

Joint Scrutiny Committee Report

Report of Head of Corporate Strategy

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To: JOINT SCRUTINY COMMITTEE

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Performance review of Biffa Municipal Limited - 2015

RECOMMENDATION

That the committee considers Biffa Municipal Limited's (Biffa) performance in delivering the household waste collection, street cleansing and ancillary services contract for the period 1 January 2015 to 31 December 2015 and makes any comments to the Cabinet Members with responsibility for waste to enable them to make a final assessment on performance.

PURPOSE OF REPORT

1. The report considers the performance of Biffa in providing the household waste collection, street cleansing and ancillary services in South Oxfordshire and the Vale of White Horse for the period 1 January 2015 to 31 December 2015.

STRATEGIC OBJECTIVES

2. The service contributes to the council's strategic objective of excellent delivery of key services with particular emphasis on achieving excellent levels of recycling and keeping streets and public spaces clean and attractive.

BACKGROUND

3. Managing contractor performance is essential for delivering the council's objectives and targets. Since a high proportion of the council's services are outsourced, the council cannot deliver high quality services to its residents unless its contractors are

performing well. Using an agreed framework and working jointly with contractors to review performance regularly is therefore essential.

4. The council's process for managing contractor performance focuses on continuous improvement and action planning. The council realises that the success of the framework depends on contractors and the council working together to set and review realistic, jointly agreed and measurable targets.
5. The overall framework is designed to be
 - a way for the councils to consistently measure contractor performance, to help highlight and resolve operational issues
 - flexible enough to suit each contract, including smaller contracts which may not require all elements of the framework
 - a step towards managing risk more effectively and improving performance through action planning.

OVERVIEW OF THE REVIEW FRAMEWORK

6. Evaluating contractor performance has four elements:
 1. performance measured against key performance targets (KPT)
 2. customer satisfaction with the total service experience
 3. council satisfaction as client
 4. a summary of strengths and areas for improvement, feedback from the contractor on the overall assessment plus the contractor's suggestions of ways in which the council might improve performance.
7. The first three dimensions are assessed and the head of service makes a judgement of classification. The fourth element is a summary of strengths and areas for improvement and includes contractor feedback. Where some dimensions are not relevant, or difficult to apply fairly to certain types of contract, the framework may be adjusted or simplified at the discretion of the head of service.
8. Biffa were awarded the joint waste contract in December 2008 with a commencement date in South Oxfordshire of June 2009. The Vale of White Horse element of the contract commenced in October 2010. The council in 2013 decided, in accordance with the conditions of contract to extend the contract for a seven year period. The contract is now due to end in June 2024.
9. The current value of the contract, as a fixed annual charge is £9,680,149 per annum of which the Vale of White Horse proportion is £4,491,463 per annum and South Oxfordshire is £5,188,686 per annum.
10. The contract includes delivery of the following services:
 - weekly collection of household food waste from 23 litre bins
 - fortnightly collection of household recycling from 240 litre wheeled bins or green sacks, collecting textiles from bags placed next to the recycling bin

- fortnightly collection of household residual waste from 180 litre wheeled bins or pink sacks this is collected on the alternate week to recycling, collection of small electrical items in bags placed next to the residual bin
- emptying bulk bins for refuse and recycling and food waste bins which service flats and communal properties
- fortnightly collection of household garden waste to residents who have opted into this charged for service. As of January 2016 there were 46,021 garden waste bins provided to customers across the two districts
- collection from Waste Electronic and Electrical Equipment (WEEE) bring banks
- collection of household bulky waste items for which there is a charge
- litter collection and cleansing of roads, streets and public areas
- emptying of litter and dog bins
- provide a dedicated call centre facility to residents
- removal of fly-tipping.

DIMENSION 1 – KEY PERFORMANCE TARGETS (KPT)

11. KPT are included in the Biffa contract to provide a benchmark against which performance can be measured. The KPT cover those aspects of the service which are considered to be of most concern to our residents and are measured on an ongoing basis and reported monthly by Biffa. The KPT for this contract are:

- KPT 1 - missed collections – number of missed collections per week per 100,000 collections. Target - no more than 40
- KPT 2 - rectification of missed collections – percentage of reported missed household collections rectified within 24 hours. Target - 100 per cent
- KPT 3 - NI 192 - percentage of household waste sent for re-use, recycling and composting. 2015/16 Target – 50.0 per cent (Vale) and 53.3 per cent (South)
- KPT 4 - NI 195 - improved street and environmental cleanliness – levels of litter and detritus. Targets - litter 4 per cent, detritus 7 per cent.

Since April 2011 national indicators for waste NI 192 and NI 195 are no longer used as national measures, however the council continues to use these as a measure of the contractor's performance.

KPT 1 – Missed Collections

12. For the purpose of this report performance has been measured against the number of reported weekly missed collections per 100,000 collections for the period 1 January 2015 to 31 December 2015.

13. During this review period the average number of weekly missed collections across the two districts was 28 per 100,000 collections. Last year the number was 32 per 100,000. The target is no more than 40 missed collections. A combined total of 3,626 collections were logged as missed throughout the review period across the two districts, this is out of a total of 13,167,345 potential collections (each bin type is recorded as a separate collection) and equates to 0.02 per cent of bins being missed.

KPT 2 - Rectification of missed collections

14. This measure is the percentage of reported missed collections rectified within 24 hours of Biffa being informed. Last year this data was not available due to changes being made to Biffa's database. The target is 100 per cent, during this review period out of the 3,626 reported missed bins 77.2 per cent were reported as rectified within the 24 hour target. However, over ninety per cent were recorded as rectified within 48 hours. This has highlighted an issue with Biffa's procedure. The timings and subsequent reports used to monitor this KPT are based on when the worksheet is closed on the system rather than when the bin is actually emptied. Biffa are not closing some of the worksheets on the system until the day after they have emptied the bin which is why the percentage is low and therefore may not reflect reality.

KPT 3 - NI 192 percentage of household waste sent for re-use, recycling and composting

15. At the commencement of the contract the council and Biffa agreed baselines for assumed recycling rates as follows:

Vale

- 2014/15 – 49. per cent
- 2015/16 – 50.0 per cent.

South

- 2014/15 – 52.9 per cent
- 2015/16 – 53.3 per cent.

16. Table one below shows that the combined performance of both councils for KPT 3 for the period to which this report relates was 66.03 per cent, for information the previous four years figures are also shown. The individual NI192 scores for this review period are Vale 65.42 per cent and South 66.53 per cent.

17. The figures indicate a decrease in the percentage of waste sent for recycling from last year. This is due to decreases in tonnages of garden waste, food and dry recycling and an increase in the amount of waste going to the Energy Recovery Facility (ERF) compared to the previous year.

Table One

NI 192 Performance

	Dry recycling (tonnes)	Food waste (tonnes)	Garden waste (tonnes)	Total Recycling (tonnes)	Refuse to ERF & Landfill (tonnes)	NI192
1 January – 31 December 2011	32,116	10,913	16,526	59,555	26,876	68.90%
1 January – 31 December 2012	31,865	9,800	16,711	58,376	29,957	66.08%
1 January – 31 December 2013	31,758	9,921	14,890	56,569	31,070	64.54%
1 January – 31 December 2014	32,404	9,770	18,806	60,980	30,835	66.41%
1 January – 31 December 2015	32,265	9,455	18,637	60,357	31,056	66.03%

KPT 4 – NI 195 Improved street and environmental cleanliness – levels of litter and detritus

18. At the commencement of the contract, the council and Biffa agreed targets for litter and detritus. These targets were as follows:

- no more than four per cent of relevant land to have unacceptable levels of litter
- no more than seven per cent of relevant land to have unacceptable levels of detritus.

19. As previously mentioned we no longer report on NI 195, however officers have continued to monitor street cleanliness using the same methodology. The inspections are carried out by an independent company specialising in this type of work.

20. The combined scores achieved in this review period were, level of litter two per cent and level of detritus 14 per cent. This was an increase in detritus levels from last year's 11 per cent but a decrease in the level of litter which was three per cent last year.

21. Based on Biffa's performance an overall "average" KPT performance rating score of 3.5 has been achieved. An analysis of performance against the KPT can be found in Annex A.

22. For reasons of consistency with previous assessments, and for fairness between contractors, the following is a guide to the assessment of Biffa against all KPT:

Score	1 – 1.4999	1.5 – 2.499	2.5 – 3.499	3.5 – 4.499	4.5 – 5.0
Classification	Poor	Weak	Fair	Good	Excellent

23. The head of service has made a judgement on KPT performance as follows:

KPT judgement

Previous KPT judgement for comparison

DIMENSION 2 – CUSTOMER SATISFACTION

24. Customer satisfaction for this report has been measured by the results of the most recent residents survey carried out in December 2015. M-E-L Research was commissioned to undertake a door stepping survey. In total 1109 responses were received in Vale and 1107 responses in South.

25. The main areas of questioning regarding satisfaction with the waste service were:

- satisfaction with the waste and recycling collection service
- satisfaction with street cleaning and keeping the area clean and litter free.

26. In terms of the satisfaction with the waste and recycling collection service 87 per cent of both Vale and South residents are either satisfied or very satisfied. A decrease of two per cent in Vale and one per cent in South since the previous survey in 2013.

27. In terms of satisfaction with street cleansing 70 per cent of Vale residents are either satisfied or very satisfied with the cleanliness of the streets and pavements in their local area. This is a decrease of 10 per cent from the 2013 survey. In South 79 per cent said they were either satisfied or very satisfied, an increase of four per cent.

28. Based on Biffa's performance a combined overall customer satisfaction rating score of 3.88 has been achieved, last year's satisfaction rating score was 3.90. An analysis of customer satisfaction can be found in Annex B.

29. For reasons of consistency with previous assessments, and for fairness between contractors, the following is a guide to the assessment of Biffa on overall customer satisfaction:

Score	<3.0	3.0 – 3.399	3.4 – 3.899	3.9 – 4.299	4.3 – 5.0
Classification	Poor	Weak	Fair	Good	Excellent

30. Taking into account that 87 per cent of residents are satisfied or very satisfied with the waste collection service, the reduced number of formal complaints and the combined overall satisfaction rating score is only 0.01 point away from a good rating the head of service has made a judgement on customer satisfaction as follows:

Overall assessment

Previous customer satisfaction judgement for comparison

DIMENSION 3 – COUNCIL SATISFACTION

31. As part of the performance review officers with direct knowledge and who frequently interact with the contractor were asked to complete a short questionnaire, this included the head of service, waste manager, team leader, technical monitoring officers and business support team. In total seven questionnaires were sent out and returned.

32. Based on Biffa’s performance an overall council satisfaction rating score of 4.17 has been achieved. Last years overall rating score was 4.29. An analysis of council satisfaction can be found in Annex C.

33. For reasons of consistency with previous assessments, and for fairness between contractors, the following is a guide to the assessment of Biffa on council satisfaction:

Score	<3.0	3.0 – 3.399	3.4 – 3.899	3.9 – 4.299	4.3 – 5.0
Classification	Poor	Weak	Fair	Good	Excellent

34. Based on this performance, the head of service has made a judgement on council satisfaction as follows:

Council satisfaction judgement

Previous council satisfaction judgement for comparison

OVERALL ASSESSMENT

35. Taking into account the performance of the contractor against KPT, customer satisfaction and council satisfaction, the head of service has made an overall judgement as follows:

Overall assessment

Previous overall assessment for comparison

36. Other areas of note within this review period are:

- South confirmed by DEFRA as the highest recycling authority nationally for 2014/15 with a rate of 67.3 per cent
- Vale confirmed by DEFRA as the second highest recycling authority nationally for 2014/15 with a rate of 65.6 per cent
- the continued success in South of the deep cleanse
- introduced kerbside collections for WEEE and textiles

STRENGTHS AND AREAS FOR IMPROVEMENT

37. Annex C also records strengths and areas for improvement relating to the performance of the contractor in this review period.

38. Areas for improvement identified in last year's reviews were:

- *Response times could be improved on providing requested information*

Overall there has been an improvement in the response time to provide information such as the weighbridge tonnage information. However this has been highlighted again this year as an area requiring further improvement.

- *Delivery times for bins can be slow – proactive planning for peak times would be helpful*

Biffa have been planning stock deliveries for peak times within the constraints of storage capacity and suppliers ability to deliver. However, deliveries have continued to cause problems at certain times. A recent piece of joint working facilitated by the consultants Alexander has process mapped this element of the service and we are going to implement the recommendations identified from that piece of work.

- *Back office procedures needed to ensure a clear audit trail of actions taken to ensure work is completed*

Biffa are aware of the need to provide a clear audit trail of actions taken to ensure work has been completed. The work with Alexander has highlighted the need for some further work to be done on how worksheets are dealt with from the start of the process until they are signed off. This element of work will address the issue with the rectification of missed bins mention in point 14 of this report.

- *More attention to detail needed*

There are still some mistakes being made as a result of human error. Biffa continue to work hard on reducing these as much as they can. Where a mistake has been identified it is rectified and if necessary additional training on the process is given.

- *Responding to questions in a consistent way and in accordance with the council policies*

This has improved. Although when a new member of staff starts at the call centre it does take some time for them to become aware of all the various responses and for them to build up a knowledge of the policies.

- *Better use of the IT available in the waste industry*

There has been some progress on this with the introduction of cameras on the majority of vehicles. Biffa have been trialling new electronic on board technology using in cab PDA's which is now being rolled out across the fleet.

39. During last year's review the committee requested the following :

- *To change the heading of the council satisfaction template from "neither" to "not applicable" so that any response other than "satisfied" or "very satisfied" could be identified as an area for improvement.*
- Officers reviewed the template and considered the "neither satisfied nor dissatisfied" column should be retained as indicating a neutral response rather than it being not applicable. However any response within this column has been considered an area for improvement and has been included in the strengths and areas for improvement section.

COMMENTS AND COMPLAINTS

40. The council received nine official stage one complaints during this review period compared to 13 last year. Of these two were for missed bins, three were for bin placement issues, two damaged bins by Biffa and two general complaints about the service. One complaint was then referred to the Ombudsman who awarded in the complainants favour. This related to missed bins and placement of bins. Biffa compensated the resident.

41. During this review period Biffa and the council received 16 compliments from residents relating to the waste service such as:

- *I just wanted to show my appreciation for the new policy which was notified on a card with our bins today for more items which can be recycled via our weekly bin collections. The addition of worn clothes and small electrical items recycling is great on top of what is an already excellent recycling service from the council. Keep up the good work.*
- *Excellent street collection, above and beyond the call of duty*
- A crew member received an employee of the month award from Biffa Municipal for going the extra mile when he raised concerns that an elderly resident was not presenting their bin. It later transpired that the resident had been admitted to hospital. The family were very appreciative that the crew member had taken the time and effort to report his concerns.

CONTRACTORS FEEDBACK

42. A key feature of the process for reviewing the performance of contractors is that the council provides them with an opportunity to give their feedback on the assessment,

including suggestions for improvements to council processes. This is included in Annex D.

FINANCIAL IMPLICATIONS

43. There are no financial implications arising from this report.

LEGAL IMPLICATIONS

44. There are no legal implications arising from this report.

CONCLUSION

45. In 2015 the councils achieved first and second position in the official recycling league table and the service continues to operate with very few complaints when you consider the number of bins that are collected each week. There are still some areas for improvement, in particular the delivery of new and replacement bins which Biffa do at times struggle to keep on top of. The issue of contamination is a serious problem at the moment which we are working together to resolve, the consequence is likely to be a reduction in our overall recycling figure and us dropping off of the top spot in the national league table. The introduction of textile and small electrical equipment from the kerbside has gone well and is appreciated by the residents.

46. The head of service has assessed Biffa's performance as good for its delivery of the household waste collection, street cleansing and ancillary services contract. The committee is asked to make any comments to the Cabinet Members with responsibility for waste to enable them to make a final assessment on performance.

BACKGROUND PAPERS

47. None

Annex A – Key performance targets

KPT ref	Description of KPT	Target	Performance	Individual KPT rating (excellent, good, fair, weak or poor)	KPT rating score (excellent = 5, good = 4, fair = 3, weak = 2, poor = 1)
KPT 1	missed collections	No more than 40 missed collection per 100,000 collections	28 per 100,000 collections	good	4
KPT 2	rectification of missed collections	100 per cent rectified within 24 hours of contractor being informed	77.2%	poor	1 (see point 14 in the report)
KPT 3	percentage of household waste sent for re-use, recycling and composting	V – 50.0% S – 53.3%	Vale 65.42% South 66.53% Combined 66.03%	excellent	5
KPT 4	improved street and environmental cleanliness – levels of litter and detritus	4% litter 7% detritus	2% 14%	good	4
Overall “average” KPT performance rating score (arithmetic average) refers to point 21 in the report					3.5

Annex B – Customer satisfaction

In total 2216 residents across both councils responded to questions about the waste contract. Not every respondent answer all the questions.

Q. How satisfied are you, with the waste and recycling collection service?

Rating	Number of responses	Score weighting	Total
Very satisfied	632	X 5	3160
Fairly satisfied	1295	X 4	5180
Neither satisfied or dissatisfied	98	X3	294
Not very satisfied	131	X 2	262
Not at all satisfied	53	X 1	53
Total	2209		8949

Waste and recycling collection service - resident satisfaction calculation: $8949 \div 2209 = 4.05$

The following is a guide to the assessment of Biffa on customer satisfaction for the waste collection service:

Score	<3.0	3.0 – 3.399	3.4 – 3.899	3.9 – 4.299	4.3 – 5.0
Classification	Poor	Weak	Fair	Good	Excellent

Q. How satisfied are you with the standard of cleanliness of the streets and pavements in the village or town where you live?

Rating	Number of responses	Score weighting	Total
Very satisfied	292	X 5	1460
Fairly satisfied	1357	X 4	5428
Neither satisfied or dissatisfied	241	X 3	723
Not very satisfied	268	X 2	536
Not at all satisfied	46	X 1	46
Total	2204		8193

Standard of cleanliness - resident satisfaction calculation: $8193 \div 2204 = 3.72$

The following is a guide to the assessment of Biffa on customer satisfaction for the standard of cleanliness of the streets and pavements:

Score	<3.0	3.0 – 3.399	3.4 – 3.899	3.9 – 4.299	4.3 – 5.0
Classification	Poor	Weak	Fair	Good	Excellent

The combined overall customer satisfaction rating for the waste and recycling collection service and standard of cleanliness is calculated as follows:

Residents total scores ÷ number of residents

$$\frac{(8949 + 8193)}{17142} \div \frac{(2209 + 2204)}{4413} = 3.88 \text{ (refers to point 28 in the report)}$$

Annex C - Council satisfaction

This assessment allows the council (as a client) to record its own satisfaction with aspects of a contractor's performance which lie outside Key Performance Targets and customer satisfaction. Each officer with direct knowledge and who frequently interacts with the contractor should complete this form. Some questions can be left blank if the officer does not have direct knowledge of that particular question.

The numbers indicated in the following table are the total number of responses received for each question

Contractor Biffa Municipal Limited

From (date) 1 January 2015 To 31 December 2015

SERVICE DELIVERY

Attribute	(5) Very satisfied	(4) Satisfied	(3) Neither	(2) Dis-satisfied	(1) Very dissatisfied
1 Understanding of the client's needs	2	5			
2 Response time	1	6			
3 Delivers to time		5	1	1	
4 Delivers to budget	3				
5 Efficiency of invoicing	2	1			
6 Approach to health & safety	2	5			

COMMUNICATIONS AND RELATIONS

Attribute	(5) Very satisfied	(4) Satisfied	(3) Neither	(2) Dis-satisfied	(1) Very dissatisfied
9 Easy to deal with	3	4			
10 Communications / keeping the client informed	1	5		1	
11 Quality of written documentation		3	1	1	
12 Compliance with council's corporate identity	1	5			
13 Listening	2	4			
14 Quality of relationship	3	4			

IMPROVEMENT AND INNOVATION

Attribute	(5) Very satisfied	(4) Satisfied	(3) Neither	(2) Dissatisfied	(1) Very dissatisfied
15 Offers suggestions beyond the scope of work	1	4	1		
16 Degree of innovation		4	1		
17 Goes the extra mile	2	3			
18 Supports the council's sustainability objectives	1	5			
19 Supports the council's equality objectives	2	3			
20 Degree of partnership working	2	4			

The following table is a summary of council satisfaction based on the completed questionnaires

Rating	Votes	Score equivalent	Total
very satisfied	28	X 5	140
satisfied	70	X 4	280
neither satisfied or dissatisfied	4	X 3	12
dissatisfied	3	X 2	6
very dissatisfied		X 1	
Total	105		438

The overall council satisfaction is calculated as follows: $438 \div 105 = 4.17$ (refers to point 32 in the report)

STRENGTHS AND AREAS FOR IMPROVEMENT

Strengths

Can do attitude of senior team – now have a new sampling system set up at Culham
Business like and are instilling a strong management culture
Health and Safety is given high priority. Inspections have been more positive recently
Crews go the extra mile
Collaborative working – for example over the recent contamination issues
Supervisors take responsibility for errors including apologising face to face to unhappy residents
Flexible and adaptable
Good relationship with operational team
Partnership working

Areas for improvement

Reporting of information such as late collections
Delivery times for bins can be slow which creates a back log
Quicker feedback/response to emails would be appreciated
Review current performance measures and consider making them more robust
Implementation of projects can be slow
Quality of written documentation
Offers suggestions beyond the scope of work
Degree of innovation

Annex D - Contractor 360° feedback

CONTRACTOR'S REACTION / FEEDBACK ON COUNCIL'S ASSESSMENT

Biffa are pleased to be graded as good although we had hoped to be able to move the contract forward further this year than we have. This is mainly due to the work we have been doing on the recycling contamination following the implementation of the new Code of Practice at the MRF's. This has had a fundamental impact on the profitability of the contract and has been an absolute priority. We do acknowledge and appreciate the assistance that the client has already given on this and look forward to continuing this project moving forward. One area of disappointment is the result of the missed bin rectification rate, whilst under the provision of the KPT a 77.2% mark is considered 'poor' we do not feel that either the mark or the consideration is appropriate. The reason that the mark is low is that, whilst we do complete these collections within the timescales we cannot complete the administration within the same time-frame. The crews will never be back in time for the tickets to be signed off on time and we cannot assume that the work has been done so have to wait until we have the confirmation. We are currently looking at ways of correcting this procedure, using the software package being utilised and are certain that this will improve, statistically to confirm the actual performance.

The other obvious area of concern is the level of detritus and we are discussing this KPI with the management team as we do feel that the target is particularly onerous for the type of districts we operate in and is much higher than the national average, when it existed. We have made some proposals regarding this and look forward to discussing these further.

ANY AREAS WHERE CONTRACTOR DISAGREES WITH ASSESSMENT

As stated above, we do not disagree with the assessment on any points but would like to reassure the client that we are doing everything we can to address the areas which are of concern and are discussing many ways of moving the service forward as we head into the extension period.

WHAT COULD / SHOULD THE COUNCIL DO DIFFERENTLY TO ENABLE THE CONTRACTOR TO DELIVER THE SERVICE MORE EFFICIENTLY / EFFECTIVELY / ECONOMICALLY?

Biffa has always had a very good working relationship with the contract management team and have appreciated their assistance this year. Initially with the WEEE and Textiles collections and the latterly with the contamination project. We are collectively constantly challenging the way we do things and how the services can develop into the future.

Feedback provided by

Date