

REGENERATION, COMMUNITY AND CULTURE OVERVIEW AND SCRUTINY

28 MARCH 2018

ANNUAL REVIEW OF WASTE CONTRACTS

CONTRACT YEAR: OCTOBER 2016 TO SEPTEMBER 2017

Report from: Richard Hicks, Director of Regeneration, Culture, Environment and Transformation

Author(s): Sarah Valdus - Head of Waste Services
Michael Kelly – Category Manager

Summary

This report provides an update on the activity carried out by the following contractors to Medway Council for the contract year October 2016 to September 2017:

- Veolia Environmental Services - providing waste and recycling collection, waste disposal and street cleansing services.
- FCC (formerly Waste Recycling Group) - providing management of the three household waste recycling centres.

1. BACKGROUND INFORMATION

Budget and Policy Framework

- 1.1 This contract update is within the Council's policy and budget framework and ties in with all the identified Core Values, Strategic Priorities, Strategic Council Obligations and Departmental/Directorate service plans as detailed below.
- 1.2 These contracts follow the Council's core values to ensure we have services that put our customers at the heart of everything we do at the same time as giving value for money and fit with the strategic priority of a clean and green environment.
- 1.3 Such services need to support the Council's Waste Strategy that, in turn, provides the basis for targets in performance and community plans. The primary objectives are to:
 - Ensure compliance with statutory duties

- Meet statutory performance targets
- Ensure continuity of a front line service
- Provide services within agreed budgets
- Meet requirements to achieve efficiency gains
- Provide environmentally sustainable services.

2. VEOLIA - WASTE AND RECYCLING COLLECTION, STREET CLEANSING SERVICES AND WASTE DISPOSAL

2.1 These contracts cover:

- Waste collection and street cleansing services (kerbside collection of residual waste, recycling and food/garden waste, bring sites, processing and sale of recyclables and cleansing of Medway's streets).
- Disposal of residual waste via a combination of landfill and energy from waste, ensuring the Council meets as a minimum, its landfill diversion targets as originally set down by Government prior to contract inception.

2.2 Both contracts started on 4 October 2010. The waste collection and street cleansing contract is for 9 years (the option to extend 2 years was agreed at Cabinet on 17 January 2012, decision number 8/2012) and the disposal contract is for the duration of 25 years.

2.3 Following Medway's successful bid to the Department for Communities and Local Government (DCLG) for £14 million-worth of funding under their Weekly Collections Support Fund, a variation to the collection and street cleansing contract was agreed to facilitate weekly collections of food/garden waste and recycling as from 28 of October 2013 until contract expiry, 30 September 2019.

2.4 The contracts require Veolia to provide an annual report detailing the operation of the contracts.

2.5 Representatives from Veolia and the Council's Waste Services Team will be present at the meeting to provide any additional information or clarification that is required. The annual report is attached at Appendix 1.

3. Key contract achievements

3.1 Ensure compliance with statutory duties

The Council has a statutory duty to:

- Arrange for the collection of household waste from all properties (section 45 Environmental Protection Act 1990); and
- Arrange for the collection of at least two types of recyclable waste from all households via kerbside collections (section 45A Environmental Protection Act 1990).
- Arrange for cleaning of streets to keep them free from litter and refuse (section 89 Environmental Protection Act 1990).

These are measured via:

- Monthly contract meetings

- Annual report to Overview and Scrutiny Committee
- Monthly corporate monitoring via Covalent returns
- National waste dataflow returns
- National flycapture reporting
- Maintaining NI195 inspections despite this no longer being a formal reportable target to (Department for Environment, Food and Rural Affairs (DEFRA)).

All collection and disposal services have been delivered to meet the council's statutory duties.

3.2 Ensure continuity of a front line service

Service continuity has been maintained to date there has been no incidents of severe weather to impact on services.

3.3 Provide services within agreed budgets

Monthly budget monitoring is undertaken by the Head of Service and Corporate Finance Officer, which supports the corporate-wide budget monitoring rounds reported to the Directorate Management Team, Corporate Management Team and Cabinet.

3.4 Provide environmentally sustainable services

Undertaking recycling is a key feature of sustainable waste practices. The introduction of weekly recycling in October 2013 has helped Medway achieve an overall recycling rate of 42.8% during 2016/17.

Financial year	Verified recycling rate
2010/11	36.3%
2011/12	37.9%
2012/13	41%
2013/14	41.2%
2014/15	46.1%
2015/16	42.7%
2016/17	42.8%

3.5 Partnership working

3.5.1 Battle of Medway celebration Veolia working with Medway Council provided a pre and post cleanse for the battle of Medway event during June 2017. The event Celebrated 350 years of friendship and co-operation between the two nations and provided festival of cultural, sporting and educational events over a two week period. It was a major public event depicting the Dutch Raid on the River Medway and Chatham Dockyard. Veolia and Waste Services were responsible for ensuring the borough was clean and free from litter during the two week long event.

3.5.2 Veolia continue to work with the Safer Communities team to increase the response time for the investigation and removal of fly tipped waste. Veolia continue to induct new Medway Council staff so that they can safely access and

utilise the Whitewall Road Transfer Station. Enforcement officers can investigate fly tips and remove the waste for local disposal.

3.5.3 Veolia have changed the method in which they employ staff, in the past Veolia has used employment agencies. A change from agency staff to direct employment has meant job security, long term prospects and the opportunity to build other relationships with staff. Another benefit seen by permanent employees is higher levels of commitment from staff, fewer lost sick days and a more motivated workforce delivering an improved service.

3.5.4 Veolia have seen numerous changes in 2017 and as a result of their Employee Engagement Survey they have focused on Team Work and Building relationships across all their teams to provide a better service. Some of these include:

- Relocation of the office. In order for the Veolia Team to work together all staff are now situated at George Summers Close, this has improved working relationships between the Frontline Staff and Veolia's Management Team.
- Veolia continue to work closely with Medway Council. Both teams went along to a Breakfast Morning meeting so that the Veolia workforce can continue developing the excellent working relationship with Medway Council Employees.
- Veolia have recognised our local Heroes from the compliments received from the residents of Medway and held an Awards Event to ensure that they commend their employees for their hard work and commitment to the Medway contract.
- Veolia have now put together a Skills Gap Analysis for all their staff and have recognised training needs and introduced improved training programmes.

3.6 Waste collection contract

3.6.1 Tonnages of waste, recycling and street arisings:

Recycling tonnages	Total tonnes
Oct 2010 – Sept 2011	21,404
Oct 2011 – Sept 2012	18,342
Oct 2012 – Sept 2013	17,406
Oct 2013 - Sept 2014 (1 st year of weekly recycling collections)	18,555
Oct 2014 – Sept 2015	19,173
Oct 2015 – Sept 2016	18,682
Oct 2016 – Sept 2017	18,373

Refuse	Total tonnes
Oct 2010 – Sept 2011	56,371
Oct 2011 – Sept 2012	56,731
Oct 2012 – Sept 2013	56,778
Oct 2013 – Sept 2014	55,037
Oct 2014 – Sept 2015	55,985
Oct 2015 – Sept 2016	57,297
Oct 2016 - Sept 2017	56,811

Bulky Waste	Total tonnes
Oct 2010 – Sept 2011	762
Oct 2011 – Sept 2012	781
Oct 2012 – Sept 2013	824
Oct 2013 – Sept 2014	976
Oct 2014 – Sept 2015	1,052
Oct 2015 – Sept 2016 (introduced bulky waste charges April 2016)	707
Oct 2016 – Sept 2017	360

Food & Garden waste	Total tonnes
Oct 2010 – Sept 2011	15,703
Oct 2011 – Sept 2012	16,313
Oct 2012 – Sept 2013	16,224
Oct 2013 – Sept 2014 (1 st year of weekly organic collections)	23,639
Oct 2014 – Sept 2015	21,018
Oct 2015 – Sept 2016	23,121
Oct 2016 – Sept 2017	22,690

Bring Site glass	Clear	Mixed	Total tonnes
Oct 2011 – Sept 2012	306	386	692
Oct 2012 – Sept 2013	292	354	646
Oct 2013 – Sept 2014	248	278	526
Oct 2014 – Sept 2015	301	268	569
Oct 2015 – Sept 2016	202	281	483
Oct 2016 – Sept 2017	150	280	430

Street cleansing tonnage	Litter	Mechanical sweepings	Fly tipping	Total tonnes
Oct 2011 – Sep 2012	1212	1324	283	2,819
Oct 2012 – Sep 2013	1286	3507	295	5,088
Oct 2013 – Sep 2014	1382	3947	372	5,701
Oct 2014 – Sep 2015	1504	2151	462	4,117
Oct 2015 – Sep 2016	1,695	1,953	515	4,163
Oct 2016 – Sept 2017	1,689	1,897	577	4,163

3.6.2 In the contract year Oct 2016 – Sept 2017 street cleansing crews have:

- removed 408 dead animals from the public highway.
- Removed 1775 fly tips from public areas (reduction due to asbestos being removed by a different contractor until August 2017).
- attended 86 locations to remove needles & syringes from public areas.

3.6.3 A change in safe working practices meant that last year Veolia could not remove any flytipped waste that contained asbestos. Staff have now completed training and are now qualified to remove cement bonded asbestos.

3.6.4 During the contract year Oct 2016 – Sept 2017 Medway Council monitoring officers have carried out 4639 street inspections as part of their contract monitoring duties, to ensure Veolia is complying with the contract and maintaining good standards. The inspections are graded as prescribed by the Government's

'Code of Practice on Litter and Refuse, 2005' with a good standard being reflected by grades A or B.

- 3.6.5 Waste Services Officers also proactively monitor the standard of collections carried out by Veolia, with no spillages left and containers returned from where they are collected. The number of these inspections are detailed below:

Service	Number of inspections (good standard)
Mixed recycling collections	1461
Organic collections	1489
Refuse	1569
Litter and canine bin emptying	1117
Health and safety	506
Street Cleansing	4639

- 3.6.6 The total number of individual refuse, recycling and food/garden waste collections carried out was approximately 16.7 Million. The number of individual collections reported as missed was 2615 (2852 in the previous reporting year).

Service 2016 – 2017	Approx number of collections	Number of missed collections
Refuse collection	5.9 million	1209
Organic Collections	5 million	672
Mixed Recycling	5.8 million	734

- 3.6.7 Co-mingled kerbside recyclable materials (cans/plastics and glass) are currently taken to Southwark MRF (Materials Recycling Facility).
- 3.6.8 Paper and cardboard are delivered to UPM at Dartford for sorting and processing. From July 2017, the paper and cardboard is sent to Palm Recycling facility.
- 3.6.9 Securing end users for recycling continues to be a challenge for the market. The value of many materials has fallen significantly and the costs of processing has increased. Veolia retain the value of all paper, metal, plastic and glass collected at kerbside, while the Council pays a fixed processing fee for the co-mingled tonnage.

3.7 Waste Disposal Contract

- 3.7.1 Veolia guarantee diversion of residual waste from landfill to alternative treatment facilities each financial year (April to March). This ensures Medway Council meets the Landfill Directive 2020 reduction target (35% of 1995 baseline by 2020) whilst also making financial savings on landfill costs.
- 3.7.2 Residual waste collected in Medway is sent for energy recovery at SELCHP (South East London Combined Heat and Power) ERF (Energy Recovery Facility) in South London. Here the material is burned and the hot gases produced during the combustion process pass through a boiler to heat water which is transformed into steam. This steam then powers a turbo generator which produces energy for the National Grid.

3.7.3 In addition Veolia opened an RDF (Refuse Derived Fuel) plant called Hersdon near Canterbury during 2015 which currently accepts up to 25,000 tonnes of waste per annum from the Medway contract. Material is sent through a shredding and bailing process here and then transferred onto lorries and taken to Europe to be incinerated in a similar process to SELCHP.

3.7.4 The use of these facilities ensures that Veolia meets its guaranteed diversion rates and reduces Medway's need for landfill.

3.7.5 The most recent financial year 2016/17 guaranteed diversion rate was 76% of all residual waste to be diverted from landfill. Veolia exceeded this rate and achieved a 77.6% diversion rate for this period. This helped Medway achieve its lowest ever NI193 (Percentage of Municipal Waste sent to landfill) of *10.4% of all Medway's waste. *This figure is provisional until Defra officially release data for 2016/17 during December 2018.

3.7.6 All mechanical street cleansing arisings are sent for processing rather than landfill with 95% being recycled and cost savings being passed to the Council. The materials recovered include:

Output material	%	End use
Organic materials	42%	Sent for further processing at soil treatment facility then used in land reclamation
Grey water	38%	Reused on site as aggregate wash
Recovered Sand	15%	Reused in cement
Litter	4%	Sent for energy recovery
Oil & concentrates	0.2%	Reused as reclaimed fuel

3.7.7 This year shift patterns have been changed at the Transfer Station to ensure more staff are available to sort materials delivered to further increase recycling and reduce landfill tonnage.

3.7.8 Total tonnage into Rochester Transfer Station:

2012/2013	104,106 tonnes
2013/2014	126,977 tonnes
2014/2015	110,100 tonnes
2015/2016	104,452 tonnes.
2016/2017	102,828 tonnes

3.7.9 Co-mingled kerbside recyclable materials (cans/plastics and glass) are taken to the Southwark MRF (Materials Recycling Facility) for sorting and recycling. Separately collected paper and cardboard is delivered to Palm Paper in Corby for sorting and recycling.

3.7.10 Disposal outlets continue to be challenging with increased processing costs for recyclable materials, especially paper, plastics and glass.

3.7.11 Following the loss of mattress recycling schemes in 2015 work is ongoing to find a viable market for this complex material stream.

4. FCC ENVIRONMENT (FORMERLY KNOWN AS WASTE RECYCLING GROUP -WRG) - MANAGEMENT OF THE THREE HOUSEHOLD WASTE RECYCLING CENTRES (HWRC)

4.1 The HWRC contract broadly consists of the following elements:

- The management of three HWRCs;
- The haulage of all materials arising at the sites with the exception of Waste electrical and electronic equipment (WEEE) and household batteries, which are covered by producer compliance schemes (PCS);
- The marketing and sale of materials arising at the sites with the exception of residual waste, wood waste, and those detailed above;
- Achievement of a 50% recycling rate target at each site in the first 12 months after commencement and 60% for each following 12 month period;
- The provision and maintenance of containers necessary to provide the service to supplement those provided by the Council;
- The provision of all plant and equipment necessary to provide the service including remote access to the CCTV system, an electronic data management system and an automatic number plate reader (ANPR) system at each site.

4.2 The FCC contract for the management of Medway's HWRC's ended on the 26 September 2017 after Cabinet took the decision to enter into a Teckal agreement with Medway Norse (decision no.122/2016 refers).

4.3 The contract requires FCC to provide an annual report detailing the operation of the contract. This final annual service report seeks to review the performance from the last 7 years (October 2010 to September 2017).

5. FCC - key contract achievements

5.1 Ensure compliance with statutory duties.

5.1.1 The provision, and hence management, of the household waste recycling centre's is a statutory duty for the waste disposal authority of an area, of which Medway as a unitary authority holds this duty. The duty is imposed by section 51 Environmental Protection Act 1990 and requires the Council to make arrangements for HWRCs to be provided which are reasonably accessible to persons resident in its area. HWRCs must be available for the deposit of waste at all reasonable times (including at least one period on the Saturday or following day of each week except a week in which the Saturday is 25 December or 1 January).

5.1.2 The success of this contract has been measured via

- Monthly contract meetings
- Annual report to Overview and Scrutiny Committee
- Monthly corporate monitoring via Covalent returns
- National Waste Dataflow returns

5.1.3 This contract has been delivered to meet our statutory duties.

5.2 Meet performance targets.

5.2.1 Under the contract with FCC the target was to meet 50% recycling in the first year and 60% in the following years.

5.2.2 Working together, Medway Council and FCC have exceeded this target every year with an overall average recycling rate of 60.9% for the life of the contract.

5.2.3 Table 1 below details the combined recycling performance of the three HWRC's between October 2010 and September 2017.

Overall performance	Year	Total Tonnes	Recycled Tonnes	Recycling %
Oct 2010-Sept 2011	1	21,061	11,019	52.3%
Oct 2011-Sept 2012	2	20,841	12,785	61.3%
Oct 2012-Sept 2013	3	20,069	12,641	63.0%
Oct 2013-Sept 2014	4	20,948	13,888	66.3%
Oct 2014-Sept 2015	5	21,230	13,053	61.5%
Oct 2015-Sept 2016	6	20,221	12,456	61.6%
Oct 2016-Sept 2017	7	21,356	12,899	60.4%
Overall %		145,725	88,742	60.9%

Table 1 – Combined recycling performance October 2010 – September 2017

5.2.4 Medway's three HWRC's welcome just over half a million visitors each year.

Table 2 below details visitor numbers for the last full financial year 2016/17 taken from the Automatic Number Plate Recognition (ANPR) camera's at the sites.

Site	ANPR data 2016/17
Capstone	165,914
Cuxton	160,607
Gillingham	179,054
Total	505,575

Table 2 – ANPR data for the financial year 2016/17

5.2.5 Regular public satisfaction surveys were taken at the three sites during the contract. Results of these satisfaction surveys has been summarised below in table 3. Each line represents a separate question posed to site users.

Queuing	Capstone	Cuxton	Gillingham	Overall
Site rating	97%	98%	96%	97%
Staff helpfulness	94%	97%	94%	95%
Cleanliness of site	98%	98%	97%	98%
Queuing	95%	96%	80%	90%

Table 3 – Customer satisfaction October 2010 – September 2017

5.2.6 Overall customer satisfaction across all three sites has remained very high for the duration of the contract with 97% of the participants either 'very' or 'fairly' satisfied with the site.

5.2.7 Public satisfaction with queuing is lower at Gillingham when compared to the other HWRC's. This is because this site can become extremely congested due to its small size. Despite this the overall site rating remains high with 96% of participants either 'very' or 'fairly' satisfied with the site.

5.2.8 These high levels of satisfaction are reflected in the ABCD (Above and Beyond the Call of Duty) award presented to Medway site staff by FCC for customer services excellence during 2013.

5.2.9 Table 4 below details in tonnes materials segregated for reuse, recycling, composting and disposal across the three HWRC's for the life of the contract (October 2010 and September 2017).

All sites	Tonnes	Expressed as a %	All sites	Tonnes	Expressed as a %
Residual waste	48,396	26.56%	Fridges/Freezers	1,170	0.64%
Rubble & hardcore	45,592	25.02%	Glass (Mixed)	1,156	0.63%
Wood	36,650	20.12%	Large appliances	1,122	0.62%
Garden Waste	14,121	7.75%	Gas Bottles	528	0.29%
Metal (Ferrous)	8,165	4.48%	Asbestos	514	0.28%
Paper/Card	5,494	3.02%	Household batteries	427	0.23%
Small appliances	4,872	2.67%	Cooking Oil	413	0.23%
Plasterboard	2,247	1.23%	Car Batteries	402	0.22%
Screens	2,141	1.18%	Tyres	342	0.19%
Mattresses	1,960	1.08%	Waste Oil	336	0.18%
Plastics (Large)	1,837	1.01%	Re-use bikes	173	0.09%
Textiles	1,426	0.78%	Metal (Non Ferrous)	134	0.07%
Re-use	1,321	0.73%	Fluorescent tubes	40	0.02%
Mixed Recycling	1,201	0.66%	Print cartridges	21	0.01%
Total waste	182,203	100%			

Table 4 – Total tonnes October 2010 – September 2017

5.2.10 Through partnership working FCC and Medway Council have achieved a number of successes over the past 7 years. This includes:

- Increasing the recycling rate from 30% pre October 2010 to 52.3% within the first 12 months of the contract (October 2010 to September 2011) and maintaining a 60.9% rate over the life of the contract.
- Exceptionally high levels of customer satisfaction achieved and maintained throughout the life of the contract.
- Site health and safety campaigns targeted at and reducing customer accidents.
- Introduction of cooking oil recycling at all three sites.
- Introduction of print cartridge recycling at all three sites .
- Introduction of a reuse scheme for furniture and bric-a-brac at all three sites.
- Partnership between Rochester Prison, Abacus Charity, FCC and Medway Council to repair and sell bikes donated to the sites. This scheme was recognised as the 2014 winners of MRW national award for 'Best Partnership Project'.
- Trial of mattress and large plastics recycling whilst the market for these materials was economically viable.
- Improvements to the road layout at Cuxton HWRC to improve traffic flow and reduce queuing onto the A228.

5.3 Ensure continuity of a front line service

5.3.1 Service continuity has been maintained over the seven years of this contract and there has been no incidents of severe weather to impact on services.

5.4 Provide services within agreed budgets.

5.4.1 Monthly budget monitoring is undertaken by the Head of Service and Corporate Finance Officer, which supports the corporate-wide budget monitoring rounds reported to the Directorate Management Team, Corporate Management Team and Cabinet.

5.4.2 This contract has operated within the agreed budget and was subject to RPI/Baxter indices uplifts each year. An income is derived from KCC for allowing access by their residents to our sites. This has offset the running costs for these sites.

5.5 Meet requirements to achieve efficiency gains.

5.5.1 Discussions did take place with FCC regarding the possibility of taking up the 2-year contract extension (from 2017 to 2019). However, Cabinet decision (122/2016) was to transfer this contract into the joint venture company Medway Norse to provide these services from September 27 2017.

5.6 Provide environmentally sustainable services

5.6.1 Undertaking recycling is a key feature of sustainable waste practices. Each year reports of energy and fuel usage are submitted to Medway as well as robust internal process for auditing their energy usage.

6. RISK MANAGEMENT

6.1 Risk Management – Collection & Disposal Contract

1a Risk Category: Contractual Delivery	Likelihood: D	Impact: II
Outline Description: Default by Contractor needing emergency action		
Plans to Mitigate: Contractor to provide and/or pay for alternative action		
1b. Risk Category: Contractual Delivery	Likelihood: D	Impact: II
Outline Description: Termination of Contract due to default by Contractor		
Plans to Mitigate: Adequate contract provision to enable the Council to take effective action when necessary. Clause in contract to enable Medway to reclaim losses.		
1c. Risk Category: Contractual Delivery	Likelihood: C	Impact: III
Outline Description: volume of waste less than or greater than anticipated		
Plans to Mitigate: Allowance made for this in contract conditions		
2a. Risk Category: Service Delivery	Likelihood: E	Impact: II
Outline Description: Closure of plan or inability to provide Service due to Force Majeure or relief events		
Plans to Mitigate: Shared responsibility under contract conditions		
2b. Risk Category: Service Delivery	Likelihood: D	Impact: II
Outline Description: Failure of waste management services contractor to meet contract standards for service delivery to the Council		
Plans to Mitigate: KPI & default system in place for financial compensation. Adequate contract monitoring and enforcement in relation to operations. In appropriate cases by including provisions in the contract for deductions where these standards are not met.		
2c. Risk Category: Service Delivery	Likelihood: D	Impact: II
Outline Description: Interruption of availability of some facilities		

Plans to Mitigate: Adequate contract monitoring and enforcement in relation to maintenance, security, health and safety, staff training. Contractual provision of back-up equipment and facilities. Fire insurance. In appropriate cases by including provisions in the contract for deductions where such interruptions occur		
2d. Risk Category: Service Delivery	Likelihood: C	Impact: III
Outline Description: Non-household waste entering MSW waste stream or waste incorrectly dealt with according to its category		
Plans to Mitigate: Robust monitoring arrangements should be undertaken as part of contract management for checking/validating wastes and issuing appropriate defaults. Failure will have significant financial implications		
3a. Health & Safety	Likelihood: D	Impact: I
Outline Description: Serious injury/death of staff or public while services are in operation		
Plans to Mitigate: Robust health and safety monitoring procedures in place, the waste services contracts in Medway were audited by the HSE in 2011/12 as part of their routine inspection.		
4a. Risk Category: Legal	Likelihood: C	Impact: II
Outline Description: Changes in Government regulations/law		
Plans to Mitigate: incorporated into the contract which is likely to be a known change. Clear ground rules have been incorporated into the contract conditions for negotiating future changes in law. However waste industry is likely to be affected substantially in future. Especially for the 25 year waste disposal contract. The impact of these would be subject to review at the time of establishing whether the financial implications are the responsibility of the Council or shared.		
5a. Risk Category: Financial	Likelihood: B	Impact: II
Outline Description: budgeted net expenditure exceeded		
Plans to Mitigate: Prudent budgeting. Robust arrangements for management within budget. Prompt and accurate assessment of unbudgeted proposals and developments. Early negotiations undertaken with contractor when impacts of budget pressures are apparent		

5b. Risk Category: Financial	Likelihood: E	Impact: III
Outline Description: Overpayment to contractor		
Plans to Mitigate: Robust contract procedures for checking contracts, validating invoices and recovering any overpayments. Staff training. Regular internal audit inspections		
5c. Risk Category: Financial	Likelihood: E	Impact: II
Outline Description: Contractor/employee fraud or corruption		
Plans to Mitigate: Robust contract provisions for controlling payments and assets. Adequate supervision and transparency for contract management and negotiations. Staff training. Regular internal inspections		

6.2 Risk Management – Household Waste Recycling Centres

1. Risk Category: Contractual Delivery	Likelihood: D	Impact: II
Outline Description: Default by Contractor needing emergency action		
Plans to Mitigate: Contractor to provide and/or pay for alternative action		
2. Risk Category: Contractual Delivery	Likelihood: D	Impact: II
Outline Description: Termination of contract due to default by contractor		
Plans to Mitigate: Adequate contract provision to enable the Council to take effective action when necessary. Clause in contract to enable Medway to reclaim losses		
3. Risk Category: Contractual Delivery	Likelihood: C	Impact: II
Outline Description: Volume of waste less than or greater than anticipated		
Plants to Mitigate: Allowance made for this in Contract		

4. Risk Category: Service Delivery	Likelihood: E	Impact: II
Outline Description: Closure of plant or inability to provide Service due to Force Majeure or relief events		
Plans to Mitigate: Shared responsibility under contract conditions		
5. Risk Category: Service Delivery	Likelihood: D	Impact: II
Outline Description: Failure of waste management services contractor to meet contract standards to service delivery to the Council		
Plans to Mitigate: KPI & default system in place for financial compensation. Adequate contract monitoring and enforcement in relation to operations. In appropriate cases by including provision in the contract for deductions where these standards are not met		
6. Risk Category: Service Delivery	Likelihood: C	Impact: II
Outline Description: Interruption of availability of some facilities		
Plans to Mitigate: Adequate contract monitoring and enforcement in relation to maintenance security, health and safety, staff training. Contractual provision of back-up equipment and facilities. Fire insurance. In appropriate cases by including provisions in the contract for deductions where such interruptions occur		
7. Risk Category: Service Delivery	Likelihood: C	Impact: III
Outline Description: Non-household waste entering MSW waste stream or waste incorrectly dealt with according to its category		
Plans to Mitigate: Robust monitoring arrangements should be undertaken as part of contract management for checking/validating wastes and issuing appropriate defaults. Failure will have significant financial implications		
8. Risk Category: Health & Safety	Likelihood: D	Impact: I
Outline Description: Serious injury/death of staff or public whilst services are in operation		
Plans to Mitigate: Robust health & safety monitoring procedures in place; the HWRC's in Medway are regularly audited by the HSE as part of their routine inspections.		

7. CONSULTATION

7.1 Consultation was undertaken as part of the procurement process and in development of the waste strategy. Additional stakeholder consultation will only be required if significant changes in services are needed at some later date.

8. Financial and legal implications

8.1 There are no financial implications at this stage for either contract.

8.2 The statutory position is set out in the body of the report and there are no legal implications arising directly from the contents of this report.

9 RECOMMENDATION

9.1 The committee is requested to note the content of this report.

Lead Officer

Sarah Valdus
Head of Waste Services
Email: sarah.valdus@medway.gov.uk
Tele no: 01634 331597

Appendices

Appendix 1 - Veolia Annual Service Report

Background papers

The following documents have been relied upon in the preparation of this report:

Description of Document	Location	Date
Gateway 1 Procurement Commencement: Household Waste Recycling Centres	https://democracy.medway.gov.uk/ie/ListDocuments.aspx?CId=115&MId=3370&Ver=4	27 September 2016
Gateway 5 Report: Street Cleansing, Waste Collection and Disposal Contracts	https://democracy.medway.gov.uk/ie/ListDocuments.aspx?CId=115&MId=3376	7 March 2017

Appendix 1 Veolia Annual Service Report

ANNUAL SERVICE REPORT

Medway Council's Refuse/Recycling/Street Cleansing and Disposal contract were awarded to Veolia and commenced on the 4 October 2010 until 2017 with an option to extend for 2 years which has already been agreed, this enabled full depreciation of the existing vehicles providing Medway Council with a saving of £260,000 for Collections and Street Cleansing.

The Disposal contract is for 25 years (2010-2035).

The award of this contract builds upon the already strong relationship between the two organisations since the previous contract from 2002 to 2009 and extended until September 2010.

The Annual Service Report is an integral part of the contract that exists between Veolia Environmental Services and Medway Council in so far as it is the agreed mechanism for the delivery of continuous improvement and is fundamental to the contracts performance management framework.

Refuse and Recycling

Following the successful bid of 14.5 million from the DCLG fund on the 28 October 2013 both the Recycling and Garden/food waste service moved from fortnightly to weekly the same as Refuse collections. The primary aim of the service change was to increase recycling and subsequently reduce the amount of Refuse being collected providing Medway Council with cost savings from reduction in waste to landfill.

Recycling tonnages	Total tonnage
Oct 2010 – Sept 2011	21404 tonnes
Oct 2011 – Sept 2012	18342
Oct 2012 – Sept 2013	17406 (
Oct 2013 - Sept 2014 (DCLG 1 st year)	18555
Oct 2014 – Sep 2015	19173
Oct 2015 – Sep 2016	18682
Oct 2016 – Sept 2017	18373

Refuse	Total tonnage
Oct 2010 – Sept 2011	56371
Oct 2011 – Sept 2012	56731
Oct 2012 – Sept 2013	56778
Oct 2013 – Sept 2014 (DCLG 1 st year)	55037
Oct 2014 – Sept 2015	55985
Oct 2015 – Sept 2016	57297
Oct 2016 – Sept 2017	56811

Bulky Waste	Total tonnage
Oct 2010 – Sept 2011	762
Oct 2011 – Sept 2012	781
Oct 2012 – Sept 2013	824
Oct 2013 – Sept 2014	976
Oct 2014 – Sep 2015	1052
Oct 2015 – Sept 2016 (<i>bulky charging introduced</i>)	707 (
Oct 2016 – Sept 2017	360

Garden & food waste	Total tonnage
Oct 2010 – Sept 2011	15703
Oct 2011 – Sept 2012	16313
Oct 2012 – Sept 2013	16224
Oct 2013 – Sept 2014 (DCLG 1 st year)	23639
Oct 2014 – Sep 2015	21018
Oct 2015 – Sept 2016	23121
Oct 2016 – Sept 2017	22690

Glass tonnages (Bring Sites)	Clear	Mixed	Total tonnage
Oct 2011 – Sept 2012	306	386	692
Oct 2012 – Sept 2013	292	354	646
Oct 2013 – Sept 2014	248	278	526
Oct 2014 – Sep 2015	301	268	569
Oct 2015 – Sept 2016	202	281	483
Oct 2016 – Sept 2017	150	280	430

Street cleansing

The teams have collected 408 dead animals from highway areas
 Dealt with 1775 reports of fly tipping
 Removed Needles & syringes from 86 locations

Street cleansing tonnage	Litter	Mechanical Arisings	Fly- tipping	Total tonnage
Oct 2011 – Sep 2012	1212	1324	283	2819
Oct 2012 – Sep 2013	1286	3507	295	5088
Oct 2013 – Sep 2014	1382	3947	372	5701
Oct 2014 – Sep 2015	1504	2151	462	4117
Oct 2015 – Sep 2016	1695	1953	515	4163
Oct 2016 – Sept 2017	1689	1897	577	4163

Disposal Contract

All mechanical street cleansing arisings are sent for processing rather than landfill with 95% being recycled.

Black filter cake (compressed byproduct of street cleansing) – treated and used in land reclamation and restoration

Recovered sand – rewashed for use in concrete

Organic waste – treated and used in land reclamation and restoration

Screened litter – hand sorted and 100% diverted from landfill

Oil & concentrates from separation – reprocessed for use in production of heavy oils

Grey water – used as aggregate wash on site in addition to production of aggregate for re-use.

Veolia have now opened a RDF (Refuse Derived Fuel) plant near Canterbury this is scheduled to accept up to 25,000 tonnes of waste per annum from the Medway contract, providing an additional facility for Veolia to reduce waste to landfill and the use of third party facilities. This is addition to the SELCHP ERF facility in South London.

Shift patterns have been changed to ensure more staff are available to sort materials delivered into the Transfer Station to further increase recycling and further reduce landfill tonnage.

Co-mingled kerbside recyclable materials (cans/plastics and glass) are currently taken to our Southwark MRF (Materials Recycling Facility).

Paper and cardboard are delivered to UPM at Dartford for sorting and process.

Disposal outlets continue to be challenging with increased processing costs for recyclable materials, especially paper, plastics and glass. Loss of mattress recycling schemes have resulted in increased use of Pitsea.

Total tonnage into Rochester Transfer Station

2012/2013 104,106 tonnes

2013/2014 126,977 tonnes

2014/2015 110,100 tonnes

2015/2016 104,452 tonnes

2016/2017 102,828 tonnes

Recycling performance

- 2010/11 Target: 36% Achieved: 37%
- 2011/12 Target: 40% Achieved: 37%
- 2012/13 Target: 41% Achieved: 38%
- 2013/14 Target: 42% Achieved: 40%
- 2014/15 Target: 43% Achieved: 46%
- 2015/16 Target: 44% Achieved: 42.7%
- 2016/17 Target: 45% Achieved: 42.8%

Street cleansing Inspections (% of roads satisfactory)

Litter

- 2010/11 Target: 95% Achieved: 97%
- 2011/12 Target: 95% Achieved: 96%
- 2012/13 Target : 95% Achieved: 96%
- 2013/14 Target: 95% Achieved: 97%
- 2014/15 Target: 95 % Achieved: 97%
- 2015/16 Target 96% Achieved: 97 %
- 2016/17 Target 96% Achieved: 97%

During the contract year Medway Council monitoring officers conduct pro active monitoring inspections to ensure that Veolia are meeting the contract requirements

From October 2016 to September 2017 Officers have carried out 4639 street cleansing inspections that have given a positive result of the standard being achieved as A/B grade as detailed by the code of practice on litter and refuse 2005.

Collections

The following are the numbers of inspections relating to the collection services carried out by Medway Council Monitoring officers to ensure Veolia is complying with the collection contract and a high standard is being achieved.

- Dry recycling 1461
- Organics 1489
- Refuse 1569
- Litter and canine bin emptying 1117
- Health and safety compliance 506

Missed Collections during the contract year

Veolia have serviced 112,511 properties throughout the contract year servicing over 337,500 collections and the following numbers of missed collections were reported:

- missed refuse collections 1209
- missed organic collections 672
- missed recycling collections 734

Making a total of less then 0.008% missed collections annually.

Partnership working

Battle of Medway celebration Veolia working with Medway Council provided a pre and post cleanse for the battle of Medway event during June 2017. The event Celebrated 350 years of friendship and co-operation between the two nations and provided festival of cultural, sporting and educational events over a two week period. It was a major public event depicting the Dutch Raid on the River Medway and Chatham Dockyard. Veolia and Waste Services were responsible for ensure the borough was clean and free from litter during the two week long event.

Veolia continue to work with the Safer Communities team to increase the response time for the investigation and removal of fly tipped waste. Veolia continue to induct new Medway council staff so that they can safely access and utilise the Whitewall Road Transfer Station. Enforcement officers can investigate fly tips and remove the waste for local disposal.

Veolia have changed the method in which they employ staff, in the past Veolia has used employment agencies. A change from agency staff to direct employment has meant job security, long term prospects and the opportunity to build other relationships with staff. Another benefit seen by permanent employees is higher levels of commitment from staff. fewer lost sick days and a more motivated workforce delivering an improved service.

Veolia have seen numerous changes in 2017, and as a result of our Employee

- Engaement Survey we have focused on Team Work and Building relationships within our team to provide a better service. some of these include:
 - Relocation of our office, in order for the Veolia Team to work together all staff are now situated at George Summers Close this has improved working relationships with Frontline Staff and The Management Team.
 - As we continue to work closely with the Client we invited them along to a Breakfast Morning to meet with our Workforce and continue developing the excellent working relationship.
 - We have recognised our local Heroes from the compliments received from the residents of Medway and held an Awards Event ensuring we commend our employees for their hard work and commitment to the contract.
 - We have now put together a Skills Gap Anaylisis for all our staff and have recognised training needs and introduced improved training programmes.

Health & Safety & Staff Welfare

- Simply Health - provides benefits to staff for dental, medical and optical insurance
- Back in Action physiotherapy services – weekly clinic with on-site Physiotherapist
- Health Management – occupational health
- Medway Council Workplace Health site visits
- Employee Assistance Programme – free-phone confidential service on all aspects of life from Debt, Health, Bereavement, Divorce etc.
- Online Health Matters portal for all staff
- Smoking cessation materials

ACCIDENT TOTAL	Days since a Lost Time Accident
34	97

3 Riddors reportable injuries in the last Contract year.

New H & S initiatives:

- Introduction of Health & Safety Representatives carrying out additional Worksafe Observations and monitoring.

- New induction pack to be delivered to all staff minimum every 2 years.
- All manual handling now delivered annually.
- Increased training has been delivered to all staff to ensure consistent standards.
- Changes have made to the Supervisory structure to increase staff knowledge and ability to manage a variety of tasks.

More staff than ever have been trained to multi skill.

- CPC driver training has been delivered to all 7.5 tonne and above
- T1 Highway training delivered to staff and Council Officers

Staff development

Veolia continue to provide our HGV driver scheme to encourage promotion within the contract/company and increase the staff skills.

CPC driver training is also being delivered to allow drivers to retain/achieve their 7.5 tonne licence.

All staff have been offered the chance to complete the Skills for Life training with our in-house Campus providing one to one support for staff to improve their literacy and numeracy skills.

We have now put together a Skills Gap Analysis for all our staff and have recognised training needs and introduced improved training programmes.

Veolia Company Information

Our values for all staff

- Customers
- Truth
- Focus
- Deliver
- Teamwork
- Empowerment
- Measure
- Innovate

We are no longer just a waste management company, with the integration of Energy and Water and the constant drive for new technologies to turn waste into a resource. There is a huge amount of knowledge and resources investing in latest technologies for the benefit of all of our customers while maintaining our commitment to improving the quality of life for local communities.

Pro Grow brand continues to expand and we are part of the largest composting company within the UK and now offer an increased range of products, soil conditioner, multi-purpose compost, lawn conditioner, bark chips, wood chip mulch, top soil.

Other products now available are Pro Salt in handy 25kg bags and caddy liners and even a children's story book Munch and the Funny Tummy aimed at 5-7 year olds to teach the importance of recycling.

Veolia can deliver the benefits of district heating through the use of a centralised energy plant to provide heat and potentially electricity and cooling for groups of buildings - ranging from private developments, social housing, community, educational and commercial buildings, campuses or even whole cities. Veolia can also manage the distribution network installation and scheme management through a dedicated Energy Services Company (ESCO) arrangement. Typical applications include housing, business parks, and hospital sites.

Veolia Environmental Trust

Veolia has supported this initiative by contributing over £69m since we were established, which to date has been used to award 2,155 grants to projects. One of these is:

- Ranscombe Farm Reserve nr Rochester
This rare and valuable chalk grassland habitat has been protected and restored through the establishment of a grazing regime on a large wildflower meadow.

To make the site suitable for grazing, a water supply, fencing and a pen were installed as well as visitor signage. Local volunteers were trained in animal welfare and handling so they could look after the health and wellbeing of the livestock on a daily basis.

The field is now a high-quality, species-rich grassland thanks to sheep eating the grass and making more room for flowers to grow and multiply.

Our services touch the lives of nearly one third of the UK'S population, which puts us in an excellent position to work with all of our Municipal & Commercial customers to identify ways to reduce waste, increase recycling and work on both small and large innovative projects such as district heating schemes.

Veolia are one of the largest employers 163,000 staff worldwide, this provides an ideal opportunity to provide local employment where we have contracts. Currently circa 285 staff on the Medway Contract.

Veolia has the 2nd largest HGV fleet in the UK and a total fleet of 7200 vehicles, there are 95 vehicles on the Medway Contract – not including plant. We use 22,000 litres of diesel every week.

Charities

Charities supported this year include:

- Macmillan Coffee Morning – Raised £250
- Wisdom Hospice – following the death of one of HGV drivers earlier in the year