

# Scrutiny Committee Report

Report of Head of Corporate Strategy

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To: SCRUTINY COMMITTEE

DATE: 17 April 2012

AGENDA ITEM NO 6

## Performance review of Biffa Municipal Limited

### RECOMMENDATION

That the committee considers Biffa Municipal Limited's (Biffa) performance in delivering the household waste collection, street cleansing and ancillary services contract for the period 1 January 2011 to 31 December 2011 and makes any recommendations to the Cabinet Member for Waste to enable him to make a final assessment on performance.

### PURPOSE OF REPORT

1. The report considers the performance of Biffa in providing the household waste collection, street cleansing and ancillary services in South Oxfordshire for the period 1 January 2011 to 31 December 2011.

### STRATEGIC OBJECTIVES

2. The service contributes to the council's strategic objectives of managing our business effectively by providing a value for money service that meet the needs of our residents and provide equality of access to our services. Protecting our Environment by reducing the amount of waste we send to landfill and keeping the district clean and tidy, and tackle environmental crime such as litter, graffiti, fly tipping and abandoned cars.

### BACKGROUND

3. Managing contractor performance is essential for delivering the council's objectives and targets. Since a high proportion of the council's services are outsourced

(approximately half the revenue budget is spent on seven main contractors), the council cannot deliver high quality services to its residents unless its contractors are performing well. Working jointly with contractors to review performance regularly is therefore essential.

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

## **OVERVIEW OF THE REVIEW FRAMEWORK**

6. The review process consists of three essential dimensions:
  1. performance measured against key performance targets (KPTs)
  2. customer satisfaction with the total service experience
  3. council satisfaction as client.
7. Each dimension is assessed and the head of service makes a judgement of classification. Contractor feedback and an assessment of strengths and areas for improvement are also included. Where some dimensions are not relevant, or difficult to apply fairly to certain types of contract, the framework may be adjusted or simplified at the discretion of the head of service.
8. Biffa (formerly Verdant) were awarded the joint waste contract in December 2008 with a commencement date in South Oxfordshire of June 2009. This is the first performance review for Biffa using the council's revised template and guidance notes. The last performance review judgements have been included for information but the method of calculation has changed for some elements and therefore a direct comparison is not necessarily a true reflection in a change to the contractor's performance.
9. The current value of the joint waste contracts fixed annual charge is £8,953,000 per annum of which South Oxfordshire's proportion is £4,800,000 per annum. The contract is due to end in June 2017.
10. The contract includes delivery of the following service:
  - weekly collection of household food waste from 23 litre bins
  - fortnightly collection of household recycling from 240 litre wheeled bins or green sacks

- fortnightly collection of household refuse from 180 litre wheeled bins or pink sacks this is collected on the alternate week to recycling
- emptying bulk bins for refuse and recycling and food waste bins that service flats and communal properties
- fortnightly collection of household garden waste to residents who have opted into this charged for service. There are currently approximately 21,000 customers
- collection from bring banks
- collection of household bulky waste items for which there is a charge
- litter collection and cleansing of roads, streets and public areas
- emptying of litter and dog bins
- removal of fly-tipping.

## **DIMENSION 1 – KEY PERFORMANCE TARGETS**

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

- KPT 1 - missed collections – number of missed collections per week per 100,000 households. Target - no more than 40
- KPT 2 - rectification of missed collections – percentage of reported missed household collections rectified within 24 hours. Target - 100 per cent
- KPT 3 - NI 192 - percentage of household waste sent for re-use, recycling and composting. Target – 51.5 per cent
- KPT 4 - NI 195 - improved street and environmental cleanliness – levels of litter and detritus. Targets - litter 4 per cent, detritus 7 per cent.

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

### **KPT 1 – Missed Collections**

13. For the purpose of this report performance has been measured against the number of reported weekly missed collections per 100,000 collections for the period 1 January 2011 to 31 December 2011, this includes data from January where there was a suspension in service due to the snow which, as you would expect, led to higher numbers of reported missed collections.

14. During this review period the number of missed collections averaged 21 per 100,000 households. This is well below the target of no more than 40 missed collections. The lowest number of missed collections was recorded in August 2011 with an average of 14 and the highest was in January with an average of 42 for the reason given above.

## **KPT 2 Rectification of missed collections**

15. This measure is the percentage of reported missed collections rectified within 24 hours of Biffa being informed. During this review period 94 per cent of missed collections were rectified within 24 hours of being reported.

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

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

- 2010/11 – 51.1 per cent
- 2011/12 – 51.5 per cent
- 2012/13 – 52.1 per cent

17. Table one below shows the performance for KPT 3 for the period to which this report relates, 1 January 2011 – 31 December 2011

Table One NI 192 Performance

	Dry recycling (tonnes)	Food waste (tonnes)	Garden waste (tonnes)	Refuse to Landfill (tonnes)	NI192
1 January – 31 December 2011	17,776	5,488	9,650	15,100	68.5%

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

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

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

19. As previously mentioned we no longer report on NI 195, however officers have continued to monitor street cleanliness using the same methodology. The scores achieved in this review period were, level of litter 7.8 per cent and level of detritus

24.7 per cent, which failed to meet the agreed targets and indicate an area the contractor needs to improve on.

20. Based on Biffa’s performance an overall “average” KPT performance rating score of 3.75 has been achieved. An analysis of performance against the KPT’s can be found in Annex A.

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

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

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

KPT judgement

Previous KPT judgement for comparison

## DIMENSION 2 – CUSTOMER SATISFACTION

23. Customer satisfaction for this report has been measured by the results of the Citizens Panel dated December 2011. 973 panel members were invited to participate in this survey, 630 postal and 343 online. In total 560 (58 per cent) responses were received. 58 per cent responding to the postal invite and 57 per cent to the online invite.

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

- satisfaction with the overall waste collection service
- cleanliness of the area after collections have taken place
- reliability of the waste collection service
- satisfaction with street cleaning.

25. Overall satisfaction with the waste service is very high at 96 per cent. This is extremely good news for the council, especially when you consider this review period includes the disruption to service experienced in the new year as a result of the bad weather. 99 per cent are satisfied with the reliability of the service, 73 per cent are “very satisfied”.

26. Most (88 per cent) are satisfied with the cleanliness of the area and pavements after collections.

27. In terms of street cleansing 82 per cent are satisfied with the cleanliness of the streets and pavements in their local area.

28. Based on Biffa’s performance a combined overall customer satisfaction rating score of 4.16 has been achieved. An analysis of customer satisfaction can be found in Annex B.

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

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

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

Customer satisfaction judgement

Previous customer satisfaction judgement for comparison

### DIMENSION 3 – COUNCIL SATISFACTION

31. As part of the performance review officers with direct knowledge and who frequently interact with the contractor were asked to complete a short questionnaire, this included the strategic director, head of service, shared waste manager and monitoring officers. In total six questionnaires were sent out and returned.

32. Based on Biffa’s performance an overall council satisfaction rating score of 4.30 has been achieved. An analysis of council satisfaction can be found in Annex C.

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

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

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

Council satisfaction judgement

Previous council satisfaction judgement for comparison

### OVERALL ASSESSMENT

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

Overall assessment

Previous overall assessment for comparison 

good
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36. The head of service considers that if this was exclusively reviewing the waste collection service the judgement would be excellent because of the following successes:

- achieved a 68.5 per cent recycling rate, amongst the very best nationally
- winners of Government Business Awards for Environmental Innovation
- runners up for the IESE transformation in waste services award
- 96 per cent overall satisfaction of waste collection service
- 99 per cent satisfaction with reliability of the service.

## **STRENGTHS AND AREAS FOR IMPROVEMENT**

37. Annex C records strengths and areas for improvement relating to the performance of the contractor over the last year.

## **CONTRACTORS FEEDBACK**

38. A key feature of the process for reviewing the performance of contractors is that the council provides them with an opportunity to give their feedback on the assessment, including suggestions for improvements to council processes. This is included in Annex D.

## **FINANCIAL IMPLICATIONS**

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

## **LEGAL IMPLICATIONS**

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

## **CONCLUSION**

41. The head of corporate strategy has assessed Biffa's performance as good for its delivery of the household waste collection, street cleansing and ancillary services contract. The committee is asked to make any recommendations to the Cabinet Member for waste to enable him to make a final assessment on performance.

## **BACKGROUND PAPERS**

42. None

## Annex A – Key performance targets

KPT ref	Description of KPT	Target	Performance	Individual KPT rating (excellent, good, fair, weak or poor)	KPT rating score (excellent = 5, good = 4, fair = 3, weak = 2, poor = 1)
KPT 1	missed collections	No more than 40 missed collection per 100,000 collections	Average 21 missed collections	good	4
KPT 2	rectification of missed collections	100 % rectified within 24 hours of contractor being informed	94%	good	4
KPT 3	percentage of household waste sent for re-use, recycling and composting	51.5%	68.5%	excellent	5
KPT 4	improved street and environmental cleanliness – levels of litter and detritus	4% litter 7% detritus	7.8% 24.7%	weak	2
Overall “average” KPT performance rating score (arithmetic average) refers to point 19 in the report					3.75
Overall “average” KPT performance (excellent, good, fair, weak or poor)					Good



## Annex B – Customer satisfaction

In total, 560 members of the Citizens' Panel responded to questions about the waste contract. The questionnaire was sent to 973 people in total giving a response rate of 58 per cent.

### Q. How satisfied are you, overall, with the waste collection service?

Rating	Number of residents	Weighting	Total weighted for residents
Very satisfied	329	X 5	1645
Fairly satisfied	211	X 4	844
Neither satisfied or dissatisfied	n/a	X3	n/a
Not very satisfied	13	X 2	26
Not at all satisfied	7	X 1	7
<b>Total</b>	<b>560</b>		<b>2522</b>

Waste collection service - resident satisfaction calculation:  $2522 \div 560 = 4.50$

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

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

### Comments from residents:

96% are satisfied with overall waste collection service.

99% are satisfied with the reliability of the waste collection service.

88% are satisfied with the cleanliness of the area/pavements after the waste has been collected.

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

Rating	Number of residents	Weighting	Total weighted for residents
Very satisfied	121	X 5	605
Fairly satisfied	335	X 4	1340
Neither satisfied or dissatisfied	n/a	X 3	n/a
Not very satisfied	85	X 2	170
Not at all satisfied	17	X 1	17
<b>Total</b>	<b>558</b>		<b>2132</b>

Standard of cleanliness - resident satisfaction calculation:  $2132 \div 558 = 3.82$

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

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

**Comments from residents:**

82% are satisfied with the cleanliness of the streets and pavements in their local area.

87% feel their local area is cleaner than or as clean as other towns and villages.

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

Residents total weighted scores  $\div$  number of residents

$$(2522 + 2132) \div (560 + 558) = 4.16 \text{ (refers to point 28 in the report)}$$

# Annex C - Council satisfaction

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

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

Contractor / supplier / partner name Biffa Municipal Limited

From (date) 1 January 2011 To 31 December 2011

## SERVICE DELIVERY

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

## COMMUNICATIONS AND RELATIONS

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

## IMPROVEMENT AND INNOVATION

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

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

Rating	Votes	Weighting	Total weighted
very satisfied	47	X 5	235
satisfied	44	X 4	176
neither satisfied or dissatisfied	11	X 3	33
dissatisfied	2	X 2	4
very dissatisfied	0	X 1	0
<b>Total</b>	<b>104</b>		<b>448</b>

The overall council satisfaction is calculated as follows:  $448 \div 104 = 4.30$  (refers to point 31 in the report)

## STRENGTHS AND AREAS FOR IMPROVEMENT

Strengths	Understanding of the council's needs
	Evolving processes to benefit the council
	Work well in partnership, respond to urgent issues and recognise our corporate priorities
	Always responsive to requests
	Work collaboratively to get the best solution for all parties
	Support new initiatives
	Good supervisors, easy to deal with and good collection system
	Street cleansing work carried out when instructed, normally good response time and the work carried out to a good standard if smaller type jobs such as litter picking etc.
	Street cleansing in town centres to a good standard

Good response time for dealing with requests
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Areas for improvement

Some back office processes need improving to make operations more efficient
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Processes could be better documented
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I.T. could deliver better outcomes
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Street cleaning could be improved to ensure streets & hot spot areas are kept clear of litter & dog mess
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Call Centre feedback is still not as good as we (Biffa and the Council) would like
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Continue to increase "getting it right first time", and seek to rectify issues without involving the client
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Better communications between technical officers and contact centre
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Street cleansing outside of town centres
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Would like to see some feedback on completed work schedules like complaints to call centre
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# **Annex D - Contractor 360° feedback**

## **CONTRACTOR'S REACTION / FEEDBACK ON COUNCIL'S ASSESSMENT**

We are happy with the overall assessment; it highlights areas that we excel in as well as areas for improvement.

## **ANY AREAS WHERE CONTRACTOR DISAGREES WITH ASSESSMENT**

On KPT 4, we have been classed as weak, where roads were being graded on our predecessors work. We believe the accurate scores for the detritus and litter are actually much more favourable than listed.

Although we do not agree with the score, we do accept that this is an area that we do need to improve upon.

With missed bins at an average of 21 per 100,000, we feel that this is excellent, but understand that due to the formula used we need to score 20 or less to achieve an excellent rating. This does not accurately describe the results being achieved.

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

We work very closely with the council, in partnership. Any suggestions that we have or had are discussed on an almost daily basis as opposed to annually or quarterly.

Feedback provided by

Date