

Committee(s): Port Health and Environmental Services Committee	Date(s): 21 st January 2014
Subject: Second Year Performance Review of the Domestic Waste Collection and Street Cleansing Contract	Public
Report of: Director of the Built Environment	For Information
<p style="text-align: center;"><u>Summary</u></p> <p>This report outlines the performance of the Domestic Waste Collection and Street Cleansing Contractor for the second full year of the contract (October 2012 to September 2013). During the second year of the contract we did not have the extraordinary pressures placed upon the service which were seen in year one, such as the Olympics and Diamond Jubilee, which has allowed us to consolidate and build upon our performance and service delivery. Also this year has seen the purchase of Enterprise Managed Services (EMS) by Amey plc. This transition took place with minimal disruption to services.</p> <p>This year's costs have remained static and therefore the contract continues to provide a revenue saving of £884,000 against the cost of the previous contract. Standards remain high with independent audits by Keep Britain Tidy showing yet another year of improvement in performance in comparison to last year.</p> <p>Standards continue to be regularly monitored by officers against a suite of twelve KPIs which are kept under review to ensure their relevance to new working practices and that they continue to drive the desired performance from the contract. Some changes are proposed in the light of experience.</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. Following EU regulatory approval it was announced on 9 April 2013 that EMS had been acquired by Ferrovial S.A. and that their immediate parent company will become Amey (UK) plc. At a local level there was minimal change excepting a rebranding of uniforms and vehicles.
3. 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 Amey (formerly EMS) but that contract is not considered within this report.
4. 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 Amey for the term of the contract where after it will be returned to the City for a peppercorn payment.

5. 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.
6. This report reviews the performance of the Street Cleansing and Waste Collection elements of the contract for the period from 1 October 2012 to 30 September 2013.

Current Position

Performance Standards

7. The second year of this contract has seen a further improvement in performance and standards in the street cleansing and waste operations. After the extraordinary first year of the contract the service has been consolidated and Amey have worked closely with City Officers to identify opportunities for more efficient working practices and improvements in the City's street environment standards.
8. Throughout the year the cleanliness of the City has also been independently monitored through sample inspection of our streets by Keep Britain Tidy (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 (NI 195). The Department of 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 and indicates the best in class across London (the London benchmark figure is 6.09%, the national benchmark is 10.41%) with the best ever performance standard for the City of London achieved in October 2013.

	October 2012	March 2013	July 2013	October 2013
City Score	0.86%	1.04%	1.21%	0.25%

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 second year, are shown in Appendix A.
10. The Performance Payment Mechanism (PPM) requires Amey to meet at least ten (nine for the last two months of 2012) 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 Amey have met or exceeded the minimum requirements of the PPM in every month other than January 2013.
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. It is intended as a mechanism to help the contractor's own management, and CoL officers always review the reasons for KPI failures and will take into account any mitigating circumstances for underperformance if a KPI is not met.
13. In analysing the Amey performance in January officers gave consideration to the amount of resource Amey had to divert (at no extra cost to the Corporation) to clear snow for winter maintenance operations. Given the circumstances during this month the decision was taken not to immediately enforce the performance payment deduction, on the proviso that they achieved their KPI target for the following three months.

14. Apart from January, it can be seen that in accordance with the PPM the required number of KPI targets have been met or exceeded each month, with March receiving no failures at all. Performance targets have been met fairly consistently across ten of the twelve KPIs. The two KPIs with less satisfactory performance are KPIs 1 and 9. Officers are therefore working with Amey to drive performance improvements in the two KPIs requiring improvement 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 and maintaining their beat effectively.
16. To improve their performance of KPI 1 Amey identified individual poor performance within their teams, providing training for their Environmental Managers to set and ensure consistent standards across all areas, addressing any staff weaknesses using increased direct supervision (including disciplinary action where required) and training, reviewing and adjusting sweeper beats whilst analysing management information systems to identify trends.
17. KPI 9 is an important indicator. Any failure to complete scheduled work will have a negative impact upon some or all of the City. Failure to meet this target has been frequent (as it was in the first year of the contract), performance against this KPI needs further improvement and therefore Amey's 2014 – 2015 Improvement Plan recognises the need improve this KPI. Their analysis of the incidents leading to the failure of this KPI showed no obvious trend, rather individual cases of mistake, omission or poor communication. They have amended their processes and the allocation of administrative resource has been reviewed to ensure that reporting to and communicating with Cleansing Service Officers is consistent. Regular review meetings have been instigated to ensure that the agreed processes are adhered to and improved where necessary. The integration of the City's CRM system with Amey's WorkManager system (programmed to be complete by March 2014) will automate a considerable amount of work status reporting.

Key Performance Indicator (KPI) Review

18. 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.
19. 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, to be implemented from January 2014. This provides the opportunity for a replacement KPI and it is proposed that this focuses on Amey's response to alerts from the newly installed Solar Compactor Bins (which produce an email alert when they reach 80% full). Amey will be required to attend to these bins within a fixed period (i.e. before they overflow). This will ensure that they are being used in the most efficient way possible, freeing up resources to focus on other duties and making the unsightly appearance of overflowing bins in the City a thing of the past.
20. Secondly it has been confirmed by the manufacturers that mechanical street cleaning vehicles used in our contract are 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 amended but still focus 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 amount of time and distance that the mechanical sweeper brushes are down and in use. Trials to find reliable equipment that can be fitted to the vehicles to provide this information have been undertaken and are in the final stages of user testing.

Conclusion

21. In summary Amey have continued to deliver well in terms of the condition of the street environment. The KPI system is performing well in maintaining standards, and is proving to be demanding of high performance, as it was designed to be. Furthermore, it enables the contractor to see where performance needs to be improved, and this is in relation to KPIs 1 and 9. The measures to be taken to improve performance are set out in the Amey's Annual Report and Improvement Plan. The next stage in the delivery of the contract is to realise the benefits of more automated reporting, and this will be a major element for development in 2014.
22. The current suite of KPIs used to monitor contract delivery needs amendment slight to ensure each KPI remains an effective driver of service performance.

Appendices

Appendix A Summary of KPI results for 2012-2013

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Appendix A

Summary of KPI results for 2011-2012

		Target		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
		'12	'13												
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%	96%	97.5	90.9	94.4	97.0	98.7	99	98.6	97.1	94.0	94.2	97.0	99.3
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	800	939	817	817	745*	807	824	850	822	828	818	815	873
3	Percentage of independent verification inspections (initially 80 per month) that confirm the results of contractor inspections.	90%	90%	85.9	81.1	91.8	86.4	90.3	96.7	95.9	95.9	94.7	97.9	100	97.7
4	Percentage of urgent service requests that are attended with the required time limit.	95%	96%	100	100	100	100	100	100	100	100	100	100	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%	15%	0	17	0	0	0	0	14	25	11	0	0	0
6	Percentage of shifts from which an accurate feedback report is obtained.	90%	95%	90.1	93.0	93.6	96.2	95.6	96.4	97.2	96.1	95.6	96.3	95.6	96.4
7	Number of occasions per month when refuse collection street cleansing vehicles are tracked operating above the optimum speed for cleansing.	5	4	0	0	0	0	0	0	0	0	0	0	0	0
8	Number of defaults issued in the month.	0	0	0	0	0	2	0	0	0	0	0	1	0	0

Appendix A

Summary of KPI results for 2011-2012

		Target		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
		'12	'13												
9	Number of failures to complete scheduled work, allowing if necessary for agreed contingency arrangements contained within the method statements.	0	0	4	1	0	1	2	0	2	0	1	0	0	2
10	Number of changes to working methods implemented without prior agreement or in an emergency, agreed within two hours.	0	0	1	0	0	0	0	0	0	0	0	0	1	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	0	0	0
12	Number of pavement collection points found to have bags not collected when the embargo starts.	12	9	4	2	3	4	4	0	1	2	3	1	1	0
	Total passed	9	10	10	10	11	9	11	12	11	11	10	10	11	11

* It was agreed that a fewer number of inspections than usually required was acceptable due to the diversion of services to winter maintenance in January.