

THE OVERVIEW AND SCRUTINY COMMITTEE

10 December 2012

ENVIRONMENTAL SERVICES CONTRACTS ANNUAL REVIEW 2012

REPORT OF ASSISTANT DIRECTOR (HIGH QUALITY ENVIRONMENT)

Contact Officer: Robert Heathcock Tel No: 01962 848 476
rheathcock@winchester.gov.uk

RECENT REFERENCES:

None

EXECUTIVE SUMMARY:

This report provides an update for Members on the first year's experience of the depot services contractors which began on 1 October 2011. Following a lengthy joint procurement process in partnership with East Hampshire District Council, contracts were awarded to Biffa Municipal Ltd and English Landscapes Maintenance Ltd to run the refuse/recycling and street cleaning/grounds maintenance contracts respectively.

A report on this issue was also recently considered by the Joint Environmental Services Committee made up of Cabinet representatives from the City Council and East Hampshire District Council. A copy of that report is included as an Appendix to this report.

Both contractors and representatives of the Joint Client Team will be attending the Overview & Scrutiny Committee meeting to answer questions from members on the first year's performance.

RECOMMENDATIONS:

That The Overview and Scrutiny Committee:

- 1 Notes the contents of the JESC reports on performance in the first year of the two Environmental Services contracts.
- 2 Identifies any issues that it wishes to refer to Cabinet for consideration following consideration of the JESC reports and questioning of contractor and client representatives at the meeting.
- 3 Decides whether it wishes to continue to receive annual updates on the contract performance or implement alternative scrutiny arrangements.

THE OVERVIEW AND SCRUTINY COMMITTEE

10 December 2012

ENVIRONMENTAL SERVICES CONTRACTS ANNUAL REVIEW 2012

REPORT OF ASSISTANT DIRECTOR (HIGH QUALITY ENVIRONMENT)

1 Detail

- 1.1 This report provides an update for Members on the first year's experience of the two Environmental Services contracts which began on 1 October 2011. Following a lengthy joint procurement process in partnership with East Hampshire District Council, contracts were awarded to Biffa Municipal Ltd and English Landscapes Maintenance Ltd trading as The Landscape Group, to run the refuse/recycling and street cleaning/grounds maintenance contracts respectively. A further contract was let to Superclean Limited for the cleansing of public conveniences but as this is a small contract in comparison to the other two areas it is not included within this report.
- 1.2 The attached Appendix is a copy of the report considered by the Winchester City Council/East Hampshire District Council Joint Environmental Services Committee (JESC) on 28 November 2012 as part of their role to oversee the performance of the contracted services. It includes annual reports from both contractors and also the view of the East Hampshire Joint Client Team who act as clients for the contract as part of their role as Administrative Authority under the terms of an Inter Authority Agreement between both Councils.
- 1.3 The JESC took the opportunity at the meeting to question the contractors on their reports and specific areas of concerns regarding the contracts. The main issues discussed were:
 - a) The problems experienced by both contractors during the TUPE transfer of staff from the existing contractors and, in some cases, the skills gap identified once the process had been completed;
 - b) The need to ensure that all key performance indicators for the contractors should now be met following completion of 12 months of the contract;
 - c) The service improvement opportunities which will be presented by co-location of both contractors in the new depot with a shared IT platform and closer working;
 - d) The need to consider future contract developments including increasing of recycling levels;
 - e) The problems experienced over the summer with weather conditions which affected grass cutting and shrub bed maintenance activities;
 - f) The poor performance by The Landscape Group in providing adequate schedules and work planning documentation.
- 1.4 Both contractors and representatives of the Joint Client Team will be attending the Overview & Scrutiny Committee meeting to answer questions from Members on these and other issues. The information contained in the JESC

reports should help to identify areas requiring further explanation or clarification and it is suggested that Members use these for this purpose.

OTHER CONSIDERATIONS:

2 SUSTAINABLE COMMUNITY STRATEGY AND CHANGE PLANS (RELEVANCE TO):-

- 2.1 The delivery of the depot contracts services contributes towards the aims of the High quality Environment outcomes of the Community Strategy. The savings achieved during the procurement of the contracts also made a significant contribution to the efficiency and effectiveness of the City Council.

3 RESOURCE IMPLICATIONS:

- 3.1 There are no direct resource implications arising from this report. At the time the contracts were let, a contingency budget of £125,000 was created to allow for any contract variations required to address omissions or service improvements. To date, £65,000 of that budget has been used to deal with service omissions as described in the Client Team report. Some additional one-off resources have also recently been used to increase the client team capacity in order to resolve issues on the grounds maintenance contract. The contingency budget has been maintained for 2013/14 in order to fund any final variations which come to light after which any uncommitted expenditure will be offered back and the budget ceased for 2014 onwards.

4 RISK MANAGEMENT ISSUES

- 4.1 The main risk associated with performance on the contracted services is the potential loss of reputation of the City Council caused by poor contractor performance.
- 4.2 The other main risk areas concern the possibility of contract failure due to contractor going into administration or the partnership between the 2 Councils failing.
- 4.3 All of these risks have been properly evaluated and risk control measures have been put in place.

BACKGROUND DOCUMENTS:

None

APPENDICES:

1. Joint Environmental Services Committee report EXGK.30/12 dated 28 November 2012

NON-EXEMPT

**EAST HAMPSHIRE DISTRICT COUNCIL / WINCHESTER CITY
COUNCIL**

**EHDC & WCC Joint Environmental Services
Committee**

28 November 2012

**JOINT SERVICE CONTRACTS - ANNUAL REPORT YEAR 1
Client Team Manager**

EXGK.30/12

FOR INFORMATION

**Portfolio: Cllr Hilary Ayer (EHDC, Environment) and
Cllr Roger Huxstep (WCC, High Quality Environment)**

Key Decision: No

1.0 Purpose of Report

1.1 To inform the Joint Committee of the performance against the various joint service contracts during their first year of operation, to include the activity of the Joint Client Team in monitoring and managing this work.

2.0 Recommendation

That: The Joint Committee notes the contents of this report.

3.0 Summary

3.1 Report on the initial mobilisation phase of the three contracts, from the perspective of the Joint Client Team.

3.2 Report on the contractors' operational performance during the first year of the contracts.

3.3 Report on the monitoring activity of the Joint Client Team.

3.4 Report on the strategic position of each contract at the end of the first year.

3.5 Joint report from the contractors Biffa and The Landscapes Group.

4.0 Mobilisation of the Contracts

- 4.1 The mobilisation of the two major joint service contracts during the period October to December 2011 was a challenging period for the Joint Client Team, the two contractors Biffa & The Landscape Group and some of our residents across both council areas. The comparatively small public conveniences cleaning contract, operated by the contractor Superclean, mobilised relatively successfully during the same period
- 4.2 The Joint Client Team (JCT), spent most of its time during this period assisting Biffa in their waste service mobilisation and dealing with the residents who suffered missed collections. Having introduced new collection rounds, Biffa initially struggled to manage the output of their crews, who had to operate in an unfamiliar district. This led to high numbers of missed bins and incomplete rounds and precipitated an early JCT engagement with senior Biffa directors to manage the services through this initial phase.
- 4.3 When put into perspective, although at the time the levels of missed bins and customer complaints seemed very high, in fact, the scale of the change achieved actually out-weigh these negatives. It should be recognised that Biffa has managed to implement a very ambitious set of zone-based collection rounds that have delivered considerable financial savings for both councils.
- 4.4 Alongside this, the JCT were also engaging with The Landscape Group (TLG), to ensure that they mobilised the correct resources to carry out the considerable amount of Street Cleansing and Grounds Maintenance work in their contract.
- 4.5 Early issues facing the JCT were a number of services which had not been included as part of the contract and had to be urgently introduced. The cold weather gritting service required the formation of an associated “trigger” process as an ad-hoc works item. Other items, such as the emptying of WCC dog waste bins and litter clearance from the Winchester Cathedral grounds, also excluded from the contract, had to be retrospectively added.
- 4.6 Another area that did not meet expectations during the first few months of the new TLG contract concerned the emptying of the Winchester wheeled-bin litterbins. There are over 700 of these across the Winchester district, and as part of the TLG tender they had arranged that Biffa would empty them as part of their daily refuse collection rounds. Unfortunately with the challenges of the mobilisation of the AWC, glass & garden waste rounds Biffa were unable to deliver this part of the contract. Therefore the Client instructed TLG to make their own arrangements to empty these litterbins.

This has involved TLG operating their own refuse freighter to empty the bins on a weekly “milk round” basis.

- 4.7 During the initial mobilisation phase, which effectively lasted from October 2011 through to early in New Year 2012, the JCT staff responded positively to the challenges with managers and contract monitoring officers working closely with Biffa managers, crews and supervisors to identify and resolve collection problems.
- 4.8 Customer contact levels rose dramatically during the same period. The Winchester Customer Service Centre (CSC) received substantially higher call volumes than anticipated regarding missed waste collections through the newly established “Working Together” telephone number (0300 300 0013). The quantity of waste calls rose to a maximum of almost 1,900 calls on 20th October 2011 (against a baseline of just over 400 per day some 2 weeks earlier). During the initial 3 months of the new waste contract, the customer activity levels were as follows:

Week Commencing	Joint Waste Calls Offered
10 Oct 11	1,227
17 Oct 11	4,911
24 Oct 11	6,898
1 Nov 11	4,553
8 Nov 11	3,369
15 Nov 11	2,740 (estimate)
22 Nov 11	2,435
29 Nov 11	1,600 (estimate)
5 Dec 11	815

- 4.9 To cope with this influx a third party CSC company was commissioned during w/c 24th October 2011, with the direct waste calls diverted to them to answer and log onto the WCC website for action. A further team of staff working at WCC offices logged these website requests onto the Lagan contract system, from which cases were sent automatically to the contractors or contract monitoring officers for action as appropriate.
- 4.10 The use of the Confero external CSC proved to be successful diverting over 50% of Joint Waste away from the WCC CSC. The Confero telephone lines were turned off on 5th December 2011 when the WCC CSC resumed normal Joint Waste call-handling activity.
- 4.11 During the Biffa mobilisation phase the JCT incurred extra costs of £66,000 of which £46,000 has been paid by Biffa.

5.0 Contractor Performance - General

- 5.1 Both of the major service contracts which were signed in July 2012 contain a variety of performance targets and remedies that can be exercised if targets are not achieved.
- 5.2 For normal operational activity, where a service failure occurs the Client must issue the contractor with a Rectification Notice which details the failure and the necessary remedy. If this notice is not complied with, a Default Notice will be issued, together with a £75 charge. There is no charge attached to a Rectification Notice.
- 5.3 The Biffa and TLG contracts both contain Key Performance Indicators, which for Biffa take the form of the number of missed collections per 100,000 planned collections for each of the various waste services. For TLG the indicators are based on the number of rectifications and defaults issued in a month for each service.
- 5.4 If either contractor fails against their monthly Key Performance Indicators, then the failed service in question is subject to the contract Strategic Performance Framework. This framework governs overall performance and demands that the contractors deliver consistently good standards of work.
- 5.5 Any individual failure will attract a 5% payment deduction for the month and service in question. If more than one service fails then a deduction is made for each service. The contractor then has the ability to “earn” this deduction back, by delivering results for that service within the KPI target level for the next 3 consecutive months. If they fail to do that, the Client retains the original 5% deduction. This second failure will also trigger another 5% deduction, which again the contractor will need to perform adequately against for a further 3 months and so on.
- 5.6 Both contracts allowed for a six month ‘honeymoon’ period to allow services to ‘settle in’ and meet expected standards. During this period the remedies described above do not apply.

6.0 Contractor Performance – Biffa

- 6.1 During the first 6 months of the Biffa contract, the number of missed collections were higher than expected and were subject to a joint daily examination by the Client and Contractor managers.
- 6.2 During the first month of the new Biffa waste collection rounds, missed bin cases per day peaked at 607 for 1st November 2011, whilst the cumulative number of outstanding missed bins still to be returned to and collected was around 3,000. Initially the Client managers set Biffa some interim

targets, mainly to reduce the number of long outstanding missed collections and to avoid any missed refuse and clinical waste bins.

- 6.3 Beyond the New Year, Biffa were set a further target of reducing the number of new missed bins to below 50 per day, which they achieved by end of January 2012.
- 6.4 To put these levels of performance into perspective, the tendered monthly performance targets within the contract are as follows:

Monthly Target
(missed collections/100,000)

AWC (Refuse & Recycling)	19
Garden Waste	25
Kerbside Glass	19
Glass Bring Sites overflowing	15 (not per 100,000)
Trade Waste (WCC)	5
Clinical Waste	2 (not per 100,000)

- 6.5 The daily levels of missed bins in April 2012 were still well above that necessary to satisfy the monthly targets in the contract. In May 2012 the JESC approved an “interim” set of stepped targets that allowed Biffa until September 2012 to reach the levels shown in paragraph 6.4 above, as follows:

	No of Collection Days per Month	Missed Bins / 100,000	Missed Bins / 100,000	Missed Bins / 100,000	Missed Collections	Missed Collections	Missed Collections	Contamination Target 5%
		AWC	GW	Glass	Clinical	Trade	Bring site	Contamination
May	23	47	133	77	2	5	15	4%
June	21	49	131	62	2	5	15	4%
July	22	41	87	22	2	5	15	4%
Aug	22	24	49	31	2	5	15	4%
Sept	21	19	25	19	2	5	15	4%

- 6.6 After this further period of ‘settling in’ the JESC anticipated that normal contract requirements would apply and therefore Biffa has been advised that the performance in October does not meet the anticipated standard and have been issued a failure against the Strategic Performance Framework for that month for the AWC, Green Waste, Kerbside Glass and Clinical services, as follows:

October 2012	Target	Biffa Performance
AWC	19/100k	41/100k
Garden Waste	25/100k	63/100k
Kerbside Glass	19/100k	58/100k
Clinical Waste	2 missed collections	12 missed

This failure will carry with it a deduction of 5% of the monthly payment due for these services in accordance with the contract and as described in para 5.5 above.

6.7 Since the commencement of the contract, Biffa has also been issued with 48 separate default notices for individual service failures, for which a total of £3,600 has been deducted from their contract payments.

7.0 **Contractor Performance – The Landscape Group**

7.1 The performance of TLG contract has also been variable across both council areas in the first year.

7.2 The out-going WCC contractor, Serco Ltd, was unable to complete a lot of the contracted grounds maintenance work before their contract ended, which left the JCT with a complex list of outstanding works requiring attention. Some of this work was passed to TLG to do, whilst a Serco sub-contractor remedied other areas. This situation provided an unwanted complication to both TLG and the JCT during the early weeks of mobilisation.

7.3 Whilst there have been very few problems with the TLG contract in the EHDC area this year, this has not been the case in the WCC area. From a Client perspective, TLG seem to have under-estimated the amount and complexity of work in the numerous high-profile service areas, such as the housing sites and city centre car parks, and it is from these areas that the highest levels of customer and client complaints have arisen. The early omissions in the contract specification and the outstanding Serco work also contributed to the problems within the WCC area.

7.5 As experienced elsewhere nationally, the weather has had a significant impact upon TLG during the year, with record levels of rainfall making numerous areas water-logged and effectively “out-of-bounds”. As a result of the weather, the grass cutting programme became delayed, and fell behind by over 2 weeks at one stage. Intermittent fair weather then caused the better draining grass areas to grow quickly, and this left large areas of the Winchester area looking badly maintained. The JCT agreed a revised verge-cutting programme with TLG that deployed EHDC crews into the WCC area to catch-up. TLG had not managed to recover their

overall position by the end of October, and as a result, the JCT ordered the cancellation of the 9th cut of the year for highway verges and ordinary open spaces only to enable TLG to focus on catching up on other work.

- 7.6 At the outset of the mobilisation of both contracts the decision was taken in light of the impact missed collections was having on our residents that the JCT attention would be focussed on the monitoring of the Biffa contract. However, it has become apparent that TLG are also failing to meet the requirements of the contract and in October 2012 the following KPIs were not met:

October 2012	Target	TLG Performance
Litter/Dog Waste Bins Emptying	> 5	8

For this, the JCT has issued TLG with a Strategic Performance Failure, and a 5% deduction of their monthly payment for the service will be made and as described in para 5.5 above.

- 7.7 During the first year of the contract, TLG have also been issued with 22 separate default notices, which equates to a financial deduction of £1,650.

8.0 Contractor Performance – Superclean

- 8.1 Service quality issues with the Superclean contract have emerged during the year, but have improved recently, following intervention from JCT monitoring officers and managers. Again, the main problems have been in the Winchester district, with lack of immediate contractor management and supervision being the main reason for the failures.

- 8.3 During the first year a total of 7 separate default notices have been raised, which has led to a financial deduction of £525.

9.0 Joint Client Team – Activity

- 9.1 The Joint Client Team came into effect on 1 April 2011 and included staff from both Councils working to a single Client Team Manager and two Contract Managers based in the two council offices.

- 9.2 To support the mobilisation of the contracts the Client Team Manager was supported during the first 6 months by extra resources retained to assist with the mobilisation of the contracts (2FTE), and ongoing support from other staff in both Councils (project management; HR; finance; legal; communications). The mobilisation of the contracts and the JCT was

overseen by a Project Board consisting of senior officers from both Councils meeting initially fortnightly reducing to monthly.

- 9.3 The creation of the shared team across two Councils based on two sites in the two council areas has been challenging. As well as responding to the challenges of the mobilisation of the three contracts, the JCT has encountered IT, process, communication and cultural issues. Staff turnover in the team during the year has posed further challenges.
- 9.4 Despite the challenges during the last 12 months, staff in the JCT responded positively during the mobilisation of the contracts. During this time individual staff in the team have also needed to familiarise themselves with new areas, new methods, the detail of the new contracts and establish working relationships with the various WCC client officers, and their budgets, which exist outside of the JCT.
- 9.5 During the first year, the JCT have carried out formal operational contract meetings every month with both Biffa and TLG. These are fully minuted meetings, with action points taken away by named officers. Detailed operational matters, including health & safety, are discussed, as well as contract KPI performance. The meetings are operating well, with input coming from both sides, and are supported by smaller ad-hoc “task & finish” meetings on very specific or local issues.
- 9.6 At its meeting in July 2012 the JESC agreed a Waste and Resources Action Plan for the period 2012 -2015 which will inform the project work of the JCT over the next three years.

10.0 **Strategic Position**

- 10.1 There have been a number of Director-level meetings, both jointly and singularly, between the Client and the two main contractors in the first year. Both Biffa and TLG recently attended separate “first anniversary” strategic meetings with the Client.
- 10.2 The subject matter in these meetings has inevitably focused on operational performance, and current discussions are focussed on the Winchester Trade Waste Contract and TLG Action Plan
- 10.3 It is planned to move the strategic focus onto service development during the next quarterly set of meetings.

11.0 **Biffa and The Landscapes Group – Annual Contractor Reports**

11.1 The annual reports from Biffa and The Landscape Group are attached to this report as Appendices A and B respectively, and represent their reflections on the first year of the two joint contracts.

Appendices:

13.2 Appendix A – Biffa Annual Report
Appendix B – The Landscape Group Annual Report

Background Papers: none

Contact Officer: Brian Turner
Job Title: Joint Environment Services Client Team Manager
Telephone: 01730 234283
E-Mail: brian.turner@easthants.gov.uk



East Hampshire District Council and Winchester City Council Grounds Maintenance and Street Care Contract

Year one report to the Joint Environmental Services Committee and recommendations for the first Annual Service Improvement Plan

Executive Summary

1. Mobilisation experience

1.1 Contractor Report

The contract commenced on 1 October 2011, that being a Saturday, a limited weekend service on cleansing had been arranged in advance. The majority of the contract mobilised on Monday 3 October 2011. The principle issues encountered are outlined below. In spite of these, the mobilisation was successful and the staff transferred smoothly from the outgoing contractor.

Very quickly following mobilisation tender level resources were in place and this was demonstrated to the JCT.

TUPE

Information from the outgoing contractor was seemingly deliberately obtuse with respect to upon which service the individual employees predominantly worked.

This took a considerable management effort to un-ravel between Biffa and TLG at a time when that relationship was itself in its infancy.

Once the workforce was in place we conducted our normal skills gap analysis; we were to say the least somewhat surprised by the shortage of skills within the transferring workforce. This legacy remains and “up-skilling” of the workforce is a priority for the coming year.

The final act by the outgoing contractor was that after the contract had mobilised and he had transferred, they quite bizarrely re-recruited the transferring contract manager.

Contract Data

In common with many services where the arrangements have not changed for many years the contract data for Winchester was poor. In spite of the very best efforts of the client team it was only in the closing stages of the first year that drawings and GIS data that reflected the tender quantities were made available. It should be recognised that this was related primarily to the magnitude of the task rather than any lack of will on the part of the client team to make it happen.

In the absence of such data contract management are reliant upon historical knowledge of the transferring workforce as to the maintenance requirements, this being far from ideal.

A significant contributor to service delivery in year one has been the lack of a data driven works programme. The lack of contract data however cannot be singled out as the only cause of this, indeed it is a classic cause and effect situation. For a number of reasons the IT solution was not able to be implemented in any event so the lack of contract data cannot be said to be the cause. However, if TLG/Biffa had, collectively, been able to implement their proposed IT solution then there would have been no accurate data with which to populate it.

The late provision of data and the issues encountered later in the growing season has meant that the customary verification of quantities in the contract comparing GIS, Bills of Quantities and actual measures on the ground has not yet taken place. This remains, quite literally therefore, an unknown quantity with respect to planning the necessary resources for next year.

Dilapidations

Prior to mobilisation it was indicated by the client that there were a substantial number of green assets that were in a dilapidated state (that is not maintained to the contract specification.)

These assets comprised mainly shrub beds and hedges.

TLG were instructed not to maintain these assets and that a list would be issued and instructions given for the necessary remedial works for which a budget had been set aside. In the event, this list was never issued and only about 20% of the expected remedial works were ever

instructed. This had the consequence that a significant number of shrub beds were not pruned at the outset of the contract. There remains today a level of doubt as to the magnitude of the legacy issues on shrubs and hedges and this is a point of difference between contract management and the client. However this is a moot point as the systematic programme of shrub and hedge maintenance agreed between TLG and the client for this winter will identify them once and for all.

Depot

At the time of tender the working assumption of both contractors was that the purpose built Barfield Close Depot would be available for occupation at the outset of the contract, this turned out not to be the case. The accommodation arrangements have not been ideal, however it is not believed this has affected the ability of TLG to physically deliver the contract. There were however consequential decisions made such as those affecting IT provision and the interaction of TLG and Biffa staff that, with the benefit of hindsight have had a detrimental effect.

1.2 Conclusions

The contract mobilised successfully with a number of challenges (internal and external) overcome.

There remain a number of legacy issues that the Service Improvement Plan will address once and for all.

1.3 Recommendations and issues for Service Improvement Plan

Residual issues with dilapidated shrub beds to be logged and dealt with by Client and TLG teams such that this issue is dead and buried by 31 March 2012.

Careful combined project management (TLG and Biffa) for depot move is required to ensure proper common IT platform is achieved.

A joint programme of verification of asset quantities compared to the BoQ is required to be based on a statistical sampling technique.

A programme of skills training to be agreed and implemented during year two with particular emphasis on sports and fine turf management.

2. Challenges and first year performance

2.1 Contractor Report

2.1.1 Structural Challenges

We have over the first year of the contract faced some significant structural issues both internally and with the functionality of the client. Some of these issues have been resolved whilst others remain a work in progress.

Workforce integration/rationalisation

There were and in some instances there remain cultural issues between the two legacy workforces particularly with respect to the way in which the contract was structured, the way in which the work was done and the reduction in specification. With the benefit of hindsight these issues turned out to be more of a challenge than envisaged at the outset. There was a distinct resistance to change amongst the transferring workforce. The resolution of these problems made more difficult by the requirement to conduct a compulsory redundancy process which was not envisaged from the TUPE data provided at the time of our tender.

Difficulties with client perception as to what the contract can deliver.

The two authorities previously had differing standards and differing ways of working with their contractor. The Winchester specification, albeit rarely delivered was of significantly higher standard than that tendered for this time around. This was one reason why the authority's costs were reduced significantly.

An evolving client function alongside evolving local management and relationship with Biffa.

During the first months of the contract, there was no effective purchase order system in place. As a consequence, non-core works could not be procured from TLG by the councils and additional works from the various departments upon which in part our tender price was supported were lost, some permanently.

The contract is structured such that there is one authorised Joint Client Team and one authorised officer with the authority to make the important decisions and manage the contract. Whilst the relationship with the authorised officer is good and is at all times business like, we do not believe that he has adequate autonomy and authority within the current client structure to ensure that issues are dealt with on a timely basis.

It is also important that all monitoring activities to which the KPIs relate is only carried out by the client monitoring team. As the chart in section 4 shows, issue of large numbers of blanket rectifications dozens at a time for each individual shrub bed and, hedge or plot by officers in the various departments has the potential to render the performance management arrangements in the contract un-enforceable.

2.1.2 Grounds Maintenance Challenges and Performance

The challenges faced with respect to the performance of the grounds maintenance service this year were considerable. Any one of these challenges in isolation would in itself have required considerable management input to overcome. Combined together they constituted what turned out to be just one challenge too many for contract management, client officers. With respect to the performance of the service in its entirety the service delivered on this contract is yet to achieve the normal and demonstrable standards of The Landscape Group. In short what we faced was:

The worst summer weather for grounds maintenance, in particular grass cutting since records began (a once in 100 year event)

A new contract with a new specification and a transferring workforce set in their ways

A lack of contract data combined with a completely new contract management team with no experience in Winchester

Shrub beds that had not been mulched and in an unknown number of instances unmaintained for some years.

The environmental difficulties experienced this past growing season are well documented and have been widely reported in the media. They were of course not restricted to Winchester and Hants and were experienced in many, if not all, local authorities in England and Wales.

The conditions we have experienced this season are unprecedented in my experience, which amounts to over thirty years in the UK horticulture industry. The Met Office statistics concerning the conditions experienced this season demonstrate why this is so. The events of the summer represent an event that is predicted to happen less than once in every one hundred years.

Period	Statistics
April	Rainfall was 275% of the April norm. Total rainfall was 121 mm a one hundred year record . This included two once in five year events in consecutive weeks. The odds of this occurring are 62,500 to 1.
1 st May -20 th May	Rainfall was 168% of norm
20 th – May to 30 th May	The longest “warm spell” (<i>defined as temperature continuously over the seasonal norm</i>) in May since 1992.
1 June to 14 th June	Rainfall at 195% of the norm Zero dry days
15 th June – 30 th June	70 mm of rainfall in 12 hours. Just short of a once in 50 year event in its own right. Total Rainfall in June was in excess of 220% of the norm, making it the wettest 2 nd quarter since records began
July	Rainfall was recorded as 151% of the norm for the month
18 th August	62mm of rain recorded in 24 hrs in the SouthWest another record

Source: Met Office News Blog

The environmental conditions were this year perfect for grass growth. The effect on productivity in these circumstances is dramatic. Grass grows longer between cuts, such that when cutting takes place is takes, in some instances up to 30% longer. (The quality of the cut is also greatly diminished with large clumps of grass getting left behind and areas that are merely flattened as opposed to cut). This reduction in productivity obviously slows down the progress of the cut and therefore the interval between cuts increase. In the meantime the grass grows even longer and so on and so forth.

The effect of a prolonged period of wet and abnormally warm weather early in the season is exacerbated at Winchester and East Hants by two factors:

The very low grass cutting frequency at 9 times per season

This is in my view inadequate. It is more common for a frequency of 12-14 per season to be applied which means that in the early part of the season the grass is getting cut every two weeks. The 4 week cycle means that when an abnormally prolonged period of wet weather begins the grass in the city/district is already long. In the previous EHDC

contract, frequency was stepped up during the early part of the season making for 12 cuts in total had we been geared up for this then at the outset of the prolonged period of bad weather the grass would have been a lot shorter and problems that the weather threw at us would have significantly diminished.

It was the first year of a new contract

Setting out of resources for year one is always accompanied by an element of trial and error. In this case this was made doubly difficult by the absence of contract data and our consequent inability to verify quantities.

Whilst the nature of the issue was common to all boroughs and all contractors, TLG's reaction to it at Winchester and East Hants appears to have been somewhat less conventional. In all other contracts, TLG has worked together with clients as difficulties started to arise to manage expectations to inform members and their constituents (sometimes by way of press releases) that the grass would be longer than usual, the standard of cutting lower and to re-assure the public that everything that could be done was being done.

This does not appear to have been the case at Winchester and East Hants. The approach taken by contract management was to in effect throw all the available resources onto grass cutting and attempt to keep the problem largely "in house".

With the benefit of hindsight this was in my opinion an incorrect strategy.

The result of this strategy was three-fold:

The grass cutting in the season was managed successfully under the circumstances and it did not become a big issue for members of the public and their elected members

The costs incurred by TLG during the period April-October were significantly greater than budget

The "success" on the grass cutting came at the expense of other areas, in particular summer shrub bed maintenance activities

Management attention was focussed on the here and now of grass cutting as opposed to the strategic development of the contract and in development of client relationships.

With respect to the shrub beds and hedges, it is clear that the spring/summer maintenance was inadequate and contract management's strategy was partially responsible for this for which the company takes responsibility and has already proposed, and the authorities accepted, suitable financial recompense.

There were however other contributing factors.

The main issue during the summer period is the prevention and amelioration of weed growth.

Contrary to an understandable perception, The Landscape Group is not contracted to carry out significant pruning activities during the summer. Pruning activities during this period being restricted to specific horticultural requirements (e.g. the dead heading of rose beds) and for prevention or amelioration of safety and access issues.

The specification states:

16.4 (c) Remove completely one or two old stems, cut back younger flowering shoots to fresh growth on the main branches. Thin out crowded shoots and remove weak twigs. **Pruning to be carried out between November and March.** (Our emphasis)

There is also a table in the specification which indicates the recommended timing of pruning by species.

Until relatively recently weed growth in shrub beds would have been controlled by application of pre-emergent herbicide. However, EU approval for this product was withdrawn in 2009. Weed prevention in this contract according to the specification is to be achieved by the application and topping up thereof of mulch (bark, green compost or other material) to be supplied by the client, thus requiring the contractor to "spot treat" weeds as they emerge on the visits to shrub beds.

For a number of reasons, again perhaps with their root cause in the necessary evolution of the client function, mulching material was not provided. In the first instance this delayed the shrub bed visits; we were waiting for the mulch to be provided and then of course later in the season the resource that would have been weeding shrub beds was diverted to grass cutting.

The issue was understood by client and TLG during the season and it was decided that the councils would procure TLG to apply a systemic herbicide treatment to all shrub beds. This however requires a period of dry weather in which to achieve this and in the event it was not possible.

These issues concerning shrub beds and hedges in the summer and at the time of mobilisation (described in section 1) are of direct relevance to the consideration of current performance and its perception. (Section 4)

2.1.3 Cleansing Challenges and Performance in particular work data and scheduling

The Landscape Group has performed the cleansing function with a relatively low level of complaints. Notwithstanding that, our objective is to receive no complaints.

The main criticisms from JCT team members concern:

A shortfall in proper works planning in particular co-ordination of activities such as footpath sweeping undertaken at same time as road sweeping

Recording of work done and follow up and communication where work cannot be done.

Issues with our ability to service the 240 litre wheelie bins.

TLG recognises that it can do much better in these areas in year two.

It is a justifiable criticism of The Landscape Group's operations in year one that the work has been not sufficiently well programmed. This is particularly so with respect to the co-ordination of litter and sweeping operations and in respect of the shrub bed visits. This is a major priority for the coming year, although to an extent is dependent upon delivery of the new depot and the establishment of the associated common IT platform with Biffa.

The factors identified that have contributed to a lack of progress on works programming thus far are:

Neither TLG, Biffa or the Depot were ready in time for the busy season. The proposal in our tender submission was and remains an integrated programme on the Biffa springboard system. Issues with the depot and Biffa's own mobilisation issues meant that the common IT platform for the two partners could not be established. The decision was made to establish separate IT arrangements until the new depot was available. Whilst, appropriate in the interests of expediency at the time, it was with hindsight probably the wrong decision.

Management attention during the year has been focussed on operational issues

More central (TLG) support for local management in establishing the works programme is required

A fully functioning programming model is developed around the data set that describes the assets and the works required. This data set was not available until very recently and remains un-verified.

The issue of the 240l bins has its roots in a misunderstanding between TLG and Biffa at the time of tender. The two partners have agreed to work together to resolve this in short order.

2.1.4 Financial Performance

The Landscape Group has committed substantial resources to the contract during the first year of the contract. These include additional machinery labour and management and supervision over and above the commitment in the tender submission.

The contract has made a loss overall of £117,282 in the first 12 months of operation. There are always additional start-up costs on a contract of this nature and therefore we would realistically normally expect a break even performance in the first full year.

**P&L
Winchester
GMWNCH01**

Period	12 months to 31/09/12
Month:	

Sales	£2,026,825
Labour	£1,257,356
Subcontracting	£37,063
Materials	£18,037
Plant	£676,979
Overheads	£93,868

Total Costs at Contract	£2,083,302
Central Overheads	£60,805
Profit/Loss	-£117,282
Margin %	-5.8%

In addition The Landscape Group has invested £352,868 of fixed capital on machinery and equipment (as opposed to £297,472 for equipment that we committed to in our bid)

This reflects the commitment of The Landscape Group to make this contract a success and goes way beyond its reasonable endeavours obligations its contract requires.

2.2 Conclusions

The first year of the contract has been extremely challenging. It would have been in any event due to the ambitious nature of the procurement had it not been for the adverse weather conditions.

TLG recognises where its actions and decisions could have improved things and is committed to the service improvement plan.

The assessment of current performance issues (discussed in section 4) is largely influenced by the legacy of the issues described in this section.

2.3 Recommendations

Transfer responsibility for procurement of mulch to TLG to ensure complete transparency of responsibility for weed suppression in shrub beds

***Consider an increase in amenity grass cuts to 12
Improved communications flexible operational plan
IT platform (depot)***

Works programme (temporary solution required if not on Springboard)

3. Notable Successes

There have been significant and performance pressures for both service delivery partners and both councils in the first season.

This procurement was and remains a ground breaking one in that it entailed not only the horizontal integration of two authorities but also the vertical integration of services and the bringing together of two service delivery partners.

When this is taken into account and then superimposed upon the legacy cultural issues surrounding the transferring workforce and the worst climatic conditions ever encountered it is not unreasonable to conclude that the performance of **the individuals concerned on both sides has been excellent.**

The councils have saved in the region of £700,000 compared to the previous arrangements.

Grass cutting was largely maintained throughout a very difficult season.

The contract was mobilised well with immediate implementation of service items inadvertently omitted from the specification, e.g. dog bin maintenance and winter gritting.

Grass cutting maintained

Additional service delivered during various events such as hat fair, the Olympic Torch Relay.

The relationship with Biffa has been formed and is strengthening both on local and national level and this will yield service and cost improvements in the second year.

4. Current performance

1.1 Contractor Report

Both the actual and perceived performance on grounds maintenance in September and October surrounds largely shrub beds and hedges. The legacy from: excess shrub growth at the outset, a lack of any weed growth control measures at all and TLG's inability to keep on top of maintenance visits during the summer has meant that many of the features outside of the high profile areas are not up to the required standard. .

The Joint Client Team and the one [client] started to monitor the condition of shrub beds in September with the following numbers of rectifications issued.

	Shrubs and Hedges Rectifications		Other GM and Cleansing Rectifications	
	Issued by JCT	Issued by Housing client	Issued by JCT	Issued by Housing client
September	21	27	14	1
October	12	88	4	12

The reality is that maintenance on shrubs and hedges for all of the reasons described above including a combination of short falls in TLG performance, decisions by the client and the unique conditions over the summer is in catch up mode. Summer shrub bed maintenance is in catch up mode can't be achieved overnight and there are over one thousand individual plots.

The following recovery plan has been agreed between the parties:

Final grass cut not required as colder weather now plus poor conditions means that we would be doing "more harm than good"

TLG will give a credit for the final grass cut with the money saved being used to attend to residual dilapidated shrubs and hedges

A systematic programme of shrub bed refurbishment has been agreed and is under way. This will be completed by 31 March. This will comprise:

- Removal of weeds
- Re-mulching of beds with mulch supplied by WCC
- Pruning of this year's growth
- Re-instatement of dilapidated assets as directed by JCT
- Agreement of standards on the ground with JCT members as we go

At the end of this period all assets will either be to the required standard or recorded by both parties as a different standard being required.

On cleansing activities it is recognised by TLG that in the absence of our works programme we need to be more systematic in terms of co-ordinating activities and also in providing fed back to the client in terms of work done and, more importantly recording those occurrences where it cannot be done,

1.2 Conclusions

The vast majority of current performance issues have their roots in the summer period.

The agreed action plan on shrubs will deliver both the real and perceived improvement required.

Better planning will give stakeholders more comfort on cleansing.

1.3 Recommendations for Service Improvement Plan

- Implement agree shrub and hedge recovery plan
- Programmed weed control and maintenance visits during the summer (resource to be “ring fenced” and not diverted to seemingly more urgent grass cutting)
- Produce cleansing schedule and introduce sweeper driver log books

5. Lessons learned

If you are going to be “bleeding edge”, (vertical and horizontal integration, working with a partner and an evolving client function) try not to do it in the wettest summer on record. (TLG)

9 cuts is simply too infrequent in Winchester in a wet summer (Client)

Much work to be done on client communications and relationship building (TLG)

The contract is more than grass cutting, resources for other horticultural task need to be ring fence for those activities.

As the contract came under pressure weaknesses with respect to the people skills of local management were highlighted. Client and TLG senior management agree that this be effect rather than cause and have agreed to monitor performance closely over the coming months.

6. Issues still to be resolved

Careful monitoring of shrub and hedge programme over the winter.

Client to ensure steady and timely supply of mulch material throughout the recovery programme

Verification of contract measurements in BoQ

Enhanced skills training for sports operatives

Clear limits of authority of JCT and authorised officer

Joint TLG/Client training – joint understanding on what is required under the contract, compared to “how it used to be”

7. Future steps/developments

Working with Biffa

- Spring board

- New depot

- Co-ordinated admin and LAGAN system

- More integrated operations

East Hampshire District Council and Winchester City Council Refuse, Recycling and Clinical Collection contract.

Year one report to the Joint Environmental Services Committee plus recommendations for year two improvements.

Contents

1. Key Contract Information.
2. Mobilisation and year 1 review.
3. Zonal Approach
4. Year 1 Successes
5. Ongoing opportunities and challenges.
6. KPI Missed bins targets
7. The Year ahead – Continuous Improvement.

1. Key Contract Information

The contract period is 3rd October 2011 – 20th September 2019 with a potential 8 year extension period.

The two Councils came together to realise considerable savings on a jointly procured and awarded integrated contract for both collections, which was awarded to Biffa, plus Grounds Maintenance and Street Cleansing which was awarded to our partner The Landscape Group. This approach realised savings of £700k on the contract.

Services undertaken:

- AWC Refuse and Recycling
- Greenwaste – Fortnightly service (Chargeable in East Hants and Free to all in Winchester).
- Kerbside Glass – 4 weekly service – East Hants only.
- Bringsite Glass – Winchester 1100, East Hants Titan Banks.
- Clinical Waste – weekly.
- Bulky Waste collections.
- Commercial Waste collections.

The Joint Contract Staff is currently at 99, this figure includes an 8 person management team. This figure is higher than expected due to the individuality of the two districts and the lack of knowledge which transferred over.

Collections run out of two depots, the main one being in Bar End Road Winchester and a satellite depot for a few vehicles in Petersfield. For operational reasons we also have one vehicle which operates out of the Portsmouth depot (due mainly due to the home addresses of some staff).

2. Mobilisation and year 1 review.

The collections began on the 3rd October 2011 and the initial issues are outlined as follows:

TUPE

One of the outgoing contractors were very co-operative and did everything that they could to make sure that both us and the staff were fully informed of the process all the way through. Unfortunately the other was not the same, any information was particularly hard to get hold of and this was usually the result of some considerable haranguing on our behalf. The information that was received was not always clear or complete and had to be checked very closely every step of the way.

Both Biffa and TLG had to spend a considerable time deciphering what had been sent through at a time that we had only just starting working together.

The staff were fully inducted prior to the start of the contract on a full training day, arranged by Biffa, at which they were given an overview of the changes, Biffa's procedures on Health and Safety, manual handling etc. They were also fully inducted and trained on the new vehicles they would be working with by the manufacturers. There was an excellent attendance for this event and almost all of the staff were fully trained on day 1.

The supervision of the contract was hindered by the fact that two of the supervisors due to transfer went off with stress related illnesses at the outset and it was several weeks/months before they returned. This resulted in a distinct lack of replaceable knowledge being withdrawn on day 1. Added to this the incumbent managers all decided that they would not be transferring for one reason or another which resulted in a lack of cohesion as we all got to know each other.

Contract Data

At the outset there was a distinct lack of accurate information from the GIS system and ongoing uncertainty as to the exact number of properties we would be servicing. There were an extra 1887 properties agreed in year one although we are expected to deliver calendars to over 4000 more properties that we are supposed to be collecting from. Discussions regarding this are ongoing and the information received is improving all of the time. In a way this was not as serious a problem as it could have been as the proposed Biffa/TLG IT solution was not available at the outset, if it had been it would have been impossible to populate it as the information was not correct.

This did not really come to prevalence until the time that we were experiencing high levels of misses, there were properties that were being regularly missed that did not appear on our systems, this took some time to resolve.

Depot

When the contract was awarded both Biffa and TLG were assuming that the purpose built Barfield Close depot would be available from the start of the contract and whilst this did not cause any immediate problems due to the nature of the depot provided there have been issues throughout the year regarding IT, telecoms and general accommodation. These have been overcome and whilst they did not have any apparent detrimental effect on the service provision they were things that both contractors would have preferred not to have been dealing with at a time when we were already stretched. To move into the depot at least 18 months after contract start was never the Council's intention and this has caused additional expenditure and operational difficulties as mentioned above.

Missed Bins

The contract started with a two week hiatus on the service changes, in hindsight this may have been a mistake as a very high number of agency staff were required to carry out the existing services which will always cause problems. Once the services did change we did experience a general lack of transferable knowledge between the staff, crews we would have normally expected to know the district only seemed to know their specific rounds and as we were changing these the collections were very slow as a result. The knock on effect was that the misses spiralled and work could not be completed on a daily basis. Throughout this time Biffa were making as many resources as possible available and bought in staff/supervisors from many other contracts around the country to assist. We also bought in vehicles and crews in for two weekends where we re-traced the rounds picking up anything presented. This was a considerable cost to the company and did require a very high level of supervision.

Whilst Biffa do accept some of the responsibility for these problems, they were not assisted by the fact that, there are 24 different calendars within the combined

district and over 100,000 day changes all of which contributed towards considerable resident and staff confusion.

A further complication was the fact that the two district had opposite coloured bins for refuse and recycling, not an obvious issue but bearing in mind the crews all changed and were asked to work outside of their normal area it did cause issues around recognition.

Throughout the mobilisation period Biffa had asserted that there would be a considerable increase in calls to the client and whilst they did allow for some increase we feel this was underestimated. Call centre training and clearer understanding of the service changes would certainly have assisted in minimising repeat callers of which there were numerous.

Conclusion.

Whilst there were well documented and discussed issues at the start of the contract by the end of year one the collections were being carried out very much in line with the tendered model and the KPI figures are very close to being achieved.

3. Zonal Approach

In order to increase efficiency of collections and to utilise both depots available it was decided that the rounds would be created in zones to ensure that the crews were working in the same areas and would be able to re-visit the previous days missed collections without incurring too much travelling. This has worked well elsewhere and will result in more efficient collections once all of the rounds are operating correctly.

The map below shows the zones that we have divided the combined area into.

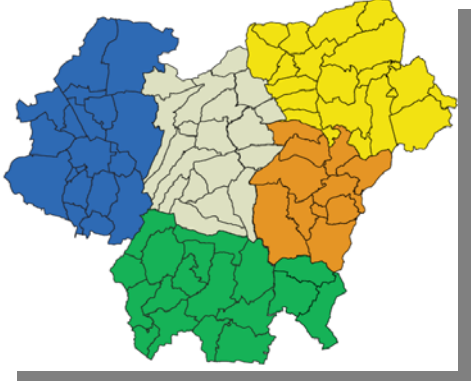
Zone 1 – Monday (Yellow)

Zone 2 – Tuesday (Orange)

Zone 3 – Wednesday (Green) crosses boroughs

Zone 4 – Thursday (Blue)

Zone 5 – Friday (Grey)



4. Year One Successes

We managed to change the collection days of 100,354 properties across two districts whilst still keeping the East Hampshire Green Waste and Glass collections in line with the AWC collections across 5 zones (as detailed above).

We have achieved the full integration of existing staff into Biffa and the recruitment of permanent staff to fill positions that were being filled by agency. This results in a much more stable and reliable workforce.

We have instigated a 'Hot Spot' monitoring system to reduce the amount of repeated missed collections. This has reduced from a peak of 234 to around 60 and is reducing on a weekly basis.

We are providing a service which delivers 99.95 % right first time collections.

Biffa demonstrated during a very difficult mobilisation phase an absolute unstinting commitment to resolving the issues, no matter how or why they arose. The local team and management, supported by other colleagues, worked tirelessly to put things right when it may have been easier to point the finger of blame or walk away. This stands the contract in good stead for future challenges and demonstrates the long term view that Biffa takes in managing municipal contracts.

5. Ongoing Opportunities and Challenges.

Refuse crews currently tipping 3 times a day. This situation is not being helped by the County contractors reluctance to allow us to tip at the nearest available site, this is resulting in very high mileages and lost time during the day. There are negotiations ongoing with Veolia and the client to resolve this situation and hopefully by the end of the current year this can be resolved, resulting in a much more efficient service.

When we do get to the designated tips the turn-round can be very slow, all of which has an impact on the service and the staff concerned, again discussions ongoing to resolve.

We are continuing to reduce missed bins and it is clear that they are falling at the CCS as well as on the contract. Many misses can be quite easily proven to be incorrect and now that the levels have dropped to a manageable level these are being identified much more easily. These incorrect records are discussed at the monthly operations meetings with a view to improving the numbers and having much more accurate data available for the KPI recording.

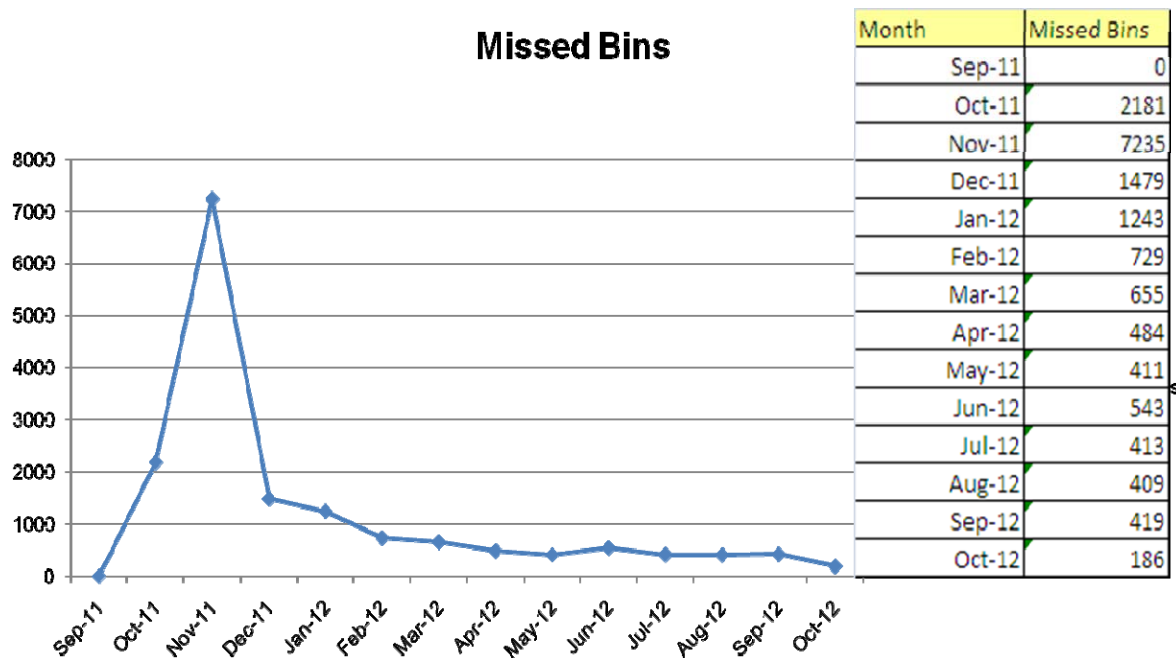
Bulky collections are ahead of expected levels by almost 75%. This is putting a strain on the service but we are still achieving the targets.

Potential Green Waste club in East Hants and or Winchester, kerbside glass collections in Winchester and the possibility of encouraging residents away from using the communal collection banks and transferring over to the aforementioned kerbside glass collection.

Investigating the possibility of moving over the East Hants Titan bins to 770 lt or 1100 lt bins so that one vehicle could be used for both, discussions ongoing with client.

6. KPI Targets

We are getting close to achieving the KPI figures. However, we continue to have ongoing dialogue surrounding the definitions although it is now agreed by both sides that they are at a level which is not negatively impacting on the contract.



We have had to manage 11 long term sick that we inherited from both the previous contractors who have never actually worked for us. This is now down to 2 and these will be resolved over the next couple of months. We have managed to get some of these back to work but some unfortunately have decided that they could not return to work and have been terminated on medical grounds.

7. The Year ahead – Continuous Improvement

Work on the new Depot begins in November 2012 and we should be taking possession the middle of 2013. This will also enable us to resolve the IT issues and make sure that both TLG and Biffa are using the same systems out on the streets.

Biffa have employed an extra administrator and Supervisor to make sure that we continue with the excellent work already carried out regarding the notifications received from the client and drive the trending downwards.

Build on the recent CMO comments: “We are gaining confidence in you” and “Biffa are now delivering a good service to us”.

Working in a closer partnership with both TLG and the client team, this process has already started and will continue throughout the year.

We also see the client teams becoming more aligned as the contract moves forward. One of the challenges both TLG and Biffa faced, is how we can positively impact the contract moving forward.

We think the same challenges are faced by the joint client teams as we move forward into the next year. One of the major challenges is the amount of time to get resolution on issues that will impact the contract more positively. We believe that a quicker resolution is required by the Authorised officer to enable the contracts to move forward in a successful manner.