

## Waste & Related Services Contract Update

Summary: This report provides an update on the first seven months of the Waste and Related Services Contract with Serco which began on the 6th April 2020.

Options considered: None – update report only

Conclusions: In general, all services are being delivered in an acceptable manner and whilst some services have continued to previous contract standards, the impact of Covid19 on the mobilisation has been limited. In a number of service areas challenges have been met in an extremely effective manner. Officers continue to work closely with Serco in order to deliver the best outcomes for North Norfolk and for the contract as a whole.

Cabinet Member(s) Cllr Nigel Lloyd	Ward(s) affected All
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### 1. Introduction

- 1.1 This report provides an update on the first seven months of the Waste and Related Services Contract with Serco which began on the 6th April 2020.
- 1.2 Following a joint procurement with Breckland District Council and King's Lynn and West Norfolk Borough Council the joint contract was signed on the 13th March 2020 with Serco. For North Norfolk the commencement date of the new contract was the 6th April 2020, the date for the other authorities being April 2021.
- 1.3 Members have received previous briefing as on the intended operation of the contract, as it relates to North Norfolk and the wider tri-authority arrangements.

### 2. Mobilisation

- 2.1 Members will be aware that during March, Covid19 was having an increasing impact on the UK and this did have an effect on the mobilisation as Serco were unable to deploy the anticipated level of back office support resource to North Norfolk as planned. Whilst this did not have a direct impact on delivery of service it has impacted on the ability of Serco to operate to their Target Operating Model (TOM) by the anticipated implementation dates.

- 2.2 Information about the impact of Covid19, available at that time, suggested that organisations should plan for a significant level of sickness absence during the first wave. A small number of Serco employees fell within the vulnerable groups which the Government required to shield.
- 2.3 On this basis and, reflecting the restrictions imposed by the national lockdown, resources were redeployed within Serco from the cleansing elements such as street sweeping, litter bin emptying and toilet cleaning, towards supporting collection services.
- 2.4 This redeployment, in combination with a lower than anticipated level of sickness absence, enabled all collection services to continue including garden bin collections and trade waste collections. North Norfolk was one of the only Councils across England that was able to maintain all of these collections throughout the lockdown period.
- 2.5 Whilst significant preparatory work had been completed prior to the signing of the contract, the short lead in time meant that not all the contract elements could be in place by the contract commencement date, the one of the main one being the requirement to provide an all new fleet to the contract.

### **3. Vehicles**

- 3.1 In recognition that it would not be possible, due to manufacturers lead in times, to have new vehicles from the commencement date, the contract required that the contractor provided an interim vehicle solution until the new vehicles arrived with any additional costs met by the Council. Serco chose to meet this temporary fleet requirement through “previously enjoyed” RCVs and other ancillary vehicles some of which were purchased from Kier, the outgoing contractor, with the remainder coming from another Serco contract at Welwyn. In order to reflect the older vehicles Serco provided a number of spare vehicles to allow for reliability issues associated with an older fleet.
- 3.2 It was anticipated that the new refuse collection vehicle (RCV) fleet would arrive from the manufacturer at the end of July 2020. However, the manufacturer temporarily shut down its operation during lockdown and this delayed the expected arrival date until the end of October 2020.
- 3.3 Under the terms of the contract North Norfolk District Council funds the vehicle costs and this extends to the cost of the interim vehicle solution. Whilst Serco provided the temporary fleet at no cost for the period to the end of July as part of their bid solution, the Council became responsible for the cost of the temporary provision from August. Clearly there is a financial benefit to North Norfolk in the use of the previously enjoyed vehicles as hire fleet would be a much greater cost to the authority.
- 3.4 The use of older vehicles, whilst relatively inexpensive, does lead to issues of vehicle reliability. Initially the level of spare vehicles provided by Serco as part of the interim solution meant minimal service disruption.

- 3.5 Since July, the level of breakdowns and other reliability issues experienced with the temporary fleet has led to days where a number of collections being missed on their scheduled days. These missed collections have generally been caught up as the first task on the following day but there are a number of knock on effects such as pressure on driver's hours as crews work longer to catch up and the workshop as they deal with not only the breakdowns but also regular servicing of spare vehicles. Vehicle reliability issues were compounded by the busy tourist season impacting on travel times and heavy weights being experienced in collection rounds.
- 3.6 In response to this Serco replaced five vehicles in the week commencing 3rd August removing three split bodies vehicles to another contract and removing two of the least reliable vehicles. This had minimal cost implications for the Council.
- 3.7 Unfortunately, the vehicle reliability issues continued to plague the collection rounds and despite the best efforts of crews and depot staff, there were a number of occasions when a relatively small number of bins were not collected within the rectification period. The use of support crews and frequent vehicle swaps during rounds meant sporadic misses increased and the loss of in cab technology made these difficult to identify and track.
- 3.8 To address reliability issues further Serco initially hired in two RCV's and then increased this to a total of six short term hire RCV's. The increased cost of hiring these vehicles will fall to the Council to meet. However, there are increased costs to Serco associated with the unreliability, such as overtime costs and repair costs, and officers are in discussions with Serco about the balance between cost and reliability, so that some of the cost and benefit is born by both parties.
- 3.9 A number of missed bins which failed to be collected within the required rectification period will be subject to performance failure deductions in accordance with the contractual provisions. Officers are currently looking at missed bin information to calculate what these deductions will be.
- 3.10 The new RCV fleet began to arrive the week commencing the 5th October with vehicles checked and brought into service as quickly as possible. All new 26t RCV's have now arrived and are out on collection duties. This has significantly improved reliability. In order to bring the vehicles into service as quickly as possible they were initially allowed to enter service without livery. Over the last two weekends the first batches of vehicles have been branded with the joint branding. The remaining vehicles will be completed over coming weekends along with side graphic advertising/messaging panels.



- 3.11 Orders for the ancillary vehicles are now largely completed and delivery is awaited to the contract. In the meantime, Serco provide temporary vehicles and reliability within these vehicles are not a significant issue.
- 3.12 Serco have trialled a number of electric vehicles. These do not, on first view, have the operational range to meet the contractual requirements. Manufacturers of the larger ancillary vehicles are no longer producing a hybrid version, apparently in preparation for the introduction of all electric variant early in 2021. Officers continue to work with Serco to deploy the most carbon efficient vehicles available which meet the authorities' requirements. To enable further development of the electric/ electric-hybrid vehicle availability to the contract it has recently been agreed that Serco will continue to use temporary vehicles to fulfil the contract but this will be kept under constant review with the intent of bringing the most advantageous vehicles both on cost and carbon emissions to the contract as quickly as possible.

#### **4. Garden Waste Service**

- 4.1 At the start of the Covid response, a decision was made to suspend entry to the garden waste service to new subscribers. This coincided with mobilisation of the new contract and concerns were raised by Serco about their ability to service the bin delivery requests. Officers were also concerned that additional pressure on the existing garden waste rounds would increase the likelihood that all garden waste service collections may need to be suspended.
- 4.2 At this time Norfolk County Council had closed the Household Waste Recycling Centres and many North Norfolk residents, who previously disposed of their waste at these sites, looked to join our scheme. Stock levels of the brown garden bins were healthy but limited and the ability to get further supplies of new bins were doubtful at this time. As soon as it was apparent that Serco could service the new bin deliveries and sustain the increased customer numbers the Council opened the scheme to new subscribers again. Since the scheme reopened around 1300 additional garden bin subscribers have joined the garden bin service.

#### **5. Trade Waste**

- 5.1 During the lockdown period a number of our trade waste customers were forced to cease trading temporarily. The decision was made to allow customers to suspend their trade waste accounts during this period. This was widely welcomed by my customers and around 30% of our accounts were suspended during this period.
- 5.2 Following the lifting of restrictions, the council was inundated with requests from businesses to reinstate their contracts often at extremely short notice. Whilst in most cases it was possible to arrange the collections there were cases where, due to the sheer level of demand, some lag occurred between the request from the customer, the processing of the request by NNDC staff and the reinstatement of the collection by Serco.
- 5.3 It should be recognised that, whilst this slight delay is unfortunate, the staff at both NNDC and Serco worked extremely hard to process these requests as quickly as possible and to deal with any issues that were presented on an individual basis.

## **6. Summer Impacts**

- 6.1 As the lockdown restrictions were lifted in early July, Serco reintroduced all cleaning services over a short phased period of time, with all cleansing services back to their normal planned levels of operation by the middle of July. Over the course of the summer north Norfolk saw a significant and sustained increase in visitor numbers and this provided its own challenges. Serco deployed additional resource to be able to cope with the level of litter bin emptying require to meet demand and to keep the district in the clean manner to which we are accustomed.
- 6.2 The additional work associated with completing rounds with the vehicle reliability issues, meeting the demands associated with increased visitor numbers has resulted in some aspects of the contract not yet being delivered in compliance with the contract requirements and Method Statements.

## **7. Round Reorganisation Postponement**

- 7.1 Serco proposed as part of their submission to undertake a round reorganisation with a change to a zonal approach to collections, what Serco refer to as their Target Operating Model, which has previously been presented to members.
- 7.2 The intended implementation date for implementing the TOM was the 26th October 2020. Having discussed this implementation date with Serco at length it was mutually agreed to postpone the change to the Tom until February of 2021. There were a variety of factors which led to this decision which was ultimately made to protect the Council and Serco from potential reputational risk.

## **8. Performance Reporting and Standards**

- 8.1 From contract commencement, Serco provided Whitespace, a software system which captured customer requests, complaints, and provided a means to record work instructions. The basic Whitespace implantation does not

meet all of the contract requirements and a finalised system is still being built with final data sets not yet fully loaded into the system. This means that the system remains paper reliant, and consequently it has not been possible to obtain the significant performance data in an effective manner.

- 8.2 The lack of a completed IT system has delayed the development of APIs, meaning that connectivity with Council systems and providing self-serve options for residents and businesses. To ensure maximum benefit for all three Councils, it is vital that a common set of process flows are agreed so that the system can provide functionality that meets the needs of all. Work to complete the process flows for the top six priority areas is now being progressed urgently.
- 8.3 The contract includes a range of standards which must be achieved, the Performance Standards. Where the contractor fails to meet these specified performance standards the Council is entitled to make specified performance failure deductions. The period of mobilisation and the change that comes with a new contract is always likely to impact performance, and as such, the contract has a three month 'honeymoon' period from commencement, where the full suite of performance failure standards do not apply.
- 8.4 The lack of a complete Management Information System has made reporting of performance data required by the contract challenging and given the challenges outlined around Covid19 and increased tourist numbers the attention of Serco has rightly been focussed on the delivery of service.
- 8.5 Whilst it would be possible, under the terms of the contract, to impose a range of performance failure deductions, the view currently taken by officers is that in most cases, this approach would neither foster the long term relationship that will deliver the best results for this contract nor recognise the impact of Covid19 on the contract to date.
- 8.6 Performance Standard Failures will continue to be monitored and performance deductions remain an option should they be considered appropriate.
- 8.7 The three Councils and Serco have undertaken a "page turn" of the contract document and method statements to gain a common understanding of what should be delivered, where this is not currently being achieved, to identify anomalies in the authorities' requirements and Serco's method statements and to develop a plan to address the areas identified. This was a useful exercise and has resulted in a clear plan to resolve the outstanding issues.

## **9. Conclusion**

- 9.1 In general, all services are being delivered in an acceptable manner and whilst some services have continued to previous contract standards, the impact of Covid19 on the mobilisation has been limited. In a number of service areas challenges have been met in an extremely effective manner.
- 9.2 Officers continue to work closely with Serco in order to deliver the best outcomes for North Norfolk and for the contract as a whole