

Committee(s): Port Health and Environmental Services Committee	Date(s): 13 th November 2012
Subject: First Year Performance Review of the Domestic Waste Collection and Street Cleansing Contract	Public
Report of: Director of the Built Environment	For Information
<p><u>Summary</u></p> <p>This report outlines the performance of the Domestic Waste Collection and Street Cleansing Contractor, Enterprise Managed Services Limited (EMS), for the first full year of the contract. These services have been mobilised and delivered during an extraordinary year which included the Occupy Protest, Her Majesty Queen Elizabeth II's Diamond Jubilee Celebrations and the Olympic and Paralympic Games.</p> <p>The award of this new contract was at a revenue saving of £884,000 whilst independent audits by Keep Britain Tidy have shown an improvement in performance in comparison to the previous contract performance.</p> <p>Standards are regularly monitored by officers against a suite of twelve KPIs. This report identifies three KPIs that require attention and sets out how EMS and officers intend to improve this performance in the coming year.</p> <p>Recommendations</p> <p>It is recommended that the Committee:</p> <ul style="list-style-type: none"> • Note the contents of this report. 	

Main Report

Background

1. On 1 October 2011 the City Corporation's new Domestic Waste Collection and Street Cleansing Contract with Enterprise Managed Services Limited (EMS) commenced.
2. The contract is for eight years with an option to extend for another eight years. At the same time the contract for Police and Corporate Fleet maintenance was also let to EMS but that contract is not considered within this report.
3. The contract specification saw a shift in focus from 'input' measures (e.g. the number of staff being specified) towards 'output' performance measures (e.g. the standard of cleanliness achieved). The intention was to avoid over staffing the contract and to drive efficiencies through measures such as the provision of two sub-depots (Middlesex Street and Smithfield Market) and better utilisation of mechanical sweeping. The contract also included the transfer of the City's loss making commercial waste business to EMS for the term of the contract where after it will be returned to the City for a peppercorn payment.

4. The efficiency and other measures outlined above resulted in an award of contract at an annual revenue saving of £884,000 with the new annual contract value being £3.222 million.
5. This report reviews the performance of the Street Cleansing and Waste Collection elements of the contract to date.

Current Position

Performance Standards

6. The first year of this contract has been exceptional. Within weeks of the contract commencing officers and EMS had to deal with the additional work pressures created by the Occupy Protest. The partnership has also had to plan and deliver services to meet the needs of the Queen's Jubilee River Pageant and service at St Paul's Cathedral along with maintaining the cleanliness of the City throughout the 2012 Olympic and Paralympic Games. This included the planning and delivery of services in relation to two torch relays, three marathon events and the Athlete's Parade.
7. The waste and cleansing operations throughout the Jubilee and Games events were viewed as highly successful both by local commentators and external bodies such as the London Organising Committee for the Olympic Games (LOCOG) and Transport for London.
8. Throughout the year the cleanliness of the City has also been monitored through sample inspection of our streets by the Keep Britain Tidy Group (KBT). Every four months KBT conduct a series of random inspections based on upon the methodology of what used to be a nationally reported performance indicator for street cleanliness. The Department for the Built Environment has set a target of no more than two per cent of streets inspected by KBT falling below the satisfactory standard of cleanliness. The data for the last four inspections is shown below.

	July 2011	Nov 2011	Feb 2012	July 2012
Score	2.30%	1.15%	0.75%	1.17%

9. In addition to the external performance monitoring set out above, the contract contains a performance mechanism based upon the achievement of a set of twelve Key Performance Indicators (KPIs). These, along with the performance delivered against each for the first year (excluding an agreed grace period from October 2011 to February 2012 to allow for contract mobilisation), are shown in Appendix A.
10. The Performance Payment Mechanism (PPM) requires EMS to meet at least nine of the KPI performance targets each month to avoid any payment reduction. The number of KPI targets that have to be met to avoid deduction, and the targets themselves, increase throughout the life of the contract to help drive a culture of continuous improvement.
11. It can be seen from Appendix A that EMS have met or exceeded the minimum requirements of the PPM in every month other than April 2012.

12. It is important to note that the performance mechanism is in place to drive the contractor performance. However, it is not intended to use the mechanism to penalise the contractor unnecessarily. CoL officers always review the reasons for KPI failures and will take into account any mitigating circumstances for under performance as well as the measures being taken to resolve the problem by EMS before imposing the penalty.
13. In analysing the EMS performance in April, officers gave consideration to the amount of resource EMS were having to deploy (at no extra cost to the Corporation) to advise and monitor their Commercial Waste clients in relation to the Corporation's new bagged waste time banding scheme. Given the exceptional circumstances during this month the option within the contract not to enforce the performance payment deduction was taken.
14. Apart from April, it can be seen that in accordance with the PPM at least nine of the KPI targets have been met each month. Performance targets have been met fairly consistently across eight of the twelve KPIs. The four KPIs with less satisfactory performance are KPIs 1, 2, 3 and 9. Of these KPI 2, which monitors the number of random inspections carried out by EMS supervisors, has improved dramatically over the last four months. Officers are therefore now working with EMS to drive performance improvements in the other 3 and these are commented on below.
15. KPI 1 aims to capture the quality of individual sweepers or sweeper team's performance. This is not a measure of overall street cleanliness as that is covered by the independent KBT four monthly inspection programme. Instead the intention of this KPI is to closely monitor the individual or team to ensure they are sweeping effectively and dealing with minor graffiti etc.
16. To improve their performance of KPI 1 EMS are identifying individual poor performance within their teams, providing training for their Environmental Managers to ensure consistent standards across all areas, addressing any staff weaknesses using increased direct supervision and training, reviewing and adjusting sweeper beats whilst analysing management information systems to identify trends.
17. KPI 3 aims to ensure that the data provided by EMS for KPI 1 is an honest reflection of their random supervisory checking. This is achieved by Corporation Street Environment Officers carrying out a minimum number of random quality audit controls checks (at least 80 per month) and comparing their findings with those conducted by the EMS Area Environmental Managers.
18. This indicator has shown consistently poor performance and early on in the year there was a need to review the standards being applied by both EMS and Corporation staff. As a result of training, review of protocols and procedures and clear guidance on standards required it can be seen that performance has improved considerably. However to ensure performance improves further and regularly meets or exceeds targets it has been agreed that officers and EMS will maintain an on-going discussion and review of the inspection regime and provide further training and guidance to both CoL and EMS staff as required.
19. KPI 9 is an important indicator. Any failure to complete scheduled work will have a negative impact upon some or all of the City. Whilst failure to meet this target has been infrequent, performance against this KPI needs further improvement

and therefore EMS have committed to alternative arrangements for mechanical sweeping equipment to reduce downtime which has been the cause of the majority of service failures and additional contingencies to ensure service delivery is maintained as specified in the contract method statements.

Key Performance Indicator (KPI) Review

20. Achievement against KPIs over the last 12 months is discussed above. However, officers have also reviewed how well each KPI is serving as an indicator of service quality and performance. As a result it is proposed two of the KPIs are changed.
21. Firstly it is considered that there is a high degree of duplication within KPIs 4 and 11 and it is proposed these are brought together into one KPI.
22. Secondly it has been confirmed by the manufacturers that mechanical street cleaning vehicles used in our contract are now fitted with speed limiting devices which prevent them operating outside acceptable speed limits and safe working parameters. Therefore it is proposed that KPI 7 be deleted as there is no longer a risk of failure.
23. The above, if agreed by the Partnership Board, provides the opportunity for two replacement KPIs. It is proposed that the first focuses on the appearance of EMS operatives and covers the adequacy of their equipment and signage, to also include a check that operatives are fully adopting approved working methods.
24. It is proposed the other replacement KPI focuses upon the use of mechanical sweepers. Officers are concerned to ensure that the mechanical sweepers provide value for money therefore the proposed KPI is to measure the percentage of time mechanical sweeper brushes are down and in use.

Conclusion

25. In summary EMS have delivered well in relation to the significant number of Jubilee and 2012 Olympic Games events. They have also done well in accommodating the Corporation's time banding project in relation to bagged waste and maintaining standards during the Occupy Protest, Jubilee celebrations and the Olympic and Paralympic games.
26. However performance against the suite of KPIs needs further improvement, especially in relation to KPI 1, 3 and 9. The measures to be taken to improve performance will be set out in the EMS's Annual Report and Improvement Plan which is currently being finalised. This report is scheduled to be presented to the Quarterly Partnership Board in early December 2012.
27. The current suite of KPIs used to monitor contract delivery needs amendment to ensure each KPI remains an effective driver of service performance.

Appendices

Appendix A Summary of KPI results for 2011-2012

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Appendix A

Summary of KPI results for 2011-2012

		<i>Target</i>	<i>Dec</i>	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>	<i>Aug</i>	<i>Sep</i>
1	Percentage of streets meeting the enhanced Grade A Standard, including removal of all accessible minor graffiti, when inspected within 15 minutes of the nominated daily clean.	95%	70	77	84	96	94.5	66	68	65	88	93.9
2	Number of random inspections recorded per week, within agreed limits for services/days/shifts and a total of at least 800 per month.	800	64	515	774	924	707	860	807	974	856	895
3	Percentage of independent verification inspections (initially 80 per month) that confirm the results of contractor inspections.	90%	n/a	n/a	n/a	69	75	82	89	94	86	92.7
4	Percentage of urgent service requests that are attended with the required time limit.	95%	100	100	100	100	100	100	100	98	100	100
5	Percentage of complaints that are second or subsequent complaints (defined to exclude both duplicate complaints and at the other extreme those more than six months apart).	20%	0	0	0	0	0	0	0	0	16.7	0
6	Percentage of shifts from which an accurate feedback report is obtained.	90%	n/a	n/a	n/a	82.5	95.8	92.7	90.6	93.4	94	92.7
7	Number of occasions per month when refuse collection street cleansing vehicles are tracked operating above the optimum speed for cleansing.	5	n/a	n/a	n/a	0	0	0	0	0	0	0
8	Number of defaults issued in the month.	0	n/a	0	0	0	0	0	0	0	0	0
9	Number of failures to complete scheduled work, allowing if necessary for agreed contingency arrangements contained within the method statements.	0	n/a	0	0	1	1	0	0	1	0	0

Appendix A

Summary of KPI results for 2011-2012

		<i>Target</i>	<i>Dec</i>	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>	<i>Aug</i>	<i>Sep</i>
10	Number of changes to working methods implemented without prior agreement or in an emergency, agreed within two hours.	0	n/a	0	0	0	0	0	0	0	0	0
11	Number of occasions of failing to respond to the urgent client requests for information (highlighted for immediate attention).	0	0	0	0	0	0	0	0	0	0	0
12	Number of pavement collection points found to have bags not collected when the embargo starts.	12	n/a	n/a	n/a	n/a	1	0	2	13	9	4
	Total passed	9	n/a	n/a	n/a	10	8	10	10	9	10	10