

CABINET

15 JANUARY 2019

GATEWAY 5 REPORT: ANNUAL REVIEW OF WASTE CONTRACTS CONTRACT YEAR: OCTOBER 2017 TO SEPTEMBER 2018

Portfolio Holder: Councillor Phil Filmer, Front Line Services

Report from: Richard Hicks, Director Regeneration, Culture, Environment and Transformation and Deputy Chief Executive

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Summary

This report provides an update on the activity carried out by the following contractors to Medway Council for the contract year October 2017 to September 2018:

- Veolia Environmental Services - providing waste and recycling collection, waste disposal and street cleansing services.
- Medway Norse - providing management of the three household waste recycling centres.

This report has been approved for submission to the Cabinet after review and discussion at Procurement Board on 19 December 2018.

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 The annual report is attached at Appendix 1.

3. Key contract achievements

3.1 Ensure compliance with statutory duties

3.1.1 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).

3.1.2 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 the Department for Environment, Food and Rural Affairs (DEFRA).

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

3.2 Ensure continuity of a front line service

3.2.1 Service continuity has been maintained to date, there has been 1 incident of severe weather to impact on services at the end of February 2018, heavy snowfall resulted in collections being suspended for 1 week.

3.3 Provide services within agreed budgets

3.3.1 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.

3.4 Provide environmentally sustainable services

3.4.1 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 2017/18.

| Financial year | NI192 – Reuse, Recycling & composting |
|----------------|---------------------------------------|
| 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% |
| 2017/18 | 42.8%* |

*Please note this is provisional until final waste data flow release during December 2018.

3.4.2 A detailed explanation of how NI192 is calculated is contained within Appendix 3 of this report.

3.5 Partnership working

3.5.1 This year Veolia has provided cost savings for Medway Council by making some small changes to the evening cleanse utilising a different team.

- 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.
- 3.5.3 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.
- 3.5.4 Veolia has changed the method in which they employ staff; in the past Veolia 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.
- 3.5.5 Veolia has seen numerous changes in 2018 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:
- Recruitment of a new Operations Manager who has extensive experience in Fleet Compliance and Health and Safety Compliance.
 - The relocation of office and management staff to Veolia's depot at George Summers Close, this has provided for a closer working relationship between Veolia frontline staff and Management. Veolia continue to work closely with Medway Council employees to ensure the smooth day to day running of the waste contracts.
 - Veolia has recognised our local Heroes from the compliments received from the residents of Medway. An awards event is held to ensure that they commend their employees for their hard work and commitment to the Medway contract.
 - Veolia has completed a Skills Gap Analysis for all their staff which has resulted in recognising training needs and introducing an improved training programmes.
 - Introduced an Expect Respect at Work Programme. The programme focuses on dealing with front line service employees being subjected to unacceptable behaviour in the form of verbal abuse, physical assault and racial assault when carrying out their jobs. The programme raises awareness that abuse should not be tolerated as part of someone's job. Veolia has implemented a reporting method and have a strong commitment to training customer facing employees to manage potentially aggressive situations. Veolia are actively working with the police, Medway Council and other Local Authorities to tackle the problem on a wider scale.
 - Dementia Awareness training. Following recommendation made at last year's Overview and Scrutiny meeting Veolia has rolled out Dementia and Mental Health Awareness training to all staff.

3.6 Waste collection contract

3.6.1 Tonnages of waste, recycling and street arisings:

| Recycling tonnages | Total (tonnes) | | | | | |
|---|----------------|--------|-------------|---------------|------------------|------------------|
| | Recycling | Refuse | Bulky Waste | Food & Garden | Bring site glass | Street cleansing |
| Oct 2010 – Sept 2011 | 21,404 | 56,371 | 762 | 15,703 | 765 | 4,777 |
| Oct 2011 – Sept 2012 | 18,342 | 56,731 | 781 | 16,313 | 692 | 2,819 |
| Oct 2012 – Sept 2013 | 17,406 | 56,778 | 824 | 16,224 | 646 | 5,088 |
| Oct 2013 - Sept 2014 (1st year of weekly recycling collections) | 18,555 | 55,037 | 976 | 23,639 | 526 | 5,701 |
| Oct 2014 – Sept 2015 | 19,173 | 55,985 | 1,052 | 21,018 | 569 | 4,117 |
| Oct 2015 – Sept 2016 (introduced bulky waste charges April 2016) | 18,682 | 57,297 | 707 | 23,121 | 483 | 4,163 |
| Oct 2016 – Sept 2017 | 18,373 | 56,811 | 360 | 22,690 | 430 | 4,163 |
| Oct 2017 – Sept 2018 | 18,162 | 56,327 | 422 | 21,967 | 423 | 4,060 |

3.6.2 In the contract year Oct 2017 – Sept 2018 street cleansing crews have:

- attended 557 locations removing 295 dead animals from the public highway.
- attended over 40 locations to remove needles and syringes from public areas.

3.6.3 During the contract year Oct 2017 – Sept 2018 Medway Council monitoring officers have carried out 2,066 street inspections as part of their contract monitoring duties to ensure Veolia are complying with the contract by 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.

3.6.4 Waste Services Officers also proactively monitor the standard of collections carried out by Veolia, checking no waste spillages are 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 | 891 |
| Organic collections | 760 |
| Refuse | 926 |
| Litter and canine bin emptying | 395 |
| Health and safety | 422 |
| Street cleansing | 2066 |

3.6.5 The total number of individual refuse, recycling and food/garden waste collections carried out was approximately 17.6 million. The number of individual collections reported as missed was 4,466 (less than 0.03%). Veolia has experienced a greater turnover of staff in 2018, with new staff appointed to fill these posts. However, not being familiar with collection rounds had an impact on the number of missed waste collections. Additional training was provided and reallocation of staff has seen the problem resolved.

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 13,000 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 2017/18 guaranteed diversion rate was 78% of all residual waste to be diverted from landfill. Veolia exceeded this rate and achieved an 82% diversion rate for this period. This saved Medway £23k on the cost of landfill and helped Medway achieve its lowest ever NI193 (Percentage of Municipal Waste sent to landfill) of *9.5% of all Medway's waste.

*This figure is provisional until Defra officially release data for 2017/18 during December 2018.

3.7.6 All mechanical street cleansing arisings are sent for processing rather than landfill with 98% being recycled and cost savings being passed to the Council. The materials recovered include:

| Output material | % | End use |
|-------------------------|----------|--|
| Organic materials | 48% | Sent for further processing at soil treatment facility then used in land reclamation |
| Recovered Sand & Stones | 33% | Reused in cement |
| Litter | 2% | Sent for energy recovery |
| Oil & concentrates | 18% | Reused as reclaimed fuel |

3.7.7 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 |
| 2017/2018 | 110,020 tonnes |

3.7.8 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.

3.7.9 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, which is reflected in the fixed fee for the co-mingled tonnage that was negotiated at contract start in 2010.

4. MEDWAY NORSE - 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;
- A 50/50 risk share on all materials sold;
- Achievement of a 60% recycling rate in Year 1, 61% recycling rate at Year 2 and 62% recycling rate for Year 3 onwards.

4.2 The management of Medway's HWRCs transferred on 27 September 2017 after Cabinet took the decision to enter into a Teckal agreement, to Medway Norse (decision no.122/2016 refers).

4.3 The contract requires Medway Norse to provide an annual report detailing the operation of the contract. This is the first annual service report which seeks to review the performance from the first year of the new contract (October 2017 to September 2018).

5. Medway Norse - 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 the Council's statutory duties.

5.2 Meet performance targets.

5.2.1 Working together, Medway Council and Medway Norse have achieved an overall rate of 60% recycling rate for the first contract year.

5.2.2 The table below details the recycling performance (excluding rubble and hardcore) of the three HWRC's for Year 1. The HWRC recycling rate excludes rubble and hardcore in line with NI192 methodology.

| Oct 2017-Sept 2018 | Total tonnes | Recycled tonnes | Recycling % |
|--|--------------|-----------------|-------------|
| Overall recycling, reuse & composting rate | 22,341 | 13,341 | 60% |

5.2.3 Customer satisfaction surveys have not been carried out during the first year of this contract. Due to the issue with Pepperhill fire and the impact this had on Medway sites, the emphasis of surveys was focused on where customers came from rather than satisfaction. This was to allow Medway to recharge KCC appropriately. Customer satisfaction surveys will resume during 2019.

5.2.4 The table below details in tonnes all materials segregated for reuse, recycling, composting and disposal across the three HWRCs for year 1.

| Material | Tonnes | Percentage |
|------------------------------------|---------------|----------------|
| Print cartridges | 0.3 | 0.001% |
| Re-use Bikes | 0.4 | 0.001% |
| Household batteries | 2 | 0.01% |
| Fluorescents / Gas Discharge Lamps | 4 | 0.01% |
| Cooking Oil | 5 | 0.02% |
| Re-use furniture | 9 | 0.03% |
| Mixed Dry Recyclables | 40 | 0.13% |
| Gas Bottles | 44 | 0.15% |
| Tyres | 45 | 0.15% |
| Waste Oil | 55 | 0.18% |
| Asbestos | 62 | 0.21% |
| Metal (Non Ferrous) | 67 | 0.22% |
| Car Batteries | 74 | 0.24% |
| Glass Mixed | 110 | 0.36% |
| Large appliances | 113 | 0.37% |
| Televisions | 203 | 0.67% |
| Fridges / Cooling appliances | 245 | 0.81% |
| Textiles | 261 | 0.86% |
| Plasterboard | 409 | 1.35% |
| Small appliances | 810 | 2.67% |
| Paper & Card | 870 | 2.87% |
| Metal (Ferrous) | 1,534 | 5.06% |
| Garden Waste | 1,989 | 6.56% |
| Wood | 6,453 | 21.27% |
| Hardcore | 7,931 | 26.15% |
| Residual waste | 9,000 | 29.67% |
| Grand Total | 30,334 | 100.00% |

5.2.5 Through partnership working Medway Council and Medway Norse have achieved a number of successes over the past year. This includes:

- £300k capital investment by Medway Norse which included;
 - 50 new bins
 - New CCTV and ANPR monitoring system

- Upgrade to site signage
- Relining of the sites to improve health and safety
- Refurbishment of the mess facilities at Cuxton and Gillingham site
- Investment in staff which included;
 - New uniforms
 - New staff bonus scheme
 - Improved staff training schemes
- Maintaining a 60% recycling rate.

5.3 Ensure continuity of a front line service

5.3.1 Service continuity has been maintained. To date there has been 1 incident of severe weather where heavy snowfall resulted in sites being closed from 27 February to 3 March 2018.

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 Medway Council and Medway Norse share risks 50/50 on commodity costs and sales for this contract. This saw Medway Council receive an income of £79k for the first year which is offset against operational costs.

5.4.3 The projected operational costs for year 1 were £1,432million. The budget came in 1% over (£15k) of the agreed budget at £1,447million. This is due to the additional pressure of KCC throughput due to a fire closing the Pepperhill site from April until August.

5.4.4 A recharge is made to KCC for allowing access to their residents to Medway sites which is offset against the cost of running the service. An additional recharge for the period of the Pepperhill closure is still under negotiation with KCC.

5.5 Provide environmentally sustainable services

5.5.1 Undertaking recycling is a key feature of sustainable waste practices. Each year energy and fuel usage are measured across the services with year 1 being used as a baseline year. Future data will be used for study and innovations for reduction.

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 plant 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. CONTRACT MANAGEMENT

7.1 The contract management of this contract will continue to be resourced for the remainder of the term through the following contract management strategy:

- Client management: These contracts are managed by the Waste Service team within Front Line Services (FLS). Additionally support is provided by the Community Officers under Safer Communities within FLS who act as the eyes and ears with local residents.
- Waste Services has daily contact with both providers and holds regular monthly meeting to discuss service delivery, health and safety, financial issues and recycling/customer services statistics.

8. CONSULTATION

8.1 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.

9. PROCUREMENT BOARD

9.1 The Procurement Board considered this report on 19 December 2018 and supported the recommendation, as set out in section 11 below.

10. Service Comments

10.1 Finance Comments

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

10.2 Legal Comments

10.2.1 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.

10.3 Procurement Comments

10.3.1 This report sets out the annual service delivery of both contracts. There are no procurement implications which fall within the scope of this annual review.

10.4 ICT Comments

10.4.1 There are no ICT implications at this stage of either contract.

11. RECOMMENDATION

11.1 The Cabinet is asked to note the content of this report including the annual Service Reports set out at Appendices 1 and 2 to the report.

12. SUGGESTED REASONS FOR DECISION

- 12.1 This is on the basis of value for money and that both contractors have a track record of delivering high quality services for the residents of Medway with high satisfaction levels recorded.
- 12.2 Further to this, the contracts have been well managed by the client department, through the adoption of contract management and the forming of a strong working relationship.

LEAD OFFICER CONTACT:

| | | | |
|-------------------|------------------------|--------------------|--|
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Appendices

- Appendix 1 - Veolia Annual Service Report
Appendix 2 - Medway Norse Annual Service Report
Appendix 3 - National Indicator 192 calculation methodology

Background papers

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

| Description of Document | Location | Date |
|---|--|------------------|
| Options Appraisal for Waste Collection Services | http://democracy.medway.gov.uk/ie/DecisionDetails.aspx?ID=742 and | 20 February 2007 |
| Options Appraisal for Waste Collection Services | http://democracy.medway.gov.uk/ie/DecisionDetails.aspx?ID=932 | 5 August 2008 |
| Waste Collection Services and Waste Disposal Services: Award of Contracts | http://democracy.medway.gov.uk/m/gIssueHistoryHome.aspx?IId=3321 | 14 Jul 2009 |
| Contracts for the Collection and Disposal of Waste Update | http://democracy.medway.gov.uk/m/gIssueHistoryHome.aspx?IId=3351 | 22 Sep 2009 |
| Gateway1 Options Appraisal: Management of Household Waste Recycling Centres | http://democracy.medway.gov.uk/m/gIssueHistoryHome.aspx?IId=4078 | 26 January 2010 |

| Description of Document | Location | Date |
|---|---|-------------------|
| Gateway 3 Contract Award: Household Waste Collection and Disposal Contracts | http://democracy.medway.gov.uk/ie/DecisionDetails.aspx?ID=1818 | 30 March 2010 |
| Gateway 3 Contract Award: Household Waste Recycling Centres | http://democracy.medway.gov.uk/m/gIssueHistoryHome.aspx?Id=4954 | 20 July 2010 |
| Recycling Clear Bags report | http://democracy.medway.gov.uk/m/gConvert2PDF.aspx?ID=8523 | 4 October 2011 |
| Annual Review of Waste Contracts: Year 1 | http://democracy.medway.gov.uk/m/gconvert2pdf.aspx?id=9016 | 13 December 2011 |
| Gateway 4 Procurement Post Project Completion Review: Household Waste Recycling Centres | http://democracy.medway.gov.uk/m/gconvert2pdf.aspx?id=9264 | 17 January 2012 |
| Gateway 4 Procurement Post Project Completion Review: Waste Collection And Disposal Contracts | http://democracy.medway.gov.uk/m/gconvert2pdf.aspx?id=9262 | 17 January 2012 |
| Gateway 4 Procurement Post Project Completion Review: Organic Waste (Garden And Kitchen) Processing | http://democracy.medway.gov.uk/m/gconvert2pdf.aspx?id=9260 | 17 January 2012 |
| DCLG Weekly Collection Support Fund – Medway's Bid | http://democracy.medway.gov.uk/m/gconvert2pdf.aspx?id=16104 | 28 June 2012 |
| Gateway 5 Procurement Contract Management Report: DCLG Weekly Collections Support Fund (Medway Weekly Bid) | http://democracy.medway.gov.uk/m/gConvert2PDF.aspx?id=18307 | 27 November 2012 |
| Gateway 5 Procurement Contract Management Report: Waste Collection and Disposal, Household Waste Recycling Centres, Tree Maintenance and Highways Minor Works | http://democracy.medway.gov.uk/m/gconvert2pdf.aspx?id=22113 | 17 December 2013 |
| Gateway 1 Procurement Commencement: Household Waste Recycling Centres | https://democracy.medway.gov.uk/ie/ListDocuments.aspx?CId=115&MIId=3370&Ver=4 | 27 September 2016 |

| Description of Document | Location | Date |
|---|---|--------------|
| 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 |
| 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 |
| Oct 2017 – Sept 2018 | 18162 |

| 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 |
| Oct 2017 – Sept 2018 | 56327 |

| 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 |
| Oct 2017 – Sept 2018 | 422 |

| 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 |
| Oct 2017 – Sept 2018 | 21976 |

| 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 |
| Oct 2017 – Sept 2018 | | 423 | 423 |

Street cleansing

The teams have attended 557 locations removing 295 dead animals from highway areas. Attended over 40 locations removing needles & syringes from public areas

| Street cleansing tonnage | Total tonnes |
|---------------------------------|---------------------|
| Oct 2011 – Sep 2012 | 2,819 |
| Oct 2012 – Sep 2013 | 5,088 |
| Oct 2013 – Sep 2014 | 5,701 |
| Oct 2014 – Sep 2015 | 4,117 |
| Oct 2015 – Sep 2016 | 4,163 |
| Oct 2016 – Sept 2017 | 4,163 |
| Oct 2017 – Sept 2018 | 4,060 |

Disposal Contract

All mechanical street cleansing arisings are sent for processing rather than landfill with 98% being recycled.

Recovered sand & Stone– 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

Veolia has now opened a RDF (Refuse Derived Fuel) plant near Canterbury this is scheduled to accept up to 13,000 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

2017/2018 110,020 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%
- 2017/18 Target: 46% 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%
- 2017/18 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 2017 to September 2018 Officers have carried out 2066 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 891
- Organics 760
- Refuse 926
- Litter and canine bin emptying 395
- Health and safety compliance 422

Missed Collections during the contract year

Veolia has collected from 113,146 properties throughout the contract year servicing over 339,000 collections per week totalling 17.6 million individual collections per year the following numbers of missed collections were reported:

- missed refuse collections 2082
- missed organic collections 1144
- missed recycling collections 1240

Making a total of 0.025 % missed collections annually.

Partnership working

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 has 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 has seen numerous changes in 2018, and as a result of our Employee Engagement Survey

- Recruitment of a new Operations Manager Bradley Etheridge who has extensive experience in fleet management and health and safety
- Relocation of office accommodation from the Whitewall Road Depot to George Summers Close Depot. Moving all the front line and office staff to the same location has improved working relationships.
- Implemented a staff suggestion box to enable all employees to put forward innovative ideas, these are regularly reviewed and discussed at team meetings
- Introduced a Respect at Work programme Veolia has recognised that front line staff often experience verbal abuse from members of the public when doing their jobs. Verbal abuse can escalate into racial abuse, staff have also experienced physical abuse. The programme has raised awareness that this behaviour is not tolerated and introduced a new method of reporting incidents. Veolia has made a commitment to training all staff so that they can better manage potentially aggressive situations. Veolia are working with the police and other local authorities country wide to ensure safety of their staff.
- 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. The awards include Driver or crew member of the quarter, unsung hero and
- We have now put together a Skills Gap Analysis for all our staff and have recognised training needs and introduced improved training programmes.
- Provided dementia and mental health awareness training for all staff

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, a free phone call confidential service on debt advice, health issues, bereavement and family matters
- Online Health Matters portal for all staff
- Smoking cessation materials

| ACCIDENT TOTAL | Days since a Lost Time Accident |
|-----------------------|--|
| 44 | 428 Days (without an accident) |

1 Riddor reportable injuries in the last Contract year, an increase of 10 accidents this contract can be contributed to a new reporting system which includes minor accidents not previously reported.

Staff Development

Veolia continue to provide our HGV driver scheme to encourage promotion within the contract/company and increase the staff skills. Four members of staff assigned to the Medway Contract have completed and passed HGV drivers test.

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

Appendix 2 Medway Norse Annual Service Report

Overview

Medway Council's HWRC service novated across into Medway Norse on the 27th September 2017. The £1.4m per year service saw Medway Norse take under its control an additional 17 staff, which transferred across from previous incumbent FCC Environment. The transition of the contract, was executed smoothly over 3 days with each site closing in turn, to allow the new containers and signage to be installed and for site staff to receive inductions and training.

As part of the novation, Medway Norse invested c£300k of capital into the service to enhance recycling to the residents of Medway. This included the procurement of 50 bins, the installation of a state of the art CCTV, and ANPR system and an upgrade to all site signage. During the course of the first 12 month's Norse has also refurbished Cuxton and Gillingham sites mess facilities and carried out white line marking for the further improvement to the sites.



Medway Norse has invested heavily in the site operatives. As well as a bonus scheme and new uniforms, Norse has provided additional training. This has seen all 17 operatives pass through customer service, asbestos awareness and manual handling and the sites team leaders have enrolled on a WAMITAM level 4 Certificate of Technical Competence training. Staff have been excellent and have really bought into the Norse ethos, which has resulted with an unprecedented 16 service compliments being received versus 7 complaints. Since the novation in September, the HWRC service has continued to operate smoothly

Finance

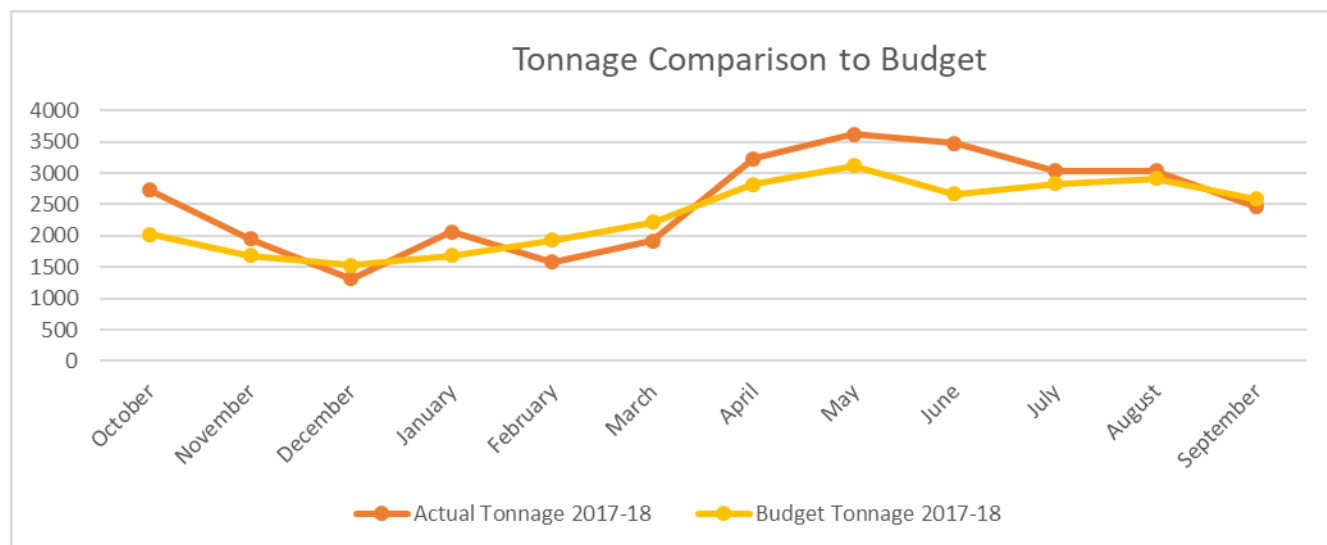
As part of the contractual negotiation with Medway Council, Medway Norse took on a 50/50 risk/profit share arrangement on the NET position of all commodity income. While there is a risk to commodity prices and disposal costs of both rising and falling, during the first 12 months of

the contract, prices have remained stable and have seen Medway receive an income of £79,698.

Operational costs for the first 12 months service were projected to be £1,432million. Year 1 saw the budget come in at 1% (£15k) over predicted operation costs at £1,447million. This is due to additional pressure resulting from a fire which closed KCC's Pepperhill site during April until August. Customer throughput at Medway sites increased by 14%, with Cuxton feeling the greatest pressure.

The additional customers required Norse to employ additional members of staff on site and pay overtime to open the site earlier to cope with the additional visitors.

The graph below shows the impact of the Pepperhill closure on tonnages based on the budgeted tonnes for 17/18 against the actual tonnes.



Overall Waste Input / Output analysis

i. Overall recycling performance

Under the new contract the target is to meet;

- 60% recycling in Year 1
- 61% recycling in Year 2
- 62% recycling pa from Year 3 until the end of the contract.

The HWRC recycling rate excludes rubble & hardcore in line with NI192 methodology. The table below shows the overall recycling rate for the first 12 months of the contract.

| Oct 2017-Sept 2018 | Total tonnes (excludes rubble and hardcore) | Recycled tonnes | Recycling % |
|--|---|-----------------|-------------|
| Overall recycling, reuse & composting rate | 22,403 | 13,341 | 60% |

ii. Recycling performance by material type

The total tonnage received (including rubble and hardcore) in the first 12 months of the contract was 30,334 tonnes. This was higher than expected and budgeted, due to the closure of the Pepperhill recycling facility in Kent.

The table below details the breakdown of all materials collected and recycled.

The highest tonnages and the highest percentage of materials collected are residual waste, rubble and hardcore and wood.

| Material | Tonnes | Percentage |
|------------------------------------|---------------|----------------|
| Chemicals | 0.1 | 0.0003% |
| Print cartridges | 0.3 | 0.001% |
| Re-use Bikes | 0.4 | 0.001% |
| Household batteries | 2 | 0.01% |
| Fluorescents / Gas Discharge Lamps | 4 | 0.01% |
| Cooking Oil | 5 | 0.02% |
| Re-use furniture | 9 | 0.03% |
| Mixed Dry Recyclables | 40 | 0.13% |
| Gas Bottles | 44 | 0.15% |
| Tyres | 45 | 0.15% |
| Waste Oil | 55 | 0.18% |
| Asbestos | 62 | 0.21% |
| Metal (Non Ferrous) | 67 | 0.22% |
| Car Batteries | 74 | 0.24% |
| Glass Mixed | 110 | 0.36% |
| Large appliances | 113 | 0.37% |
| Televisions | 203 | 0.67% |
| Fridges / Cooling appliances | 245 | 0.81% |
| Textiles | 261 | 0.86% |
| Plasterboard | 409 | 1.35% |
| Small appliances | 810 | 2.67% |
| Paper & Card | 870 | 2.87% |
| Metal (Ferrous) | 1,534 | 5.06% |
| Garden Waste | 1,989 | 6.56% |
| Wood | 6,453 | 21.27% |
| Hardcore | 7,931 | 26.15% |
| Residual waste | 9,000 | 29.67% |
| Grand Total | 30,334 | 100.00% |

iii. Report on performance of reuse scheme

During the first 12 months of the contract 9 tonnes of bric-a-brac, household items that can be reused, were collected by site staff and stored for donation to Abacus Furniture Projects.

Abacus recycles unwanted, pre-used furniture and household items and bric-a-brac, preventing them from going into landfill and selling them on at low cost to families and people in need. Their aim is to help anyone to furnish their homes without incurring debt. The money raised is reinvested back into the projects to cover costs and to fund other community projects.

Abacus reused 0.4 tonnes of bikes from Medway HWRCs. The bikes are taken to the Youth Offending Institute and HM Prison Rochester, who are restoring old bicycles that would otherwise be dumped in landfill sites and passing them back to Abacus to sell them at their stores. Refurbished bikes, are sold with one month's warranty and a safety check list.

This unique partnership is protecting the environment, supporting low-income families and giving prisoners new skills.

iv. Report on handling of hazardous wastes

The table below details hazardous waste collected over the first 12 months of the contract. Tonnages of hazardous waste received through our sites have to be reported to the Environment Agency on a quarterly basis through Hazardous Waste returns. All hazardous wastes removed from our sites have to be accompanied, by a hazardous waste consignment note.

Copies of the consignment notes and hazardous waste returns have to be kept for a minimum of 3 years.

| Hazardous Material | Tonnes | Percentage |
|------------------------------------|---------------|-------------------|
| Chemicals | 0.1 | 0.01% |
| Print cartridges | 0.3 | 0.02% |
| Household batteries | 2 | 0.08% |
| Fluorescents / Gas Discharge Lamps | 4 | 0.18% |
| Gas Bottles | 44 | 2.20% |
| Waste Oil | 55 | 2.72% |
| Asbestos | 62 | 3.08% |
| Car Batteries | 74 | 3.66% |
| Large appliances | 113 | 5.59% |
| Televisions | 203 | 10.03% |
| Fridges / Cooling appliances | 245 | 12.11% |
| Plasterboard | 409 | 20.24% |
| Small appliances | 810 | 40.08% |
| Grand Total | 2,020 | 100.00% |

v. Best Value review of material off takers

At the start of the contract Norse reviewed all current off-takers for materials on site. The best value contract at this time for green waste, rubble/hardcore and plasterboard was via Countrystyle UK Ltd and a contract was entered into for end market sourcing and haulage of these items. This contract runs for the life of the HWRC contract from 2017 to 2023.

Other materials are collected by:

| | |
|--------------------|----------------|
| Engine Oil | Slicker Oil |
| Asbestos | Pinden |
| Gas Bottles | Synergy |
| Printer Cartridges | Take Back |
| Cooking Oil | Living Fuels |
| Textiles | LMB |
| Tyres | Pountney Tyres |

These off takers are reviewed annually to ensure best value for Medway.

vi. Customer Satisfaction

Due to the issue with Pepperhill closure the emphasis of customer surveys this year was focused on where customers came from rather than satisfaction.

It is our aim to begin customer satisfaction surveys during the next contract year.

Environmental and Other Considerations

i. Health and Safety and Environmental Compliance

Norse has a robust Health and Safety and Environmental Policy. An Annual Internal Health and Safety Audit was carried out on the three Medway sites in November 2017 when it was noted that there were areas for improvement;

- Staff training
- Site traffic management
- Fire safety
- Welfare facilities

The annual audit is now due again and the improvements have been made such as;

- Staff training in customer service, conflict resolution and health and safety
- Team leaders enrolled onto WAMITAB competence training
- Re-lining of the sites
- New marking out of pedestrian walkways
- New fire safety training and improved fire safety practices (such as frequent fire drills)

This will ensure a better picture of health and safety procedures and culture.

During the 12 month period we have had reported 24 near misses and 33 accidents and no RIDDORS.

All accidents are investigated and trends analysed for prevention, and all near misses and accidents are reported and are discussed individually at the Norse / Medway Council finance meeting.

Trends for Medway site accidents are around injuries customers are receiving when handling their own waste. For example:

- Cuts from handling own waste
- Injuries as a result of carrying heavy/awkward loads
- Injuries as a result of hitting head on car boot
- Customer trips in the same area of Capstone site. This led to repainting and highlighting of kerbs which has since improved the issue.

The Annual Internal Environmental Audit was carried out in July 2017, there were a few recommendations but generally it was noted:-

“The site was found to be tidy with all waste segregated as labelled. The site staff have a good knowledge of the waste segregation requirements and were keeping on top of the waste brought into the site. It was evident that the staff were making an effort to keep the site as clean as practically possible.”

ii. Site Security and Related Issues

The service has been subject to a number of break ins, with the most notable events occurring at Cuxton where over a 3 month period, 2 hooklift vehicles broke into the site overnight, demolishing the gates to drive on site and steal a total of five 50yd containers with an approximate cost and damage of £25K, that has been claimed back through insurance.

Medway Council officers and Norse were instrumental in co-ordinating the response between the different victims of the thefts and the police in 5 counties to ensure that the crimes were logged as a major crime and that the criminals were caught. It was found to be organised crime and the gang had taken a considerable number of containers over five different counties before eventually being caught in Suffolk.

iii. Staff welfare and bonus

Norse has introduced a staff bonus system, which sees 25% of all the NET revenue generated from non-ferrous and auto-batteries shared between site operatives. As a result of the bonus and due to increased diligence from site staff in the separation of ferrous and non-ferrous metals, non-ferrous metal tonnage have increased by over 500%. This in turn has increased revenues by £38,000 per annum and staff sharing in £24,000 of bonus monies.

iv. Carbon footprint and NOx emissions reductions initiatives

During the first 12 months of the contract Norse has measured water and electrical usage on the 3 recycling centres and the kg CO₂e emissions from our lorry on the contract. This data will be used as a baseline for future study and innovations for reduction which will be reported on during the next annual service report.

Aims for next contract year

Some specific risks to budget forecasting for next year;

- a) Commodity prices appear stable at present but are at significant risk of change with global prices, Chinese import restrictions, trade tariffs and in particular the results of Brexit.
- b) The fluctuation of oil prices affecting diesel and transport costs.
- c) Continuing fluctuations in scrap metal prices.
- d) The biggest threat is Kent County Council's consultation on the possible introduction of DIY waste charges. Other counties have seen drops in overall tonnage of 25% as residents assume all waste will be charged for. This does represent good savings for KCC but with the close proximity of Medway recycling centres and the evidence from survey work that up to that 30% of our current customers reside outside of Medway the threat is that without some kind of controls we could see a large influx of tonnage, which will drive costs up.

Norse would like to reintroduce rigid plastic and mattress recycling, to improve the recycling rates on the sites over the coming year. There are difficulties in the market viability for both of these difficult material streams but this is something we are closely monitoring.

Appendix 3 – National Indicator 192 calculation methodology

The following guidance has been included as requested at the annual review of waste contracts 2018.

National indicator NI192 is the nationally recognized method used for calculating local authority percentage of household waste sent for reuse, recycling and composting.

All waste data is reported by Medway Council to Waste Data Flow, the statutory reporting instrument for reporting waste data, on a quarterly basis.

This data is then used to produce national performance reports which are released by Defra, usually in December each year.

This indicator includes household waste as defined under EPA 1990 and the Controlled Waste Regulations 1992.

Key points to note for NI192

- ‘Sent for’ means delivered to and accepted for re-use, recycling or composting by a company, individual or organisation which will reprocess waste that is an acceptable form for inclusion in the re-use, recycling or composting process. Any waste described as ‘Sent for’ will exclude any rejected material. For example, rejects from a material recycling facility (MRF).
- DIY waste (Rubble & plasterboard) are both classed as non-household waste and are excluded from all parts of the calculation.

Numerator

Total tonnage of waste *sent for* reuse, recycling and composting from:

- HWRC’s (excluding DIY waste)
- Kerbside collections
- Bring banks
- Third party recycling (recycling credits)

Denominator

Total tonnage of waste *collected* for reuse, recycling and composting from:

- HWRC’s (excluding DIY waste)
- Kerbside collections
- Bring banks
- Third party recycling (recycling credits)

Total tonnage of residual household waste collected from:

- Kerbside black sack waste
- Street litter
- Bulky collections
- HWRCs residual waste
- Clinical waste
- Asbestos