

# Scrutiny Committee Report

Report of Head of Corporate Strategy

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To: SCRUTINY COMMITTEE

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## 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 2013 to 31 December 2013 and makes any comments to the Cabinet Member with responsibility 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 2013 to 31 December 2013.

### STRATEGIC OBJECTIVES

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

### BACKGROUND

3. Managing contractor performance is essential for delivering the council's objectives and targets. Since a high proportion of the council's services are outsourced, the council cannot deliver high quality services to its residents unless its contractors are performing well. 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. Evaluating contractor performance has four elements:
  1. performance measured against key performance targets (KPT)
  2. customer satisfaction with the total service experience
  3. council satisfaction as client
  4. summary of strengths and areas for improvement, plus feedback from the contractor on the overall assessment and the contractor's suggestions of ways in which the council might improve performance.
7. The first three dimensions are assessed and the head of service makes a judgement of classification. The fourth element is a summary of strengths and areas for improvement and includes contractor feedback. Where some dimensions are not relevant or difficult to apply fairly to certain types of contract, the framework may be adjusted or simplified at the discretion of the head of service.
8. Originally Verdant were awarded the joint waste contract in December 2008 with a commencement date in South Oxfordshire of June 2009. The Vale of White Horse element of the contract commenced in October 2010. In 2011 Verdant were bought by Biffa. Throughout 2013 negotiations have taken place with Biffa and in accordance with the conditions of contract it has been agreed to implement the option to extend for a seven year period. The contract is now due to end in June 2024.
9. The current value of the contract, as a fixed annual charge is £9,312,192 per annum of which South Oxfordshire's proportion is £5,022,576 per annum.
10. The contract includes delivery of the following services:
  - weekly collection of household food waste from 23 litre bins
  - fortnightly collection of household recycling from 240 litre wheeled bins or green sacks
  - 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 which service flats and communal properties
- fortnightly collection of household garden waste to residents who have opted into this charged for service. There are currently 23,000 garden waste bins
- 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 are included in the Biffa contract to provide a benchmark against which performance can be measured. The KPT cover those aspects of the service which are considered to be of most concern to our residents and are measured on an ongoing basis and reported monthly by Biffa. The KPT for this contract are:

- KPT 1 - missed collections – number of missed collections per week per 100,000 collections. Target - no more than 40
- KPT 2 - rectification of missed collections – percentage of reported missed household collections rectified within 24 hours. Target - 100 per cent
- KPT 3 - NI 192 - percentage of household waste sent for re-use, recycling and composting. 2013/14 Target – 52.5 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.

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

### **KPT 1 – Missed Collections**

12. For the purpose of this report performance has been measured against the number of reported weekly missed collections per 100,000 collections for the period 1 January 2013 to 31 December 2013.
13. During this review period the number of weekly missed collections averaged 34 per 100,000 collections, the same number as last year. This is below the target of no more than 40 missed collections. The highest number of missed collections was recorded in April with an average of 41; more than 50 per cent of these were garden waste bins.

## KPT 2 - Rectification of missed collections

14. This measure is the percentage of reported missed collections rectified within 24 hours of Biffa being informed. During this review period 98.9 per cent of missed collections were rectified within 24 hours of being reported. An improvement on last years figure of 97.6 per cent.

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

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

- 2012/13 – 52.1 per cent
- 2013/14 – 52.5 per cent.

16. Table one below shows the performance for KPT 3 for the period to which this report relates, for information the previous two years figures are shown. A column indicating the total recycling tonnage is also included in the table. The figures indicate a reduction in the percentage of waste sent for recycling from last year, this is partly due to a full year of street sweepings being diverted from the garden waste tonnages to landfill.

Table One - NI 192 Performance

	Dry recycling (tonnes)	Food waste (tonnes)	Garden waste (tonnes)	Total Recycling (tonnes)	Refuse to Landfill (tonnes)	NI192
1 January – 31 December 2011	17,776	5,488	9,650	32,914	15,100	68.5%
1 January – 31 December 2012	17,435	5,025	9,622	32,082	16,551	65.96%
1 January – 31 December 2013	17,094	5,312	8,645	31,051	19,608	61.29%

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

17. 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.

18. As previously mentioned we no longer report on NI 195, however officers have continued to monitor street cleanliness using the same methodology. In previous years technical officers undertook these inspections, this year's inspections were carried out by an independent company specialising in this type of work.
19. The scores achieved in this review period were, level of litter 2.5 per cent and level of detritus 9.8 per cent. This was an increase in the litter level from last years 0.4 per cent. However this was a further improvement on previous levels of detritus, last years figure was 10.7 per cent and in 2011 it was 24.7 per cent.
20. Based on Biffa's performance an overall "average" KPT performance rating score of 4.0 has been achieved. An analysis of performance against the KPT 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:

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 most recent residents survey carried out in December 2013. M-E-L Research was commissioned to undertake a door stepping survey. In total 1102 responses were received.
24. The main areas of questioning regarding satisfaction with the waste service were:
- satisfaction with the waste and recycling collection service
  - satisfaction with street cleaning and keeping the area clean and litter free.
25. Overall satisfaction with the waste service was 82 per cent. This compares to an overall satisfaction rating of 79.23 per cent achieved in the previous residents' survey in 2012.
26. In terms of the satisfaction with the waste and recycling collection service 88 per cent are either satisfied or very satisfied, this is an improvement on the 2012 residents' survey which scored a satisfaction rating of 85 per cent.
27. In terms of street cleansing 75 per cent are either satisfied or very satisfied with the cleanliness of the streets and pavements in their local area. This is an improvement on the 2012 survey which scored a satisfaction rating of 72 per cent.

28. Based on Biffa’s performance a combined overall customer satisfaction rating score of 3.86 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	<b>3.4 – 3.899</b>	3.9 – 4.299	4.3 – 5.0
Classification	Poor	Weak	<b>Fair</b>	Good	Excellent

30. Based on this performance, even though the scoring mechanism produces a fair rating the head of service has made a judgement on customer satisfaction of good for the following reasons:

- the rating of good was only missed by 0.04
- only 16 formal complaints received
- the other areas of note in paragraph 36
- the council received 25 compliments about the service.

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 technical monitoring officers. In total seven questionnaires were sent out and returned.
32. Based on Biffa’s performance an overall council satisfaction rating score of 4.05 has been achieved. Last years overall rating score was 4.03. 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	<b>Good</b>	Excellent

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

Council satisfaction judgement

Previous council satisfaction judgement for comparison

## OVERALL ASSESSMENT

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

Overall assessment

Previous overall assessment for comparison

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

- confirmed by DEFRA as the second highest recycling authority nationally for 2012/13
- the introduction of free garden waste to military establishments
- the success of the deep cleanse throughout the district
- finalist in the LGC awards for the Frontline Team of the Year.

## STRENGTHS AND AREAS FOR IMPROVEMENT

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

38. Areas for improvement identified in last years review were:

- getting things right the first time – this continues to be an issue with crew members not always following the prescribed procedure such as bin placements after collections, this is despite action being taken against individual crew members
- managing job requests – the waste team has a good working relationship with the supervisors who are responsive to requests and are always helpful when resolving issues
- data collection and providing data to the council – this has improved and the data received on tonnages is now more accurate
- keeping the technology working to its full potential – there has continued to be some problems keeping the technology working. Biffa have been trialling an upgraded version of the current system which if fully implemented will provide a lot more real time data

- need to be more pro active with feeding information on operational issues such as Health and Safety information requests – this has improved with information being passed to the council on a daily basis. There have also been regular joint inspections to monitor the crews by the technical officers and supervisors which have been extremely beneficial
- need additional supervisory cover and admin support for back office work - this has happened with additional administrative support in the office and an additional supervisor. However due to staff leaving and reallocation of roles and responsibilities the full benefit of the additional supervisor has not yet been fully realised
- delivering targeted communications – there has been a targeted campaign to encourage more recycling in particular food waste and plastics. Work was done by Biffa to identify why residents didn't recycle food waste and plastics which has informed the campaign. The campaign has included bin stickering, leaflets to every resident and an advert on the back of the car park tickets
- customer care at certain times – Based on recent survey results we know this has improved. The call centre manager has continued to implement additional training for the call centre staff. They have also attended council run customer service excellence training.

39. During last years review the committee asked officers that :

- the schedule of areas to be deep cleaned be put in the councillor's information sheets well in advance, along with a request for councillors to nominate areas to be cleaned – this has happened on a monthly basis, we have also continued to write to each of the parish councils in advance
- the street cleaning schedule be made available to all councillors - we have looked at this jointly with Biffa who do work to a schedule, however due to the nature of the work which is output based rather than a frequency these schedules very quickly get out of date. The emphasis of Defra's Code of Practice is to encourage councils to maintain their land within acceptable cleanliness standards not on how often an area is cleaned. We have concentrated on getting more accurate details of where the crews have operated on a particular day, this information is sent to the council on a daily basis.

## COMMENTS AND COMPLAINTS

40. The council received sixteen official stage one complaints during this review period relating to the waste service, of these ten related to failure to collect bins from particular properties, the others included damage to a grass verge, damaged bins, that we stopped collecting from individual properties at RAF Benson, lack of street cleansing and the removal of bins a resident wasn't entitled to. There was one complaint that escalated to stage two.

41. During this review period Biffa received 25 compliments from South Oxfordshire residents relating to the waste service such as:



- “There is one man who is very visible in his yellow jacket doing a very important job cleaning our streets.... I know that many people in the town appreciate his hard work so I would like to join them by putting on public record my appreciation for the way this man goes about his work with such commitment'.
- “Just to thank you all for the efficiency and courtesy with which you have served us over the last year, and a particular thank you to the collection teams for Waterstock who have been unfailing cheery and friendly even on miserable days like today”
- 'They are courteous and polite and under the circumstances working with our rubbish that is saying something'
- “I would sincerely like to thank your team for their bulky waste service. They were excellent, polite and reliable. A service that you rarely get in todays society”

## **CONTRACTORS FEEDBACK**

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

## **FINANCIAL IMPLICATIONS**

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

## **LEGAL IMPLICATIONS**

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

## **CONCLUSION**

45. The last year has been another extremely successful one for the service retaining second place nationally for recycling with a rate of 65.32 per cent for the 2012/13 financial year. The service continues to be well thought of by the residents with 82 per cent of residents being satisfied or very satisfied overall with the waste service. The negotiations to extend the contract have produced some significant savings some of which will commence in 2014. However, there are still some areas for improvement and therefore 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 comments to the Cabinet Member with responsibility for waste to enable him to make a final assessment on performance.

## **BACKGROUND PAPERS**

46. 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 34 missed collections	fair	3
KPT 2	rectification of missed collections	100 % rectified within 24 hours of contractor being informed	98.9%	good	4
KPT 3	percentage of household waste sent for re-use, recycling and composting	52.5%	61.29%	excellent	5
KPT 4	improved street and environmental cleanliness – levels of litter and detritus	4% litter 7% detritus	2.5% 9.8%	good	4
Overall “average” KPT performance rating score (arithmetic average) refers to point 20 in the report					4.0
Overall “average” KPT performance (excellent, good, fair, weak or poor)					Good

## Annex B – Customer satisfaction

In total, 1102 residents responded to questions about the waste contract.

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

Rating	Number of residents	Score equivalent	Total
Very satisfied	284	X 5	1420
Fairly satisfied	686	X 4	2744
Neither satisfied or dissatisfied	49	X3	147
Not very satisfied	58	X 2	116
Not at all satisfied	21	X 1	21
Don't know	4		
<b>Total</b>	<b>1102</b>		<b>4448</b>

Waste and recycling collection service - resident satisfaction calculation:  $4448 \div 1102 = 4.03$

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

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

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

Rating	Number of residents	Score equivalent	Total
Very satisfied	134	X 5	670
Fairly satisfied	694	X 4	2776
Neither satisfied or dissatisfied	89	X 3	267
Not very satisfied	116	X 2	232
Not at all satisfied	51	X 1	51
Don't know	17		
<b>Total</b>	<b>1101</b>		<b>3996</b>

Standard of cleanliness - resident satisfaction calculation:  $3996 \div 1101 = 3.62$

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

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

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

Residents total scores ÷ number of residents (excluding “don’t knows”)

$$(4448 + 3996) \div (1098 + 1084) = 3.86 \text{ (refers to point 28 in the report)}$$

## 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 2013	To	31 December 2013	

### SERVICE DELIVERY

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

### COMMUNICATIONS AND RELATIONS

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

## IMPROVEMENT AND INNOVATION

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

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

Rating	Votes	Score equivalent	Total
very satisfied	35	X 5	175
satisfied	57	X 4	228
neither satisfied or dissatisfied	24	X 3	72
dissatisfied	2	X 2	4
very dissatisfied	0	X 1	0
<b>Total</b>	<b>118</b>		<b>479</b>

The overall council satisfaction is calculated as follows:  $479 \div 118 = 4.05$  (refers to point 32 in the report)

## STRENGTHS AND AREAS FOR IMPROVEMENT

Strengths

Biffa are always extremely helpful at responding to emergencies such as snow and flooding and going that extra mile
They work collaboratively with us as partners, for example we are jointly working to map our processes to make them as efficient as possible and to provide great services to our customers
They are great at delivering a waste collection service – nationally we are in the top three councils for recycling and we get great customer feedback
Link well at a corporate/strategic level
Good mature relations
Positive attitude and always looking to improve a process if needed
A well run service

Good partnership working
Provide a good service and are always willing to resolve a problem when it has been brought to their attention

Areas for improvement

There are some re-occurring problem properties which take a disproportionate amount of officer time to deal with, when better frontline supervision could prevent the behaviour that causes the complaint
When Biffa have problems with broken down vehicles or incomplete rounds they could be pro-active and tell us sooner so that we are aware of what is happening on the collection rounds and can advise residents when we need to
Biffa could be more innovative, that said whenever we suggest a change they are always ready to work with us to implement it, eg kerb side battery collections
Would like to see more pro-active actions on many areas of the day to day working. This should stop the need to chase for information
Responding to requests for information in a more timely manner
Better communications time frames
Communications between different levels of staff members
Less frequent staff changes
A few recurring problems at certain properties normally as a result of particular crews not performing

## **Annex D - Contractor 360° feedback**

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

We are happy with this report. Over the last few months we have faced a massive task with the environmental conditions we have been dealt. This has led to the stretching of our resources, but has once again, as hopefully demonstrated in this report, the collaboratively mindset that both the council and Biffa take to dealing with adversity.

We will certainly look at the areas that have been identified in which we can improve, as it is appreciated that these are justified concerns.

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

This is a recurring issue and it is completely understood that the formulaic process means that this is unavoidable, but 34 missed bins per 100000 collections should be considered better than fair.

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

N/A

Feedback provided by

Date