


<p><b>London Borough of Hammersmith &amp; Fulham</b></p> <p><b>COMMUNITY SAFETY AND ENVIRONMENT POLICY AND ACCOUNTABILITY COMMITTEE</b></p> <p><b>29 January 2019</b></p>	
<p><b>REFUSE, RECYCLING AND STREET CLEANSING CONTRACT OVERVIEW</b></p>	
<p><b>Report of the Strategic Director for Social Care &amp; Public Services Reform</b></p>	
<p><b>Open Report</b></p>	
<p><b>Classification:</b> For review and comment</p> <p><b>Key Decision:</b> No</p>	
<p><b>Consultation:</b> Programme Director, Procurement and Contracts and Street Czar</p>	
<p><b>Wards Affected:</b> All</p>	
<p><b>Accountable Director: Director for Environment, Leisure &amp; Residents Services</b></p>	
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## 1. EXECUTIVE SUMMARY

Waste management in LBHF encompasses, waste collection and street cleansing, recycling, clinical waste, commercial waste & waste disposal. These services are managed through Resident Services except for the Serco contract which is managed through procurement. This report relates to waste collection and street cleansing.

- 1.1. These services provide high-profile front-line services to residents, businesses and visitors to the borough. The efficiency and effectiveness with which they are delivered impacts on residents' quality of life, and their perception of the council's overall performance and in particular, our ability to deliver a "cleaner, greener" borough.

## **2. BACKGROUND**

- 2.1 Hammersmith & Fulham commenced a 7-year contract with Serco PLC in June 2008, (with the provision of extending for a further 7 years), to deliver street cleansing, commercial and domestic waste, and recycling collections., The extension was brought forward a year from 2014 to 2021 in order to align the end of the waste contract with that in The Royal Borough of Kensington and Chelsea; for a possible future joint procurement.
- 2.2 The contract was designed to enhance value for money and improve service quality, representing a significant improvement over previously existing services. In the initial stages of the contract, Serco provided additional one-off resources for street cleansing improvements and investment in relation to littering and fly tipping. As the contract developed, Serco implemented a same-day waste collection and cleansing service and for street cleansing, enabling the council to be one of the top five cleanest boroughs in London.
- 2.3 Numerous changes have occurred throughout the contract lifecycle including a reduced client function, changing borough requirements due to the economic climate, the demands from an increasing population and infrastructure development and a need for innovation. The contract has become out-dated and needs overhauling to meet the current requirements of the Council. This can be achieved through a reprocurement exercise when the contract concludes in 20/21.

## **3. PROPOSAL AND ISSUES**

### **3.1 Summary of Contractual Services**

#### **3.1.1 Waste Collections**

- The collection of domestic waste from approximately 80,000 residential properties
- The collection of trade waste from approximately 2,600 businesses
- Over 396,000 individual collections are made each month. The level of missed collections averages 688 per month which equates to 0.04% of all collections made
- Bulky waste service (just under 6000 kerbside bulky collections were made in 2017/18)
- Numerous recycling collections such as WEEE, batteries and lightbulb collections
- Delivery of smart sacks and commercial sacks.

#### **Refuse & Recycling Key Service standards**

- Collection of missed collections in 24 hours
- Replace all bin lids at the time of collection

- Empty contents leaving no residue providing the waste and recycling is suitably contained
- Return bins to the original place where they were left
- Close all doors, gates and bin-chutes after collection
- Clean spillage arising from collections
- Collection times should not coincide with the start, finish and break times at educational establishments

### **3.1.2 Street Cleansing**

220 km of carriageway and 500 km of footway are cleansed within the borough. About 1000 litter bins are emptied regularly and fly tips removed of which almost 17000 were reported last year (compared to around 4000 in 2008). In addition, as part of the borough's clear all policy, Serco proactively remove unreported fly tips, dog fouling and litter. The streets in Hammersmith & Fulham are some of the cleanest in London with over 96% of streets being kept to an acceptable standard of cleanliness.

A summary of cleansing services includes:

- 24/7 sweeping of pavements in the 3 main town centres
- 16-hour day cleansing in secondary shopping areas
- Same day refuse and recycling/cleansing on residential roads
- Cleaning and sweeping of open spaces
- Daily servicing of North End Road Market
- Emptying of all litterbins
- Provide emergency response service
- Weed treatment
- Leaf collection
- Winter gritting

### **Street Cleansing Key Service standards**

- Achieve a high standard of cleanliness after each cleanse
- Remove reported flytips within 48 hours
- Empty litterbins if >80% full
- Remove reported dog fouling within 2 hours
- Remove reported flyposting boards within 24 hours
- To leave contractor bags in designated locations only
- Attend emergency responses within one hour

When the contract was procured in 2008 the Council created detailed specifications of operational requirements such as staff numbers and vehicle requirements. It then laid down a set of standards to be achieved, this has caused issues between Serco and the Council as to achieving those standards with the contractual operational requirements. This misalignment

of operational requirements and contract standards has caused issues with controlling the delivery of the contract.

### 3.2 Contract Monitoring

- 3.2.1 The contract was previously managed by a larger client team than in place at present to drive improvements through monitoring and applying the remedy and default provision. These provisions are to ensure when standards fall below the required levels these are addressed and rectified.
- 3.2.2 The Remedy and Default provisions of the contract allow for up to 200 rectification notices to be issued in any 4-week period before there is any financial impact on the contractor. In retrospect, this is now considered to be too high a level to effect significant change in contractor performance, although it should be noted that a more robust default system could have led to a higher contract price.
- 3.2.3 Following the need for council efficiencies from 2010, the client monitoring team has been reduced, and currently consists of three posts, it is proving difficult to maintain an effective punitive system along with day to day operational activities and general contract maintenance and management.
- 3.2.4 There is one performance mechanism, the measurement of NI 195, which is financially linked, however, following the payment of £29,000 to Serco, the use of the payment mechanism was stopped in 2015 which has been to the Council's advantage.

### 3.3 Current KPI Performance

- 3.3.1 Within the contract documentation, the Council set out the aspiration to be working towards the upper quartile performance for cleanliness and recycling rates in London. Current performance for this key performance indicator is provided in the table below. The customer service satisfaction indicator was removed as Corporate satisfaction surveys are no longer carried out.

<b>KPI</b>	<b>Performance 2017/18</b>	<b>Performance 2018/19 (Q2)</b>
NI 195 Cleanliness	4.06%	2.63%
NI192 Recycling rate	23.70%	23.73%*

\*estimated figure

The current recycling rate achieved across the borough is 21.63%

### 3.4 Planned Contract Improvements

To progress change over the remaining life of the contract, the following approaches are planned:

- Serco to deliver clear and transparent Open Book accounting
- Establish KPIs and an effective default and rectification framework
- Agree a number of contractual mechanisms which will clarify the resource, financial model and processes to allow us to vary these and fully take any associated benefits
- A robust and well-resourced client side monitoring and management system together with a clear escalation process
- To be the greenest borough we will need to collect food and green waste, increase recycling, reduce contamination and put greater emphasis on waste minimisation campaigns
- We will reintroduce the Improvement and Efficiency Board to see which of these and other ideas to improve environmental and financial performance can be brought forward

A new managing director started with Serco Local Government in January 2019 and it is acknowledged that Serco's current financial reporting systems were not being properly applied and sufficiently transparent. LBHF are engaging to a greater extent with Serco senior management to ensure service improvements are achieved through the tail end of the contract to 2021. This is when a new procurement of a service contract will be completed.

## 4. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name and contact details of responsible officer	Department/ Location
	Contract documentation for Waste Collection, Recycling and Street Cleansing Services	Lesley Gates	Public Service Reform