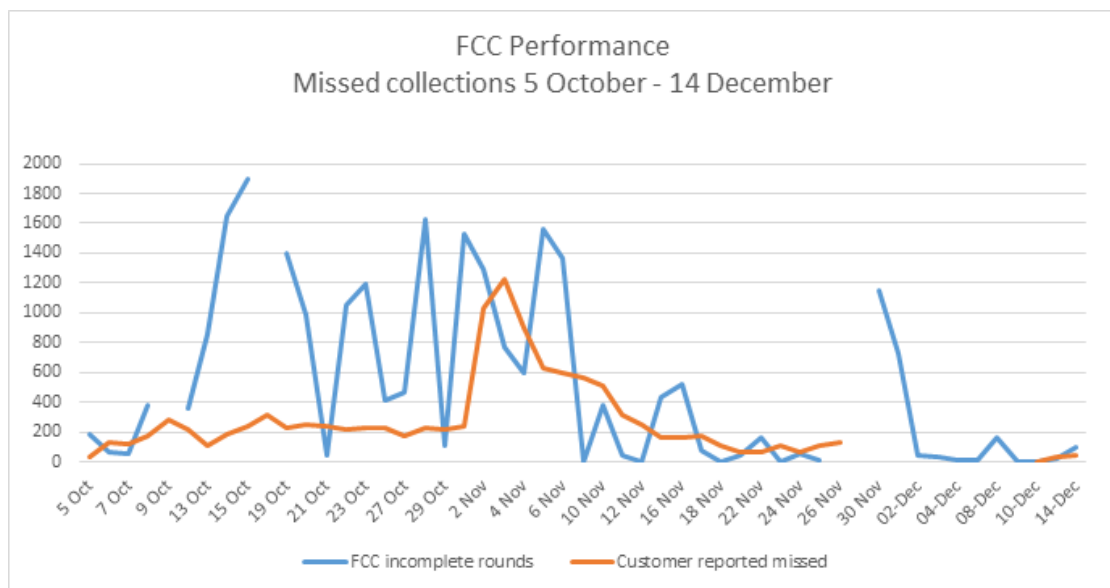
- 5.1. The governance of the contract and performance monitoring is set out in the contract, however the mechanism for members and officers to manage this need further clarity. There are a number of different Officer and Member groups with responsibility for this. The Council needs a structure that enables;
  - Overall contract monitoring
  - Performance / Service monitoring

- Policy Development
- Service Development and Improvement

5.2. The proposed review of the localities service and further IT enhancements will ensure robust performance monitoring and early resolution to any service issues.

## 6. Current Performance

6.1. Once the additional resources were put in as reported in 4.5, performance over missed collections improved significantly as the graph below illustrates:



Please note information from FCC was not available on 27<sup>th</sup> November as local management were dealing with the Covid-19 event detailed in 6.2. The ability for customers to report missed collections was suspended between 2-16 December whilst crews were isolating and agency staff were collecting. During this period, any potential missed collections were advised that side waste would be collected on the next scheduled collection day.

6.2. On 27 November, FCC reported a positive case of Covid-19 which resulted in the self-isolation of 27 members of FCC staff, including local management and a high proportion of drivers. At very short notice, FCC recruited replacement/agency drivers and crews and all rounds were able to operate by the following working day, 30 November. This was not the case in a neighbouring Authority who have also been affected by a local outbreak of the virus and where collections were temporarily suspended.

- 6.3. The graph also shows performance from 30 November. The number of scheduled collections missed on that date were high totalling 728, however it should be noted that this was the first day on the job for many drivers and crew who all required training and induction. The graph shows that performance improves from the following day.
- 6.4. On 14<sup>th</sup> December, a vehicle puncture incident was reported accounting for the slight increase on that day. Incidents such as these keep a vehicle off the road for a minimum of 2.5 hours. Under normal circumstances there is enough capacity in the total fleet to be able to redeploy another vehicle to complete the round. Currently, whilst the new rounds are still settling, this is not the case and FCC have agreed to bring in a further vehicle to cover this gap to prevent future breakdowns from resulting in rounds not being completed.
- 6.5. **Repeat missed bins.** There have been a number of properties that have been repeatedly missed. There are a number of reasons cited for these frustrating episodes, including some households that crews historically treated as assisted but never reported officially so weren't on the new round lists. The total number of households that have been repeatedly missed has reduced significantly and we are now monitoring around 109 households of the 45,170 households in the South Hams to ensure no further issues. Officers are also examining the data to see if there is any link between the number of repeatedly missed collections and specific rounds.

## **7. Implementation of the new Devon Aligned Service (DAS) and additional costs**

- 7.1. FCC need to demonstrate that they;
- Have a robust deliverable plan that will deliver the new service with the absolute minimum disruption to residents.
  - Have sufficient management and supervision oversight
  - Ensure sufficient staff training and commitment
  - Have appropriate contingency in place
- 7.2. FCC's senior team have produced a paper which is attached as Appendix A outlining their approach to satisfying the above issues.
- 7.3. As result of the phased approach, it is estimated that the Council will incur additional costs of approximately £84,000 (£42,000 per month of delay in March and April). It should also be noted that

FCC are also financially impacted by the delay in moving to the Devon Aligned Service, as the new service contract price is higher than the existing service price.

- 7.4. The Chief Executive and Director of Service Delivery have commenced negotiations with FCC regarding the additional financial burden that a phased approach confers on the Council including consideration of the 3 month 'no penalty' period.

## 8. Implications

| Implications   | Relevant to proposals Y/N | Details and proposed measures to address   |
|--|---------------------------|--|
| Legal/Governance   | Y                         | The Council has a duty to arrange for the collection of household waste within its area. The arrangements must include the collection of at least two types of recyclable waste. The contract with FCC sets out those arrangements. Performance monitoring is undertaken in accordance with the terms of the contract and is explained in paragraph 5.1 of the main report.  |
| Financial implications to include reference to value for money | Y                         | As result of the phased approach, it is estimated that the Council could incur additional costs of approximately £84,000 (£42,000 per month of delay for March and April).<br><br>It would be reasonable for FCC to pick up the burden of some, if not all, of these costs. It should be noted that FCC are also financially impacted by the delay in moving to the Devon Aligned Service, as the Devon Aligned Service contract price is a higher contract price than prior to going live with the new service. The Chief Executive and Director of Service Delivery have already asked FCC to consider funding our additional costs and a further meeting is to be arranged. |
| Risk   | Y                         | FCC's proposal in Appendix A looks to mitigate the risks of service disruption and further reputational harm to the Council by adopting a phased approach.   |
| Supporting Corporate Strategy                                  | Y                         | Moving to Devon aligned service recycling model  |
| Climate Change - Carbon / Biodiversity Impact                  | Y                         | Improved recycling and a reduction in residual waste.  |



| Comprehensive Impact Assessment Implications |  |  |
|--|--|--|
| Equality and Diversity                       |  | Non as a direct impact of this report  |
| Safeguarding                                 |  | None as a direct impact of this report |
| Community Safety, Crime and Disorder         |  | None as a direct impact of the report  |
| Health, Safety and Wellbeing                 |  | None as a direct impact of the report  |
| Other implications                           |  | None                                   |

### **Supporting Information**

#### **Appendices:**

**Appendix A – FCC’s proposal to implement the new Devon Aligned Services (DAS)**

**Background Papers: Not Applicable**

#### **Approval and clearance of report**

| <b>Process checklist</b>                    | <b>Completed</b> |
|---|------------------|
| Portfolio Holder briefed/sign off           | <b>Yes</b>       |
| SLT Rep briefed/sign off                    | <b>Yes</b>       |
| Relevant Heads of Practice sign off (draft) | <b>Yes</b>       |
| Data protection issues considered           | <b>Yes</b>       |
| Accessibility checked                       | <b>Yes</b>       |