

REPORT TO:	STREETS & ENVIRONMENT SCRUTINY COMMITTEE 8th November 2022
SUBJECT:	Veolia contract performance paper
LEAD OFFICER:	<i>Nick Hibberd, Corporate Director of Sustainable Communities, Regeneration and Economic Recovery</i> <i>Steve Iles Director of Sustainable Communities</i>
CABINET MEMBER:	Cllr Scott Roche - Cabinet Member Streets & Environment
PUBLIC/EXEMPT:	PUBLIC

ORIGIN OF ITEM:	This item has been requested by the Chair of the Scrutiny & Overview Committee as part of the Committee's ongoing review of the contract performance.
BRIEF FOR THE COMMITTEE:	To inform and update the committee on the performance of the Council's waste collection and street cleansing contract. Identifying areas of service improvement and management of known and emerging risks to the service. A legislative backdrop is also provided to inform the committee of future challenges and opportunities.

1. EXECUTIVE SUMMARY

- 1.1 This report seeks to inform and update committee members in the progression, performance and efficiencies within the Council's waste collection and street cleansing contract it holds with Veolia Environmental Services since its award in 2017. Statistical and narrative information is provided across a wide range of service areas within the body of the report and appended documents. The report provides further information on the local, regional, and national legislative drivers affecting this service area and in terms of the national agenda, provides the committee with information on the changes expected by the new national waste strategy and the legal, financial, and operational impacts this may have on the delivery of services going forward. Current service delivery challenges and risks are also detailed along with the mitigation work being carried out by officers and contractor staff to minimise the impact of such risks onto the delivery of the services.

2. LEGISLATIVE DRIVERS

- 2.1 The Environment Act 2021 is a key piece of legislation for delivering the commitments made in the 2018 Government's 25 Year Environment Plan to 'protect and improve the natural environment in the UK', and for taking forward and legislating the measures and proposals outlined in the Resource and Waste Strategy (2018). The detail of the policy changes is still not fully known but the following are expected to impact the Council's services in the next five years:
- **Consistency in Collection** - this requires the Council to collect in a segregated way a series of core materials: plastic, glass, paper/card, metal, and food waste. With the exception of flats above shops which do not have a food waste service, the Council already does this.
 - **Deposit Return Scheme** will add a small charge for the packaging of an item (such as a bottle), which is refunded when the item is recycled via a dedicated recycling scheme (usually in a shop).
 - **Extended Producer Responsibility** - this is the Government's approach to move the full cost of collecting household waste from the taxpayer to producers. Fees are based on the recyclability of products and the approach aims to ensure greater quantities of recyclable waste are reprocessed into valuable, high quality secondary resources.
 - **Plastic Packaging Tax 2022** introduced a charge on producers for any plastic packaging that does not contain at least 30% recycled plastic content.
- 2.2 If the government progresses with the introduction of the proposals outlined in 2.1 above, they will have an impact on the quantities and value of recycling the Council collects, potentially as much as a 50 to 70% reduction in materials collected. This will impact the cost of running services.
- 2.3 The waste services the council runs must be in "general conformity" with the Mayor of London's London Environment Strategy 2018, which also requires the Council to have a Waste Reduction and Recycling Action Plan. Croydon is already achieving 38.72% recycling rate and the mayor's targets for 2025 are for 50% recycling rate. The council trend is mirroring the national trend of a reduction in waste tonnage and consequently this is seeing a reduction in the percentage of recyclable waste being diverted from the general waste stream. Croydon's recycling rates for 21/22 remains in the top quartile for London. Croydon is also diverting 100% of waste from landfill.

3. SOUTH LONDON WASTE PARTNERSHIP

Background Information

3.1 The South London Waste Partnership (SLWP) was formed in 2003 between the boroughs of Croydon, Kingston, Merton, and Sutton. SLWP has a proven record of providing improved and more cost-effective waste management services through the procurement of waste disposal, recycling and Household Reuse and Recycling Centre contracts.











3.2 The South London Waste Partnership (SLWP) contract has harmonised the waste collection services across the boroughs of Croydon, Kingston, Merton, and Sutton. This provides residents with a consistent message throughout the boroughs.

3.3 The existing contract includes the following services:

Lot 1 (All boroughs)	Lot 2 (Sutton & Merton only)
Waste collection	Parks
Street cleaning	Grounds maintenance
Commercial waste	Cemeteries
Winter gritting (footways only for Croydon)	Verge maintenance
Fleet Management / vehicle maintenance	Tree maintenance (excl inspections)

4. WASTE COLLECTION AND STREET CLEANSING SERVICES IN CROYDON

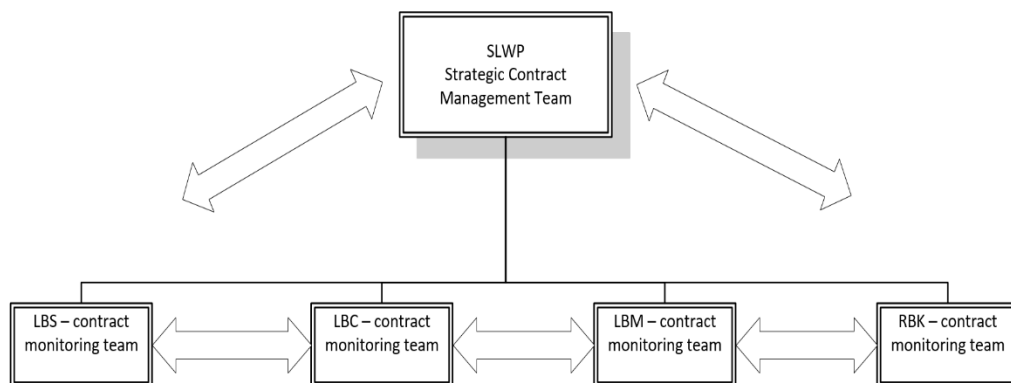
- 4.1 In 2018 Croydon embarked on an ambitious change to the waste and recycling service. The start of a new waste and recycling contract allowed Croydon to review the recycling and waste service it provided to residents.
- 4.2 From both a financial and environmental perspective recycling is preferable to disposal of residual waste. Environmentally, recycling helps conserve the finite resources associated with making new products and reduces dependency on virgin materials. Financially it costs considerably less to recycle waste than it does to dispose of it as residual waste.
- 4.3 Recognising the previous waste collection system Croydon provided disproportionately more capacity for residual waste, which made up approximately 60% of the total waste capacity. A decision was made to increase the container capacity for households to recycle more whilst simultaneously reducing the capacity for residual waste.
- 4.4 Service changes and efficiencies around the harmonisation of existing services included.
- Food waste collected every week
 - Residual (non-recyclable or 'black bag') waste collected every fortnight
 - Card and paper collected every fortnight
 - Tins, plastics glass collected every fortnight
- 4.5 The changes to the provisions were as follows:
- 240L refuse bin – replaced by a 180L bin
 - 55L paper and card recycling box – replaced by a 240L bin
 - 55L dry mixed recycling box – replaced by a 240L bin (this was the existing residual waste bin)
 - Food bins/caddies – remained the same.

Borough	As Is	New
Croydon		
	Retain existing Containers for residual waste, garden waste, food waste, use existing boxes for DMR and receive a new bin for paper and card recycling	
Kingston		
	Retain all existing containers for use on new services	
Merton		
	Retain existing food waste and garden waste containers and receive a new bin for paper and card recycling and a new residual bin to replace existing residual waste sacks,	
Sutton		
	Retain existing residual and garden waste containers. Receive a new box or bag alongside the wheeled bin for kerbside recycling and new food waste caddies for food waste recycling	

- 4.6 Other services are also harmonised across the partnership area. The street cleaning service proposals operate on a neighbourhood basis.
- 4.7 Infrastructure – Both Croydon and Sutton’s collection services currently operate from the Stubbs Mead Depot in Croydon.
- 4.8 The waste service operates Monday to Friday, including most bank holidays. It includes collections for kerbside recycling, flats recycling, clinical waste collection bulky waste collections (paid for service), garden waste collection (paid for service), clinical waste and assisted collections. The scale of this service including performance data is appended to this report.
- 4.9 The streets service is a provided 364 days a year (Christmas day is excluded). The service includes fly tip clearance, mechanical sweeping, maintain streets to a grade B or above, litter clearance, leaf clearance and market cleansing. The scale of this service including performance data is appended to this report.
- 4.10 Over 1.8million individual waste and recycling collections made each month, this is from:
- 131,000 kerbside households.
 - 22,204 communal households.
 - Over 45 collection rounds deployed on a daily basis.
 - Over 138,000 tonnes of household waste collected each year, of which over 57,000 tonnes of separated recyclable and compostable waste collected each year, of which over 22,000 tonnes are garden waste.
 - Over 850 bulky waste collections carried out each month.
 - Over 3,000 new waste containers delivered each month.
 - Over 2,200 fly tips collected each month.
 - Over 777km of public highways swept and cleansed each week.

5. CONTRACT MANAGEMENT AND SERVICE PERFORMANCE

- 5.1 As part of the implementation of the Lot 1 contract, the boroughs worked with the SLWP team to establish roles and responsibilities for the strategic and operational contract management. To ensure consistency but enable the boroughs to operate at both a strategic level but also be able to manage the operational needs of the borough. The contract management for the SLWP contracts is set out below



- 5.2 The contract is designed to be self-monitoring, the council monitoring team consists of four Contract Monitoring officers, these officers check Veolia are performing the contract correctly and residents are receiving the required service. They work alongside Veolia to resolve issues through joint monitoring.
- 5.3 Veolia are required to provide a monthly performance report, officers also undertake inspections around the borough, these can include joint inspections with Veolia to ensure corrective measures are put in place.
- 5.4 Regular monitoring takes place of contract. This is done both locally through contract meetings and with the SLWP across all its levels (operational, strategic, and political) of governance to ensure the partnership is delivering the desired outcomes. This continual monitoring of the contract against the targets allows for issues to be spotted quickly.
- 5.5 The council officers are collocated within Stubbs Mead depot and work closely with Veolia's management team.
- 5.6 The contract is a self-reporting contract but is monitored in part by Service Performance Indicators (SPI). The SPIs are extremely ambitious compared to other waste services and are designed to drive continuous improvement. There are 22 SPI's that cover collections and street services.
- 5.7 The SPIs are linked to a performance fund, within the payment mechanism of the contract. The performance fund is paid by the

contractor each month. The performance fund enables the council to either a deduction or a rebate to the contractor (in part or full)

- 5.8 Each quarter the councils monitoring team and Veolia agree to assign a weighting on the relevant SPIs based on current performance. Any deductions or rebates are applied to the monthly core payment process.

Waste collection services

- 5.9 In total for the rolling 12-month period Veolia have collected 21.6m collections, this has generated 125,346 tonnes of waste collected.

- 5.10 During the same period, they have delivered circa 35,000 containers to residents, in addition to the routine collections Veolia collected 9,683 bulky waste collections.

- 5.11 Residents are requested to report missed waste collections via the councils' reporting systems with the contractual requirement for Veolia to re-attend the address within 24 hours of receiving notification. Address management, in-cab technology exists in all collection vehicles with the ability to report 'bins not presented' or 'bins not found' at any given address but in all cases.

- 5.12 Covid and the ongoing HGV driver shortages the UK has been experiencing has had a negative impact on the overall performance of this contract over the past 12months. Veolia have a Business Continuity Plan (BCP) to ensure that core services are protected as far as possible and are delivered in full each week. This BCP remains in place and there continues to be collection round disruption each week, all of which are recovered by the end of each week.

- 5.13 Despite the regular contract meetings and Veolia's intervention interventions over the past 12 months there remains three areas of concern and as such in line with the contract performance framework the council took a decision in February 2022 to serve a Service Improvement Notice (SIN), the notice covered three areas of concern namely.

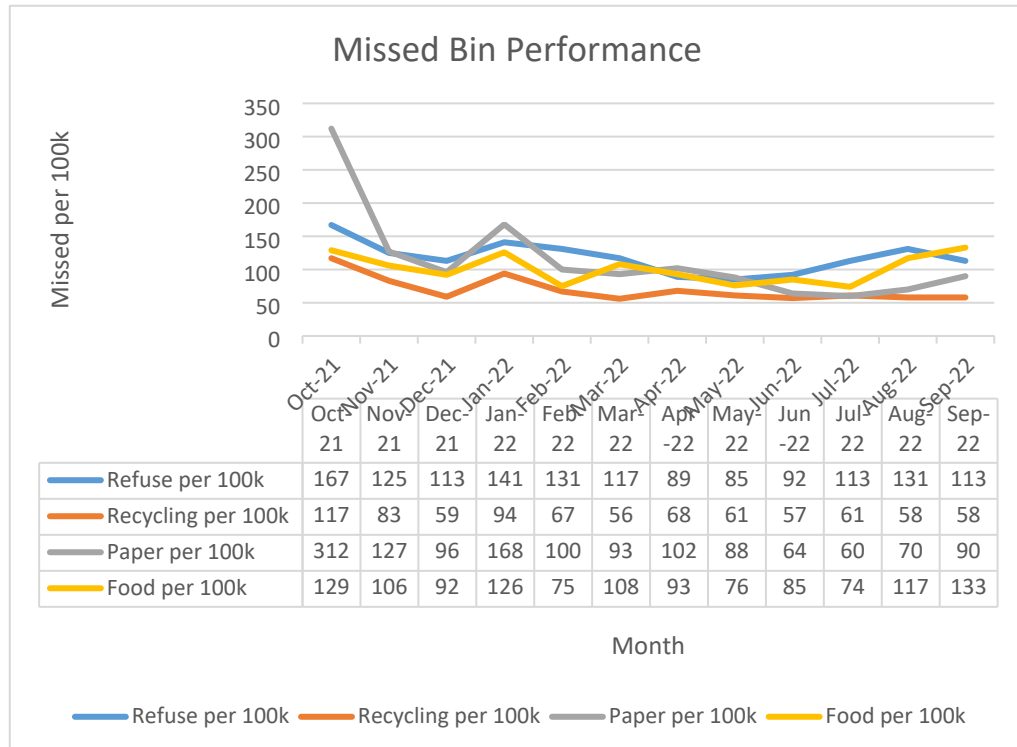
- Missed collections
- Repeat missed collections
- Delivery of containers

- 5.14 Under the SIN Veolia provided a Service Improvement Plan which set out how they were to bring the services back up to standard, this plan formed part of the weekly, monthly performance meetings. The improvement to the service can be seen from February, please see missed collection rectification graph below.

- 5.15 Veolia have focussed on improving driver recruitment and retention. They have given retention bonuses to existing staff as well as improving

the facilities available to staff. There has been a large recruitment campaign in the SLWP area via radio, adverts and in person events.

- 5.16 All this ongoing work has meant Veolia have managed to clear all works each week and where rounds have slipped, they deploy crews at the weekend to ensure all collections are made.



- 5.17 Whilst there has been improvement in the overall levels of missed collections, this current performance still falls short of the contractual minimum requirements as such the council continues to work with Veolia on further improvement.

- 5.18 The attached performance report provides the committee with an overview of the contract performance for a rolling 12month period.

Street cleansing services

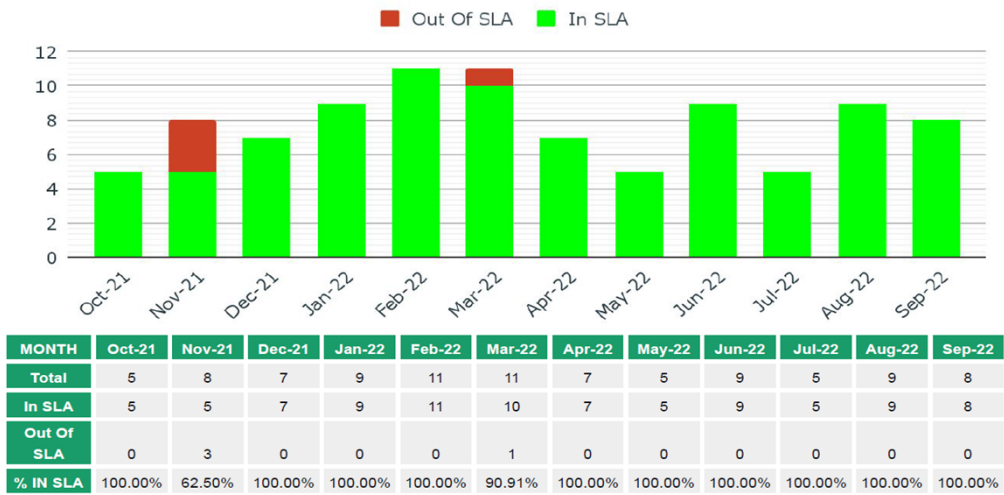
- 5.19 Grades of Cleanliness are defined within the Code of Practice for Waste and Littering and range from grades A (best) – D (worst) and further embedded within Contract KPIs and SPIs which form part of the performance management framework reported on a monthly and quarterly basis.

- 5.20 Littering in the borough remains an ongoing and increasing problem and communications and actions are delivered by the Don't Mess with Croydon campaigns supported by robust enforcement actions. Growth of the Street Champion initiative detailed in this report has generated

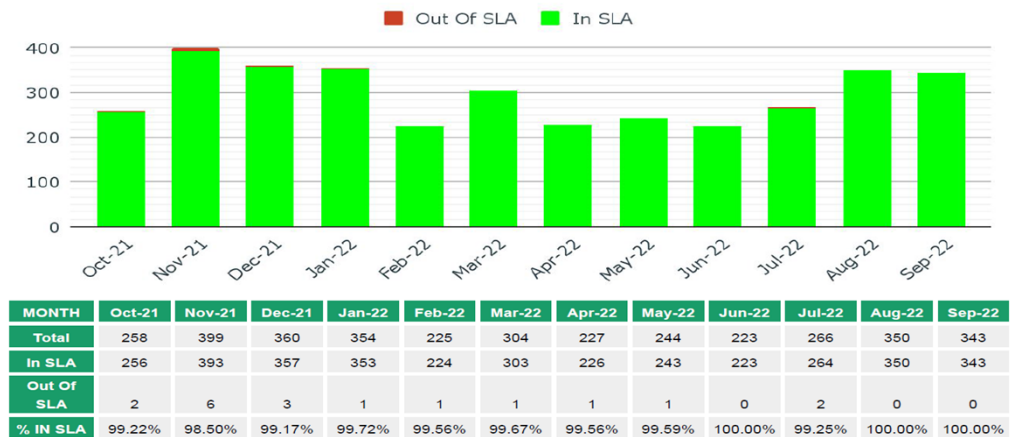
significant value in terms of local and community involvement to tackle littering.

5.21 The reports received for streets below grade, for town and district centres there is a rectification period of within 2hrs, for other roads its 24hrs.

SPI 15: Rectification of Town Centre Street Below Grades within 2 hours

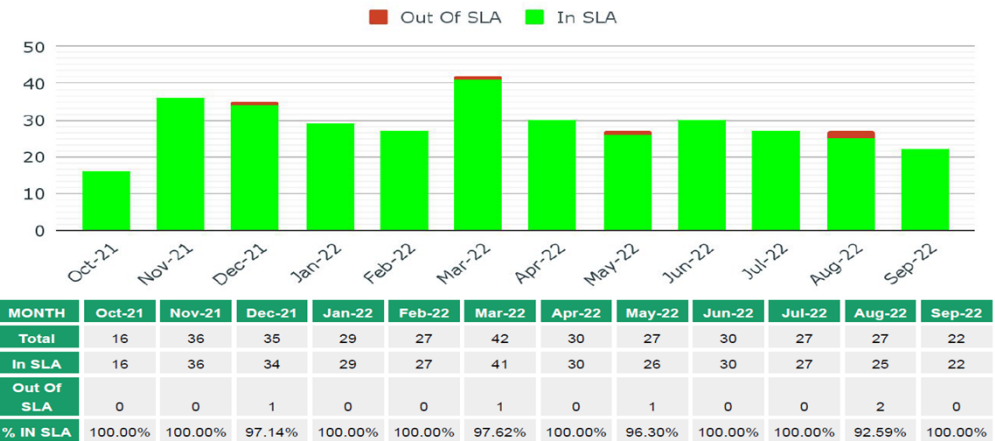


SPI 16: Rectification of Non Town Centre Street Below Grades within 24 hours

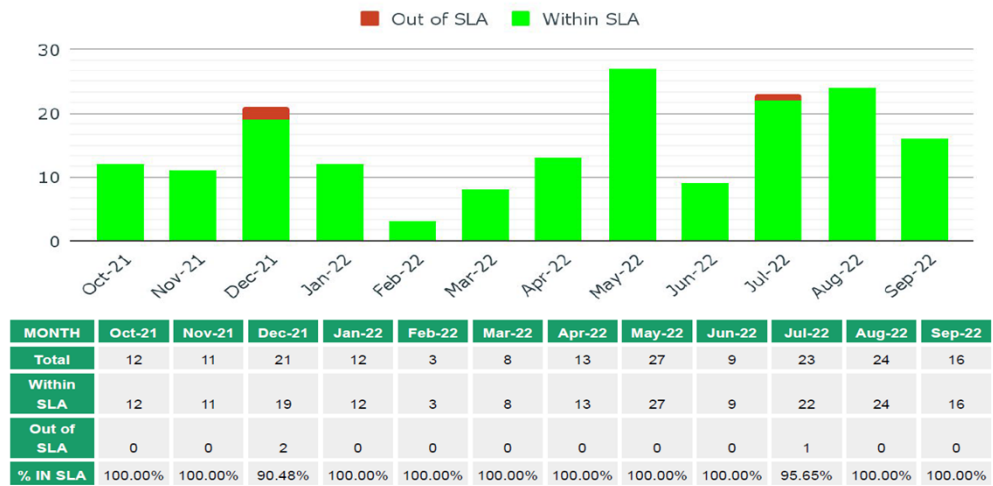


5.22 Litter Bins – litter bin provision and emptying performance continues to increase, reports of overflowing bins rectified within SPI.

SPI 14: Rectification of Empty Litter Bin events within SLA

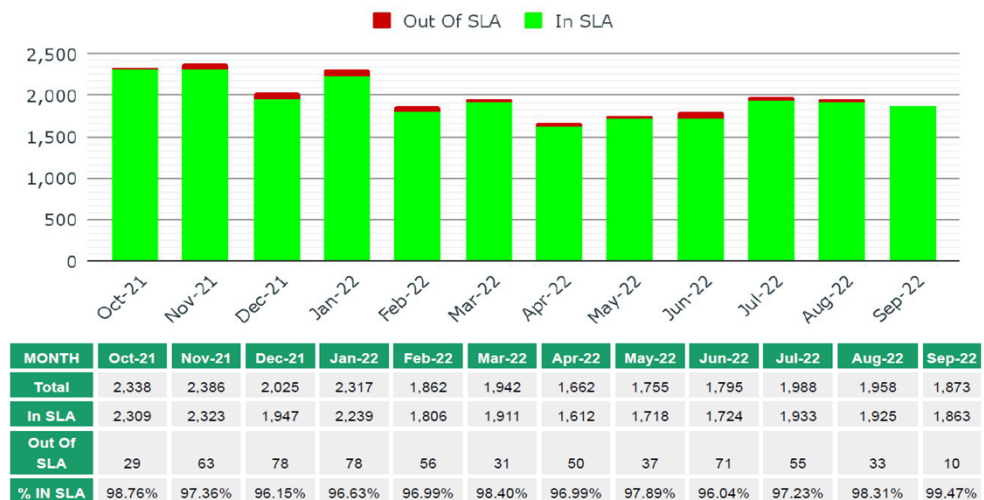


SPI 17: Collection of Sweeper Sacks within 24 hours

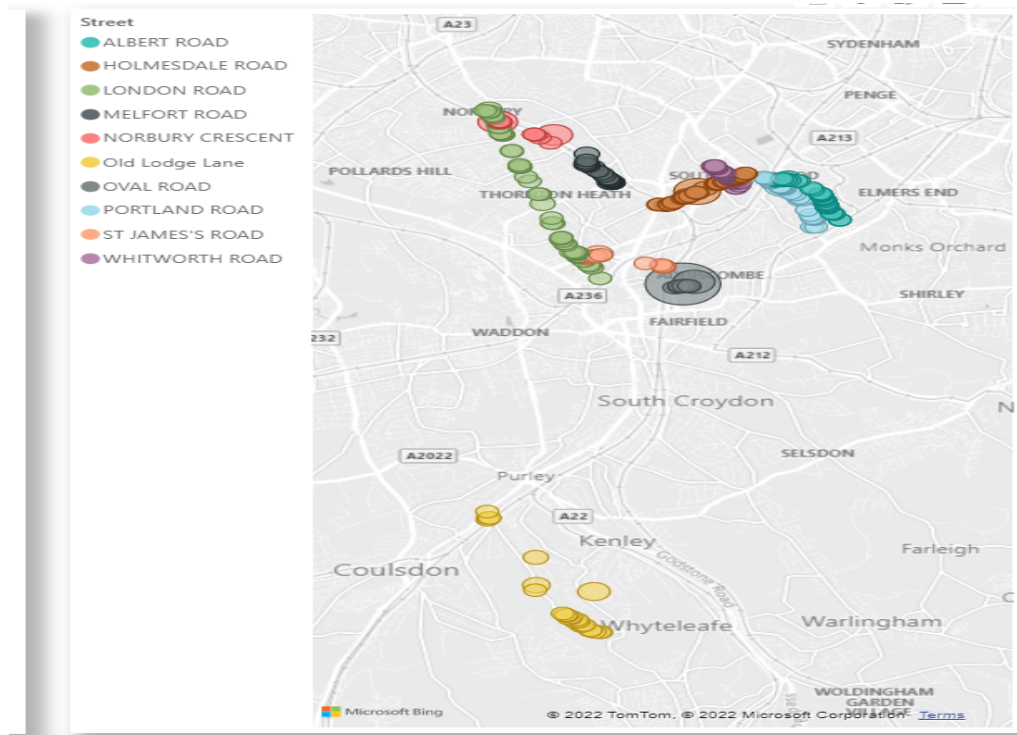


5.23 Flytip clearance - The fly tips recorded in Croydon are counted by the number of reports received. To report a fly tip the public or the waste services team report the fly tips through the Love Clean Streets app.

SPI 9: Rectification of Flytips within 24 hours



- 5.24 The below heatmap shows the streets that had the most recorded fly tips of 2022, the North of the borough, as more densely populated than the south does tend to have more street cleansing issues.

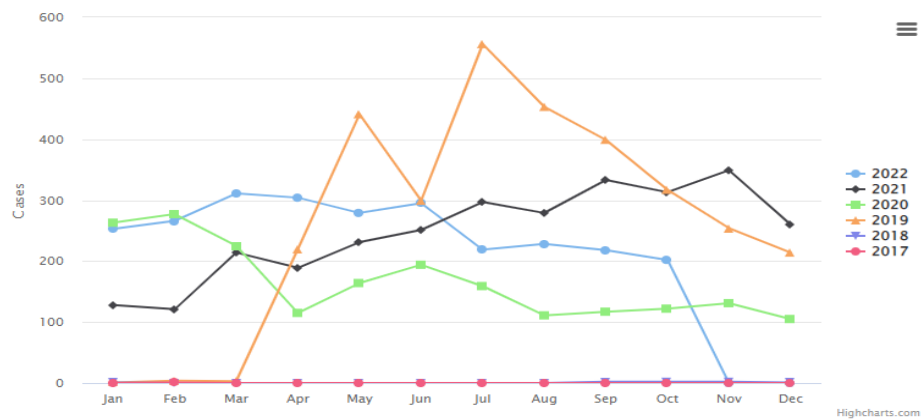


- 5.25 The interrogation of such data allows the council and Veolia to focus cleansing, waste removal and enforcement actions and resources to ensure identified streets and locations are kept clean and free of waste whilst ensuring that enforcement action is taken against businesses, residents and members of the public illegally depositing wastes and litter on the public highway.

6. Complaints

- 6.1 From mid-2019 there was a positive downwards trend in complaints as the service was steady and the contract monitoring was managing the issues and resolving complaints. There was a slight increase in Jan/Feb 2020 which is expected due to Christmas collections catch up.
- 6.2 The cases dropped significantly for the rest of 2020, especially over the first lockdown. In 2021 there has been a steady increase in complaints, to counteract this the SPIs were used as a tool to driver performance.
- 6.3 In Q1 and 2 months of Q2 Veolia steadily improved the collections performance, unfortunately the driver shortage led to a decline in performance. In 2022 there has been a drop in cases since June.
- 6.4 The split of complaints is 90% are for collections and only 10% are for streets issues. Additional monthly and quarterly complaint data is appended to this report

Cases Per Year (All Years)



7. Customer satisfaction surveys

- 7.1 Veolia conduct regular customer satisfaction surveys; the last survey was in 2019. A survey was due to be conducted in 2021, this was delayed as the communication plans were put back a year as no activities could take place the previous year.
- 7.2 Following a competitive tender process (through RB Kingston), DJS Research was appointed on 13 June to conduct the 2022 triennial resident survey on behalf of the Partnership
- 7.3 1,000 computer-aided telephone interviews (CATI) were conducted with a demographically representative sample of residents from across the SLWP region during July and August 2022. This robust approach provides findings with a maximum margin of error of +/-3% (at the 95% confidence level). This means that 19 times out of 20, the figures in the opinion poll will be within 3% of the 'true' answer you'd get if you interviewed the entire population. The survey period was extended by two weeks as DJS struggled to fill quotas amongst younger residents.
- 7.4 This survey used the same methodology as previous surveys conducted in 2010, 2013, 2016 and 2019, to ensure direct comparisons can be made and long-term trends identified. In addition to the core 'tracker' questions, some new topics were explored for the first time this year including:
- Covid-19 and how this has changed household waste and recycling habits
 - Levels of carbon literacy amongst local residents and awareness of the initiatives the councils are working on to reduce the carbon impact of their environmental services
 - Opinion of the online booking systems that have been introduced at three of the six local tip sites within the SLWP region.

7.5 Alongside the core telephone survey, an additional 350 face-to-face surveys were conducted with residents who live in the six Wards closest to the Beddington Lane site (where the SLWP's waste management and treatment activities are focused):

- Beddington
- Hackbridge (Sutton)
- Broad Green Ward (Croydon)
- West Thornton Ward (Croydon)
- Cricket Green Ward (Merton)
- Pollards Hill Ward (Merton)

7.6 The results from the triennial resident survey are currently being analysed by DJS Research. The findings from the survey will inform the Partnership's Joint Waste Strategy, Communications Strategy (2023-2025) and wider decision-making, service design and policy setting.

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BACKGROUND DOCUMENTS – LOCAL GOVERNMENT ACT 1972

Appendix 1 - Veolia Annual Performance Report