

CABINET 13TH SEPTEMBER 2018

Report of the Strategic Director of Neighbourhoods & Community Wellbeing Lead Member - Councillor Leigh Harper-Davies

PART A

ITEM ENVIRONMENTAL SERVICES CONTRACT – OPTIONS FOR DELIVERY FROM JUNE 2020

Purpose of Report

The report deals with two aspects of the Environmental Services contract; the options available to the Council for future delivery from June 2020, and the options around the ownership of the fleet required for the provision of this contract.

Recommendations

That Cabinet agree the following:-

1. The extension of the existing Environmental Services contract with Serco Plc from 29th June 2020 until 31st March 2024.
2. That the contract be varied to remove the obligation on the contractor to provide the fleet, for the extension period stated in recommendation 1. above.
3. That authority be delegated to the Director of Neighbourhoods and Community Wellbeing in consultation with the Lead Member for Performance of Major Contracts to complete the final period of extension and agreement.
4. The procurement and purchase of required fleet for the delivery of the Environmental Services contract, using option 3 (Part B, paragraph 3.3).
5. That, subject to legal, financial and operational compliance and appropriate due diligence checks, the Strategic Director of Neighbourhoods and Community Wellbeing be given delegated authority to purchase the fleet required for the delivery of the Environmental Services contract.

Reasons

1. To ensure continuation of services to Charnwood residents in the most efficient and effective manner when the current arrangements expire on 28th June 2020.
- 2&3. To ensure maximised efficiency and effectiveness of the contract and to ensure business continuity.
4. To enable the Council to make financial efficiencies in relation to fleet management arrangements and enhance its flexibility and resilience in the ongoing delivery of this contract in the following years.
5. To ensure maximised efficiency and effectiveness of the fleet purchase.

Policy Context and Previous Decisions

The Corporate Plan 2016-2020 states that we will ensure that Charnwood continues to “*provide high quality, affordable and responsive services and improve online access to them (residents). We are always seeking to improve the services that we deliver, by providing strong community leadership, being well governed, accountable, open and transparent. We will maintain the financial stability of the Council whilst continuing to seek ways to deliver better services as efficiently as possible. be a prosperous and thriving Borough which embraces innovation and enterprise*”.

The Environment Services Contract will support the ongoing work as part of the Cleaner Greener agenda and help deliver Charnwood's Zero Waste Strategy and Action Plan around Waste Minimisation and Recycling. This also links to the Councils Strategic aim – ‘Delivering Excellent Services’.

At its meeting February 2016, Cabinet received a report in relation to the extension of the Environmental Services contract.

Cabinet resolved the following on this report:-

“1. that the extension of the existing Environmental Services contract with Serco from March 2017 for a period of approximately three years be approved in accordance with the terms offered;

2. that authority be delegated to the Strategic Director of Neighbourhoods and Community Wellbeing to complete the final period of extension and agreement;

3. that, subject to legal, financial and operational compliance and appropriate due diligence checks, the Strategic Director of Neighbourhoods and Community Wellbeing be given delegated authority to issue a VEAT notice to allow for the current Environmental Services Contract with Serco PLC to be novated to a new subsidiary of Serco, at the point that proposal proceeds;

4. that the Strategic Director of Neighbourhoods and Community Wellbeing be given delegated authority to proceed with the completion of the novation to a subsidiary of Serco, following the expiry of the VEAT notice, and with the consensus of other local authorities contracting with Serco, if no challenges are received;

5. that the Strategic Director of Neighbourhoods and Community Wellbeing be given delegated authority to agree an appropriate level of Performance Bond required as identified in the report, should that be required if the novation proceeds;

6. that the report of the Overview Scrutiny Group be noted.

Cabinet resolved that: -

1. To ensure the continuation of services to Charnwood residents when the current arrangements expire on 31st March 2017.

2. To achieve operational improvements as part of the contract delivery.

3 - 5. To make significant savings on contract price, helping to offset budget pressures from reduced income, e.g. material treatment and sales, reductions in Recycling Credits.

6. To acknowledge the work undertaken and the views of the Overview Scrutiny Group”.

Implementation Timetable including Future Decisions and Scrutiny

Should Cabinet agree recommendation 1 above, a contract extension document will be agreed, finalised and signed with Serco by June 2020.

Should Cabinet agree recommendation 4 above, the Strategic Director for Communities and Wellbeing along with the assistance of the Head of Cleansing & Open Spaces will explore the optimum way for purchasing the required fleet. The purchase of the fleet will also require an amendment to the Capital Plan, which will require approval by full Council due to the value involved, and it's anticipated that this will be at the full Council meeting scheduled for 21st January 2019.

Currently a Parent Company Guarantee (PCG) is in place for the existing contract with Serco. Should Cabinet agree recommendation 1 for a contract extension, this (PCG) would automatically apply to the contract extension period.

Report Implications

The following implications have been identified for this report.

Financial Implications

The decision to extend the Environmental Services Contract will ensure continuity of the refuse, recycling and street cleaning services for the Council. Whilst an independent value for money benchmarking exercise demonstrated that the service provided by Charnwood Borough Council is of a high performance standard, gets very high satisfaction rates and yet costs below the average in comparison with similar authorities.

During initial proposals for a potential contract extension, significant levels of further savings were identified by Serco. These savings do not take into consideration any fleet associated costs. The full extension proposal can be found as Appendix A.

In order to accurately assess the potential savings from purchasing the fleet, Charnwood Borough Council sought expert advice. After analysing the different options, the Project Board is recommending Option 3 (paragraph 3.3 in Part B) as the most beneficial for the authority. The savings from this option compared to the original contract costs for the same period (2020 – 2024) demonstrate a saving of appr. £400,000.

Additional savings/benefits have also been identified, in terms of continuation of support to initiatives including Loughborough in Bloom, promotional resources to support recycling/waste prevention campaigns, as well as resources (grants) to support community organisations delivering environmental projects.

Risk Management

Risk	Likelihood	Impact	Measures to address risk
Failure to extend the contract with Serco due to legal issues	Remote	Severe	Legal advice has been sought and has confirmed that extension is compliant with the original contract arrangements
Savings not achieved through contract extension	Unlikely	Major	Negotiations have continued with Serco, and a contract extension confirming these savings will be written and signed before the contract extension begins in June 2020.
Failure to deliver targets for the Zero Waste Strategy	Possible	Moderate	Consideration of Zero Waste Strategy targets within the contract extension process.
Savings not achieved through fleet purchasing	Remote	Major	Independent financial advisor has been consulted and purchasing will only take place if financially beneficial.
Future changes in partnership arrangement with Leicestershire County Council affecting the viability of the collection system	Unlikely	Major	The Council is actively engaging with the County Council as part of its partnership responsibilities to mitigate any future financial pressures affecting the County Council which may ultimately impact upon the Borough Council. The terms/periods of the Borough Council contracts are flexible enough to accommodate this risk.

Key Decision: Yes

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Appendices:

Appendix A (exempt) – Charnwood extension proposal

Appendix B – Benchmarking ES contract report

Appendix C – Ombudsman report

Appendix D – OJEU Open Timetable for ES 2020

Appendix E (exempt) – Summary of fleet purchasing options

PART B

Executive Summary:

Part B discusses the advantages and disadvantages of each of the three options for the future of the Environmental Services Contract. The comparison is using variables like cost, performance and satisfaction for each of the options. The fleet acquisition advantages and purchasing options are also demonstrated. The report closes with the factors taken into consideration for the Project Board's recommendations.

1. Background

- 1.1 The Council currently has a contract in place for the collection of refuse, recycling and garden waste that is combined with street cleaning operations to form an Environmental Services Contract. The current Environmental Services Contract commenced in August 2009 and was awarded to Serco. This Contract expires on 28th June 2020; however, the Council has the ability to further extend this Contract until 31st March 2024. This timescale reflects the current Zero Waste Strategy which covers the period 2013 to 2024 and was approved by Cabinet in 2013.
- 1.2 Following the Cabinet resolution in February 2016, officers were tasked with ensuring the continuation of this service until June 2020. At the same time, a new Project Board was put in place to explore the options available for the delivery of this service after the extension expired.
- 1.3 The Project Board considered the options available for providing the essential Environmental Services Contract beyond the existing anticipated expiry date (28th June 2020). These options were:
 - i) offer further extension to Serco Plc
 - ii) procure new contractor for the provision of this service
 - iii) deliver the service via a different model (insourcing, local authority trading company)
- 1.4 In order to assess which of the above options was the most beneficial, a number of factors were taken into account. The key factors analysed were: fleet provision, comparison of different delivery models, cost of the service, contract performance and customer satisfaction.
- 1.5 As the ownership of the fleet is a key factor and directly affects all of the three options above, a separate analysis of the different options took place and will be detailed further down in this report.

2. Options appraisal

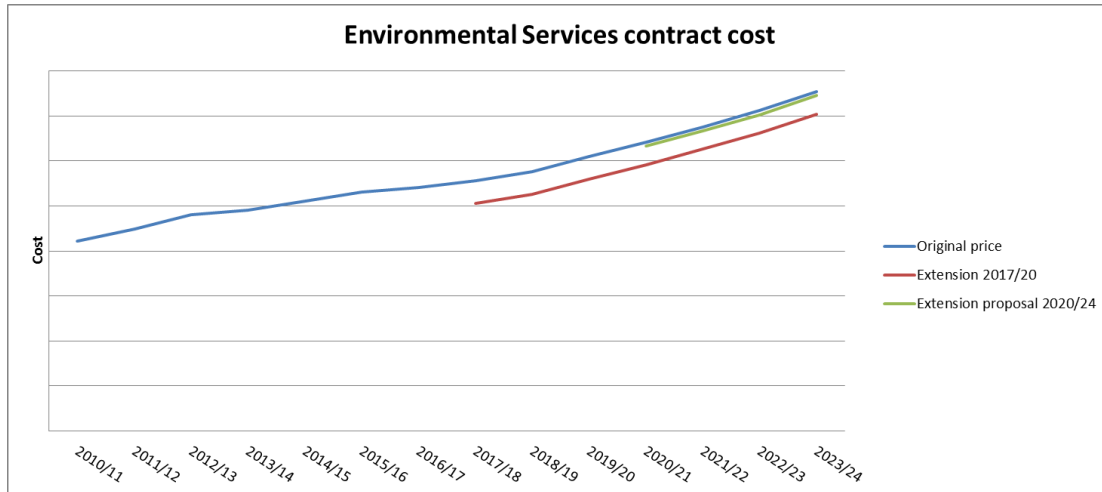
2.1 Further extension to the existing contract:

- 2.1.1 The current contract with Serco Plc allows for a further extension up to 31st March 2024. This will be the maximum extension possible and after that time the Council will have to go through a full tendering exercise to procure a new contract, or make alternative arrangements.
- 2.1.2 In order to explore this option, the Project Board suggested two actions. The first was to invite Serco proposals for the further extension period. The

second was to commission an independent benchmarking report to Eunomia to check whether the services provided as well as the cost of the contract were compared against similar authorities.

2.1.3 Serco's proposals for the extension period included significant levels of savings per year (Appendix A). These savings were offered for a like for like service as the one currently delivered, (which was confirmed at the Project Board).

Graph 1



2.1.4 The table above demonstrates the contract costs over the years as well as the savings made and proposed during the extension periods:

The graph demonstrates that despite the inflation and annual variations (additional properties) the Council has managed to negotiate significant savings for the extension periods without compromising the quality of the service provided.

2.1.5 Serco's proposals do not include an option for them to provide the fleet required for the provision of the service. This decision was based on the fact that this option wouldn't be financially beneficial for the Council as Serco would have to fully depreciate the value of the fleet within the extension period (3 years and 9 months). If the Council owned the fleet, the depreciation period would vary between 8 and 10 years.

2.1.6 Practically speaking this means that unless the Cabinet agrees with Recommendation 3; then the only other option in order to offer a further extension to Serco Plc would be for the Council to lease the fleet from a third party provider. Leasing would incur a significantly greater cost to the Council.

2.1.7 The second action taken to assess this option was the independent value for money benchmarking exercise to assess the cost, performance and customer satisfaction achieved via the existing contract. The report is available as Appendix B. Key findings include:

- Performance levels above average when comparing with authorities offering the same service
- The current service receives very high satisfaction levels
- The cost of the service is below the average cost of the comparable authorities

2.1.8 An Ombudsman Report published in 2017 (Appendix C) highlights that many outsourced waste contracts face a lot of issues around complaints and customer satisfaction. Fortunately this is not the case in the existing contract. This is a result of rigorous performance management as well as ongoing effective partnership working that has been developed over the years,

2.1.9 The above findings demonstrate that a further extension (with additional savings) would translate in a high quality service for a competitive cost. This is illustrated in graph 1 and also supported by the benchmarking report.

2.2 Tendering exercise for procuring new contract:

2.2.1 Due to the value of this contract, a full process in accordance with OJEU Regulations would be followed for procuring these services. The new contract would be for a period up to 10 years with the option to extend for another 10; i.e. until 2040. This timeframe was proposed to reflect the potential lifetime of the fleet.

2.2.2 While exploring this option, officers developed a detailed timetable with all the stages of the procurement process. Time was also allowed (approximately 9 months) for ordering the fleet that may be required. This timetable can be found as Appendix D.

2.2.3 Tenderers could also be given the option to make proposals for providing the fleet required (standard and variant bid) as part of the total service costs.

2.2.4 The benefits (financial, business continuity and operational flexibility) from the ownership of the fleet either from the contractor or the Council will be detailed further down in this report.

2.2.5 It has also been experienced from previous procurement projects that additional resources are required. The approximate cost for this type of procurement is estimated to be in the area of £50,000 excluding the officers' time.

2.3 Alternative delivery models:

2.3.1 Three different delivery models were compared and analysed as part of the report commissioned to Eunomia. The three models were:

- i) Outsourced services (via contractor)
- ii) Insourced services (direct delivery by the Council)
- iii) Local Authority Trading Company (LATC)

2.3.2 Each of the above models was assessed against the factors of cost, flexibility and risk. A SWOT (Strengths Weaknesses Opportunities Threats) analysis can be found in Appendix B.

3. Fleet ownership

3.1 The provision of this contract is interwoven with the associated fleet required for delivering the contract tasks (i.e. Refuse and Recycling collection vehicles, street sweepers, etc). It would be impossible to deliver the contract tasks without the fleet. As part of the existing contract arrangements (until June 2020), the service provider is contractually obliged to supply the necessary fleet for the delivery of the contract. Regardless of which option is

selected, there will be a requirement for a new fleet of vehicles as the existing one (sourced by Serco) will have reached the end of its lifespan. In order to implement Option 3, a variation of the existing contract will be required to take this into account. Officers have explored different models of sourcing the fleet, and have also received specialist advice on the associated risks and savings.

3.2 The table below demonstrates the different fleet ownership for each of the three options explored for the future of this contract:

Contract option	Fleet provision
Extension with Serco	Lease from third party
	CBC to purchase
Tender new contract	New provider to supply
	Lease from third party
	CBC to purchase
Insource service / LATC	Lease from third party
	CBC to supply

3.3 In order to make an informed decision on the benefits of the different fleet provision models, external advice has been sought comparing the following 7 scenarios:

1. CBC buys the fleet and depreciates over 8 years, funded by internal loan.
2. CBC buys the fleet and depreciates over 8 years, funded by PWLB.
3. CBC buys the fleet and depreciates over 8 years, funded by internal loan/PWLB on a 50:50 basis
4. CBC buys the fleet and depreciates over 10 years, funded by internal loan.
5. CBC buys the fleet and depreciates over 10 years, funded by PWLB.
6. CBC buys the fleet and depreciates over 10 years, funded by internal loan/PWLB on a 50:50 basis
7. CBC secures the fleet via a Go Plant lease over 8 years.

3.4 The analysis of the different purchasing models showed that maximum savings could be realised if the Council decided to purchase the fleet and depreciate its value within 10 years (Option 4).

3.5 However, while looking for the optimum purchasing solution; more factors need to be taken into consideration in terms of cash flow, other commitments and the Council's resilience to meet its obligations. The Project Board agreed that Option 3 is the recommended one in terms of risk management and financial benefits. This option depreciates the fleet within 8 years; however, if the fleet remains suitable, the Council will carry on using it (or part of it) beyond that period and make further potential savings.

3.6 A summary of the comparison between the different fleet costs for 8 years can be found in Appendix E (exempt).

3.7 Fleet can be bought either via the use of a framework contract, or via direct tendering. The best way will be chosen in collaboration with the Council's Corporate Procurement Team (CPT) upon Cabinet's agreement.

4. Project Board Considerations and Recommendations

4.1 Other factors influencing the Project Board considerations included:-

- In 2024 the current Management of Open Spaces (MOS) contract comes to end. The two contracts could be joined for some savings
- In the 12 month period leading to March 2024 other similar contracts of neighbouring authorities also expire. This could potentially allow for some shared services and efficiencies from synergies. The same opportunity is not present in 2020 when the current extension expires.
- Joint procurement of fleet along with other Local Authorities could further enhance the Council's buying power
- The potential cost of the option e.g. any savings that could be made on existing budgets
- The cost of change e.g. the impact of the option on areas such as the interaction with the Council's Customer Relationship Management (CRM) system, Lagan
- Procurement and Reputational risks associated with re-tendering
- Public acceptability to any potential service changes from a re-tender
- The quality of the service provided and in particular the ability to exceed current levels of performance
- Contractual relationship issues e.g. the ability to successfully deliver the contract to a satisfactory level through a positive and strong relationship with our contractual partner

4.2 Considering all the above, an informed debate was undertaken at the Project Board. The Project Board recognised the impact on resources in any option to conduct a procurement exercise as well as potential savings and the ability of any future service provider to exceed the existing levels of performance.

4.3 Evidence was provided on benchmarking performance which indicated that existing performance levels in Charnwood over the last seven years compares very favourably with our family group that was used as a comparator. Similarly, the trend for performance in both areas (assuming waste collections and street cleaning) compares very favourably for Charnwood Borough Council.

Conclusions:

4.4 Taking into account the soft market testing information on the status of the contract value and potential savings, the Board agreed that a further contract extension now presented the best option to identify future savings on this contract. It is this option the board now recommends to cabinet.

4.5 In terms of fleet ownership, the Project Board recommended Option 3 (paragraph 3.2) in terms of balance between potential risks and savings. The savings from this option compared to the original contract costs for the same period (2020 – 2024) demonstrate a saving of appr. £400,000.



Benchmarking and Value for Money Analysis

For Charnwood Borough Council's
Environmental Services

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3rd July 2018

Report for Charnwood Borough Council

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Disclaimer

Eunomia Research & Consulting has taken due care in the preparation of this report to ensure that all facts and analysis presented are as accurate as possible within the scope of the project. However no guarantee is provided in respect of the information presented, and Eunomia Research & Consulting is not responsible for decisions or actions taken on the basis of the content of this report.

Version Control Table

Version	Date	Author	Description
V0.1	26/06/18	Neil Greenhalgh	First draft (internal)
V1.0	27/06/18	Neil Greenhalgh	Second draft (sent to client)
V1.1	29/06/18	Neil Greenhalgh	Client comments
V1.2	03/07/18	Neil Greenhalgh	Final version (sent to client)

Executive Summary

Charnwood Borough Council commissioned Eunomia to conduct a benchmarking and value for money analysis of environmental services in the Borough, a service currently delivered by a private contractor. The objectives of the project were to benchmark the service costs and provide performance and customer satisfaction data for the authorities. In addition, the project explored whether there is any evidence of efficiencies achieved by using alternative delivery models.

E.1.0 Approach

Research was undertaken on over 190 'Shire Districts' to compare environmental services performance with Charnwood Borough Council's service. This allowed a high level summary of information for comparison purposes. A further smaller number of authorities were chosen for their comparability with Charnwood, in terms of size, demography and socio-economics, but also in respect of the way environmental services were delivered. A benchmarking group was therefore developed consisting of 14 authorities across England. Data was gathered via a desktop exercise and direct contact with authorities on a range of operational and financial performance measures for benchmarking purposes from this group.

The results gathered included data for recycling rates, the amount of residual waste collected, the headline cost of delivering the services and customer satisfaction ratings. A benchmarking comparison of services was conducted on the 14 authorities to provide information on key aspects of the service delivery in Charnwood. Following this Eunomia conducted desk top research of projects involving alternative service delivery models to identify any trends or aspects of the model that may directly impact upon the efficiency of the service.

E.2.0 Key Findings

Data collected from the benchmarking group indicate that Charnwood's environmental services compare well against a national data set (Table 3.1). Using more closely related authorities that are considered similar to Charnwood, performance is equally good with most measures recorded as typical of the group or above average (Table 3.2). The trend for reduced performance monitoring due to lack of resources and the removal in a number of cases of the legal obligation to record performance measures has left many authorities with insufficient data to enable others to compare against their services. Street cleaning has therefore relied upon public satisfaction surveys as a key measure of performance and in this respect Charnwood is performing very well, ranking second in

the benching group of 14 local authorities that are considered comparable. The costs of the street cleaning service per household is also significantly lower than average in the benchmarking group.

Whilst other factors influence some of the key indicators, it is clear that Charnwood offer a service with associated policies and procedures that enable residents to achieve relatively high recycling rates and produce below average amounts of residual waste per household. These services are provided against a background of costs that are below national and benchmark average.

The research also reflected upon service delivery options and the report provides some comments and advice on influencing factors for the alternative delivery models including budget certainty, flexibility and control, risk transfer and prudential borrowing options. Table 4.1 provides a summary of this efficiency analysis for the service delivery models.

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1.0 Introduction

Eunomia was commissioned to conduct a benchmarking and value for money exercise on the Environmental Services contract currently delivering refuse, recycling and street cleaning services in Charnwood. The existing service provider, Serco, has been delivering the service since August 2009 via a contract with the Council which has recently been extended. The Council has chosen to benchmark the performance of this service prior to any decision on future service delivery models.

The project was delivered over a two week period in early June 2018 in two stages: benchmarking existing performance levels with comparable authorities on a range of indicators relating to operational and financial performance; and secondly considering if there is any evidence that alternative service delivery models may deliver increased efficiency of those services.

The research and analysis was conducted in two stages: firstly to establish comparable performance for Charnwood BC environmental services; and secondly to establish if there is any evidence that efficiencies can be achieved using alternative delivery models.

2.0 Benchmarking Methodology

2.1 Performance Benchmarking

Performance data from Charnwood was received in a detailed format including data that has previously been collated nationally for performance monitoring purposes (National Indicators). The following information was gathered from Charnwood BC for 2017/18:

- Refuse and recycling service performance (recycling rate, weight of residual waste generated per household, public satisfaction with the service)
- Refuse and recycling financial data (cost of refuse service per household and cost of recycling service per household)
- Street cleaning service performance (quality survey results i.e. NI195 a & b, public satisfaction with the service)
- Street cleaning financial data (cost of street cleaning service per household)
- More detailed breakdown of costs including fleet, labour, containers, street cleaning zones, litter bins etc.

This data set was used as the comparator for the benchmarking which was carried out at a high level using national data sets, followed by a more detailed level analysis using direct contact with a selection of authorities that were considered similar to Charnwood.

2.2 High Level Performance Data Collection

In comparing the performance of Charnwood's environmental services the research initially looked at high level data to compare the Council against all 190 'Shire Districts' (waste collection authorities in two tier local government areas). Two data sets were used for high level comparison. These were:

- WasteDataFlow information for recycling performance and residual waste collected per head of population
- The Government Revenue Out-turn reports for 2017/18 to identify costs of waste collection, recycling, street cleaning and waste minimisation

The research used these data sets as they are completed by all local authorities as a statutory duty following a set procedure. This ensures the data collected should be directly comparable across all Councils and is robust enough to provide confidence in the accuracy of the data. This 'high level' comparison provided a national picture of how well Charnwood BC environmental services are performing against other waste collection authorities in two tier areas of England without taking account of influencing factors such as demographics, socio-economic issues and service delivery methodology.

2.3 Selection of Benchmarking Group

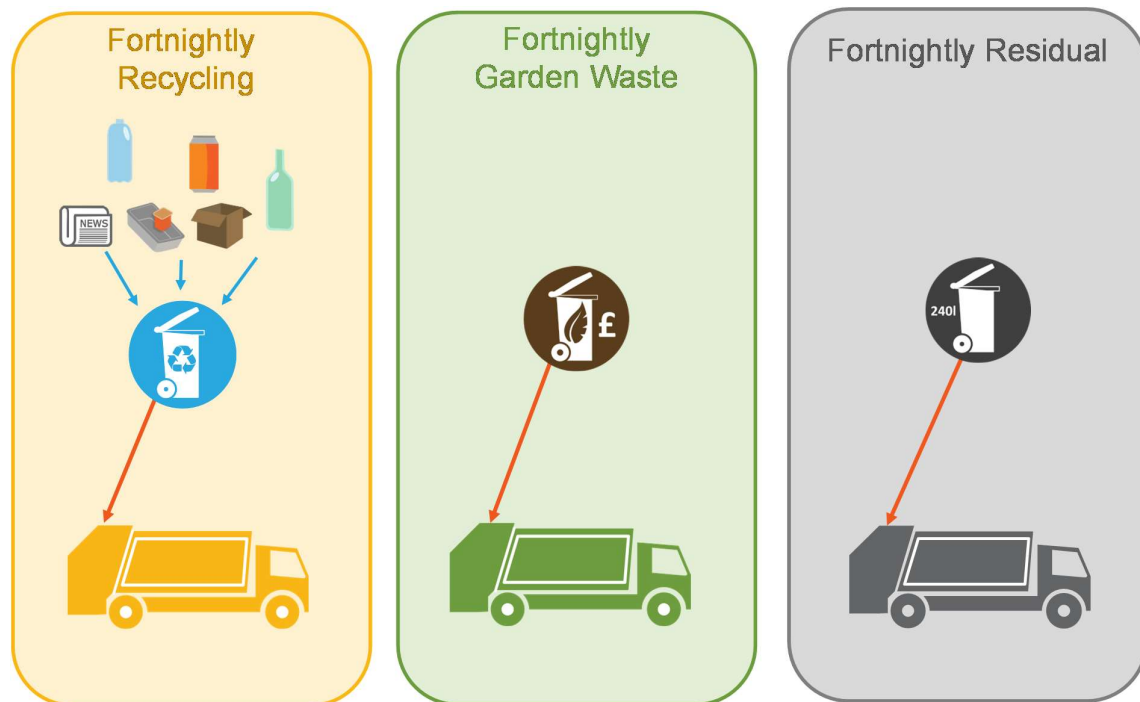
Following this high level data collation and comparison, a number of sources for comparing local authority data in more detail were considered to establish a benchmarking group. These included CIPFA nearest neighbours to Charnwood (2014 model), WRAP's portal for local authorities (using the Office for National Statistics data from 2015/16) and the National Archives measure of similarity between local authorities (archived in 2016). Collectively these gave a measure of those local authorities that were most similar to Charnwood in terms of demography, socio-economics and size.

These authorities were then screened for those operating a contracted-out service (as opposed to an in-house service) and operating a similar service model to Charnwood BC. The Charnwood model is illustrated in Figure 2.1 below:-

- a fortnightly collection of co-mingled dry recycling from a 240 litre green bin (paper, card, plastic packaging, cans and glass);
- no food waste collection;
- a fortnightly charged collection of garden waste from a 240 litre brown bin; and
- a fortnightly collection of residual waste from a 180 litre black bin¹

¹ This change occurred in 2009 and was for new bin requests and replacements hence the majority of the housing stock has 240 litre bins.

Figure 2.1: Charnwood Collection Model Pictogram



The resultant list of 14 authorities were all within the CIPFA nearest neighbours top 50 in relation to their comparison with Charnwood BC. All 14 authorities became the benchmarking group and were selected for further more detailed interrogation via direct contact with officers within the respective councils. Contact was made over the period 1st to 26th June 2018 via email and telephone. This timescale was extended from the original proposal due to the lack of responses from authorities to requests for information within the first ten days (seven working days). Table 2.1 below illustrates the reason each authority was chosen to be part of the benchmarking group.

It should be noted that due to the diversity of service delivery options (bags, bins, charges etc.), very few local authorities that were within the CIPFA top 50 had all aspects of their service similar to Charnwood. This was made more notable by the inclusion of street cleaning services. As such, some of the benchmarking group chosen have certain elements of their service delivered in-house as well as an element of contracted out service.

Table 2.1: Benchmarking Group - Selection Process

Council	Reason for Selection
Stafford Borough Council	<ul style="list-style-type: none"> ➤ CIPFA Nearest Neighbour (#2) ➤ Contracted out service ➤ Fortnightly AWC collections
South Ribble Borough Council	<ul style="list-style-type: none"> ➤ CIPFA Nearest Neighbour (#4) ➤ Contracted out service ➤ Fortnightly AWC collections

Chorley Borough Council	<ul style="list-style-type: none"> ➤ CIPFA Nearest Neighbour (#5) ➤ Contracted out service ➤ Fortnightly AWC collections
South Gloucestershire Council	<ul style="list-style-type: none"> ➤ CIPFA Nearest Neighbour (#11) ➤ Contracted out service ➤ Fortnightly AWC collections ➤ Charged garden waste
Canterbury City Council	<ul style="list-style-type: none"> ➤ CIPFA Nearest Neighbour (#12) ➤ Contracted out service ➤ Fortnightly AWC collections
Maidstone Borough Council	<ul style="list-style-type: none"> ➤ CIPFA Nearest Neighbour (#14) ➤ Contracted out service ➤ Fortnightly AWC collections ➤ Comingled recycling ➤ Charged garden waste
Warwick District Council	<ul style="list-style-type: none"> ➤ CIPFA Nearest Neighbour (#16) ➤ Contracted out service ➤ Fortnightly AWC collections
East Northamptonshire District Council	<ul style="list-style-type: none"> ➤ CIPFA Nearest Neighbour (#25) ➤ Contracted out service ➤ Fortnightly AWC collections ➤ Charged garden waste
Amber Valley Borough Council	<ul style="list-style-type: none"> ➤ CIPFA Nearest Neighbour (#28) ➤ Contracted out service ➤ Fortnightly AWC collections ➤ Charged garden waste
Central Bedfordshire Council	<ul style="list-style-type: none"> ➤ CIPFA Nearest Neighbour (#30) ➤ Contracted out service ➤ Fortnightly AWC collections
Shropshire Council	<ul style="list-style-type: none"> ➤ CIPFA Nearest Neighbour (#31) ➤ Contracted out service ➤ Fortnightly AWC collections
South Staffordshire District Council	<ul style="list-style-type: none"> ➤ CIPFA Nearest Neighbour (#36) ➤ Contracted out service ➤ Fortnightly AWC collections ➤ Comingled recycling
Melton Borough Council	<ul style="list-style-type: none"> ➤ CIPFA Nearest Neighbour (#49) ➤ Contracted out service ➤ Fortnightly AWC collections ➤ Charged garden waste
South Derbyshire District Council	<ul style="list-style-type: none"> ➤ CIPFA Nearest Neighbour (#50) ➤ Contracted out service ➤ Fortnightly AWC collections ➤ Charged garden waste

2.4 Detailed Data Collection

Having established a benchmarking group of 14 authorities, all were contacted directly for further detail on both operational performance and financial performance. Information relating to street cleaning performance and customer satisfaction in particular were requested as this information is not readily collated either nationally or regionally by any other reliable source.

Street cleaning performance levels have been previously measured using the NI 195 measure as developed by Keep Britain Tidy and adopted by Government¹. Since the abolition of the Audit Commission in 2015 the requirement to collate and report this information has ceased. However, it is still the easiest and most reliable measure of street cleaning performance across a Council area in England.

Similarly whilst there is no statutory requirement to measure customer satisfaction levels, many Councils use an annual survey of residents as part of a measure of public acceptability and satisfaction with the range of services offered.

Additional financial data requests were made to provide some granularity to the high level financial data gained from publicly available revenue accounts. Table 2.2 illustrates the further detail requested from the benchmarking group:-

Table 2.2: Benchmarking Group Financial Data Request

Ref	Detail	Annual (£)
1	Household waste collections	
2	Bulky household waste	
3	Provision of waste containers	
4	Clinical waste	
5	Household recycling	
6	Bring sites	
7	Garden waste (actual cost, not net of income)	
8	Street cleaning (per zone if possible)	Zone 1 Streets
9		Zone 2 Streets
10		Zone 3 Streets
11		Zone 4 Streets
12	Recycling sites	
13	Fly tipped waste	
14	Dog & litter bins	
15	Markets	
16	Amount for the provision of fleet	
17	Amount for provision of labour	
18	Approx. number of staff excl. management	
	TOTAL	

¹ DEFRA (2006) *Code of practice on litter & refuse, consultation document, 2006*

3.0 Benchmarking Results

3.1 Overview

The results gained at a high level provide a very useful national picture of service performance and costs for the service. The submission of this data is a statutory requirement for local authorities to complete in an accurate and timely manner. However, the performance of an authority in relation to recycling rate and residual waste collected per household is not just a measure of the performance of the contract, but also a reflection of the policies and procedures adopted by the Council. In this way the results need an air of caution when considering the effectiveness of the environmental services contract.

Results at a high level for costs of service can be used as a measure of efficiency as the measure is collated nationally in a standard format. More detailed information requested from Councils within the 14 authorities of the benchmarking group were disappointing. A generally poor response to requests resulted in a group of only seven authorities to compare public satisfaction, and a very poor response to requests for further financial data resulting in no data comparisons being completed for street cleaning zones, labour, vehicles, plant or containers etc. In particular, no authority gave evidence that they were measuring street cleaning performance through LEQ² surveys adopted by Charnwood Borough Council to enable performance management of the contract.

Section 3.2 considers the benchmarking comparison for performance and section 3.3 for financial data.

3.2 High Level Performance

The results indicate that Charnwood's service benchmarked across all 191 selected 'Shire Districts' in England compares very favourably. Appendix 1 provides detailed graphs of the performance in relation to household recycling rate, residual waste collected, spend in relation to refuse, recycling and street cleaning. The graphs are summarised in Table 3.1 below and show that in four out of the five indicators compared, Charnwood is performing at or above average performance. These high level results provide an overview of Charnwood Borough Councils performance nationally against 191 English 'Shire Districts'.

² Keep Britain Tidy (2014) *Introduction to LEQ Surveys and LEQs PRO*,
<http://www2.keeptidytidy.org/Expertise/LEQSurveysandLEQPro/Solutions/Default.aspx>

Table 3.1: Charnwood Performance Compared to All English Shire Districts

Authority	Refuse / Recycling				Street Cleaning
	Recycling rate %	Residual waste Kg / HH	Cost of refuse £ per HH	Cost of recycling £ per HH	Cost of streets £ per HH
Charnwood Performance (2017/18)	48.4	456	28	14	14
Charnwood Rank (out of 192)	65	81	88	111	43
England Average (2017/18)	44.7	466	32	12	21

3.3 Benchmark Group Comparison

Following the collation of data from the benchmarking group, further more detailed analysis was conducted using both the high level data information source and the detailed direct information exchange. The results of this performance analysis are shown graphically in relation to household recycling rate, residual waste collected, spend in relation to refuse, recycling and street cleaning, as well as public satisfaction ratings for the combined services (Figures 3.1 to 3.6). Each figure highlights the average performance (purple line on the graph) and Charnwood Borough Council’s performance (orange line on the graph).

As street cleaning performance (local environmental quality assessments) was not measured by any responding authority within the benchmarking group more reliance has been placed upon satisfaction rating responses. These were received by seven councils and are illustrated in Figure 3.3.

Further detailed breakdown of service costs was not provided in a usable and comparable format by any of the responding authorities. A number of reasons were given for this including commercial confidentiality, information not collated and available in the format required or insufficient time and resource to assist with the research, despite extending the timescales to almost four weeks.

Figure 3.1: Benchmarking Group – Household Recycling Rate (%)

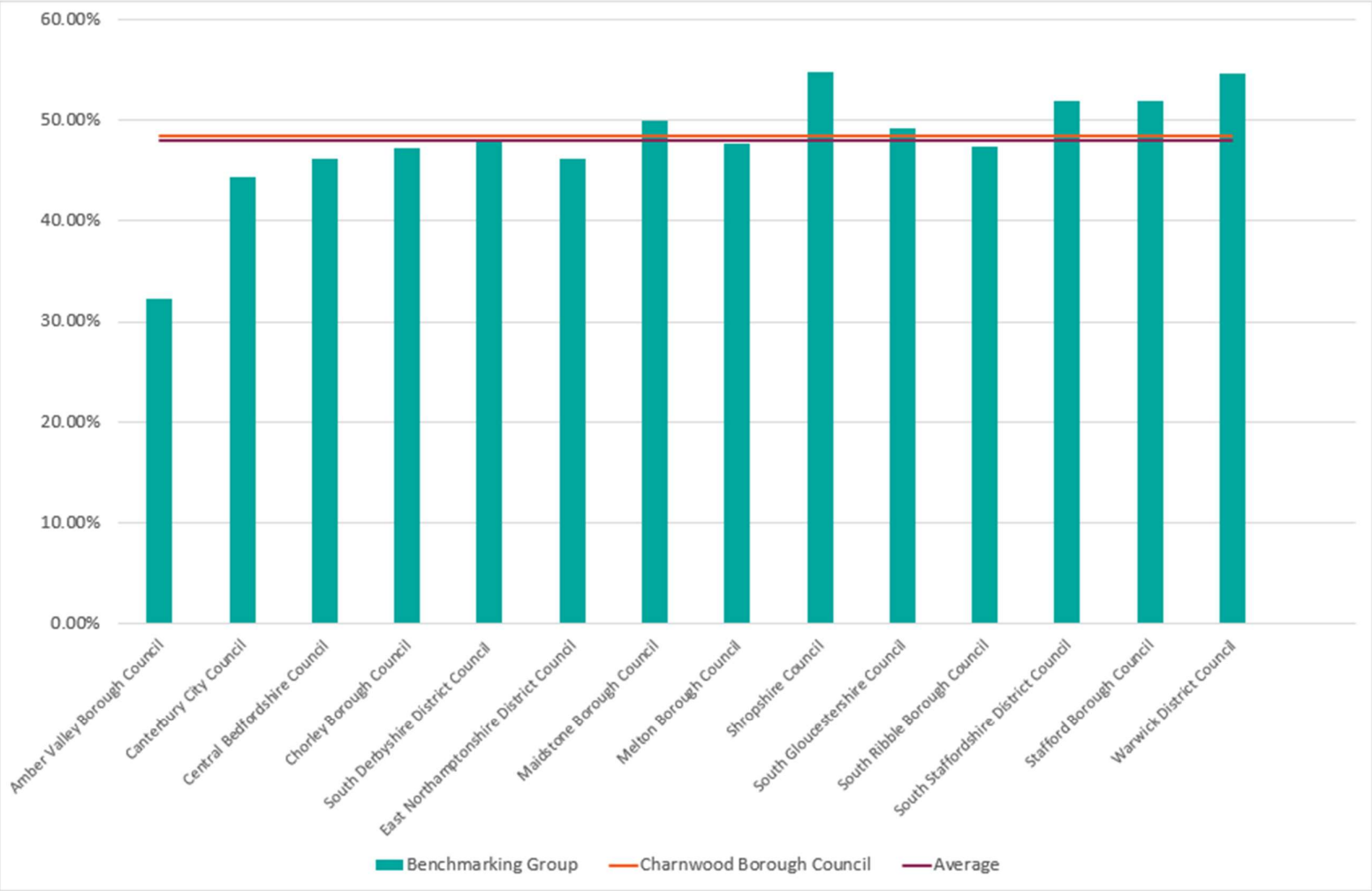


Figure 3.2: Benchmarking Group – Household Residual Arisings (Kg/HH/year)

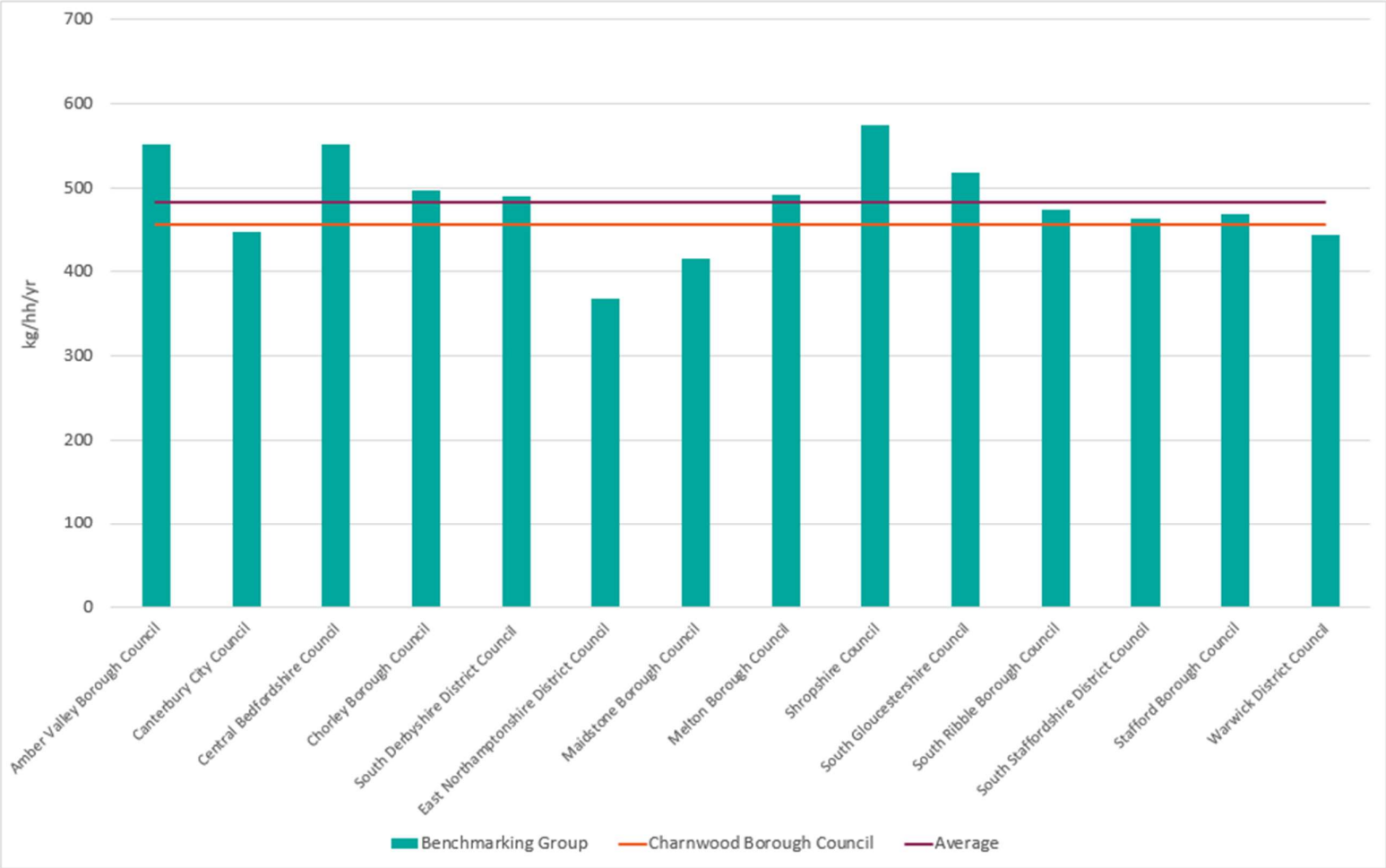
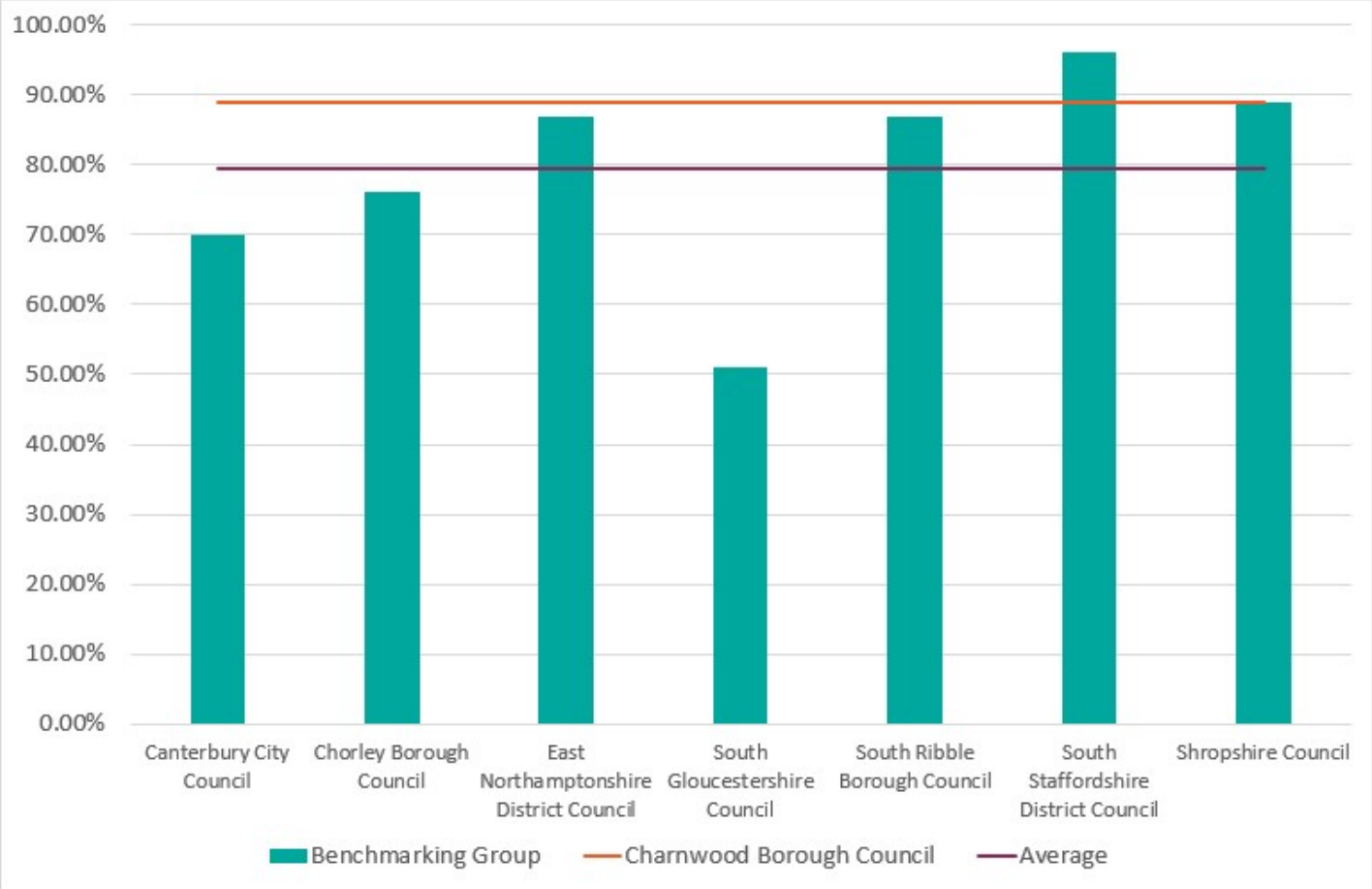


Figure 3.3: Benchmarking Group – Combined Satisfaction Ratings (%)



Note: Only seven of the 14 local authorities in the benchmarking group provided satisfaction data

Figure 3.4: Benchmarking Group – Waste Collection Spending (£/HH/year)

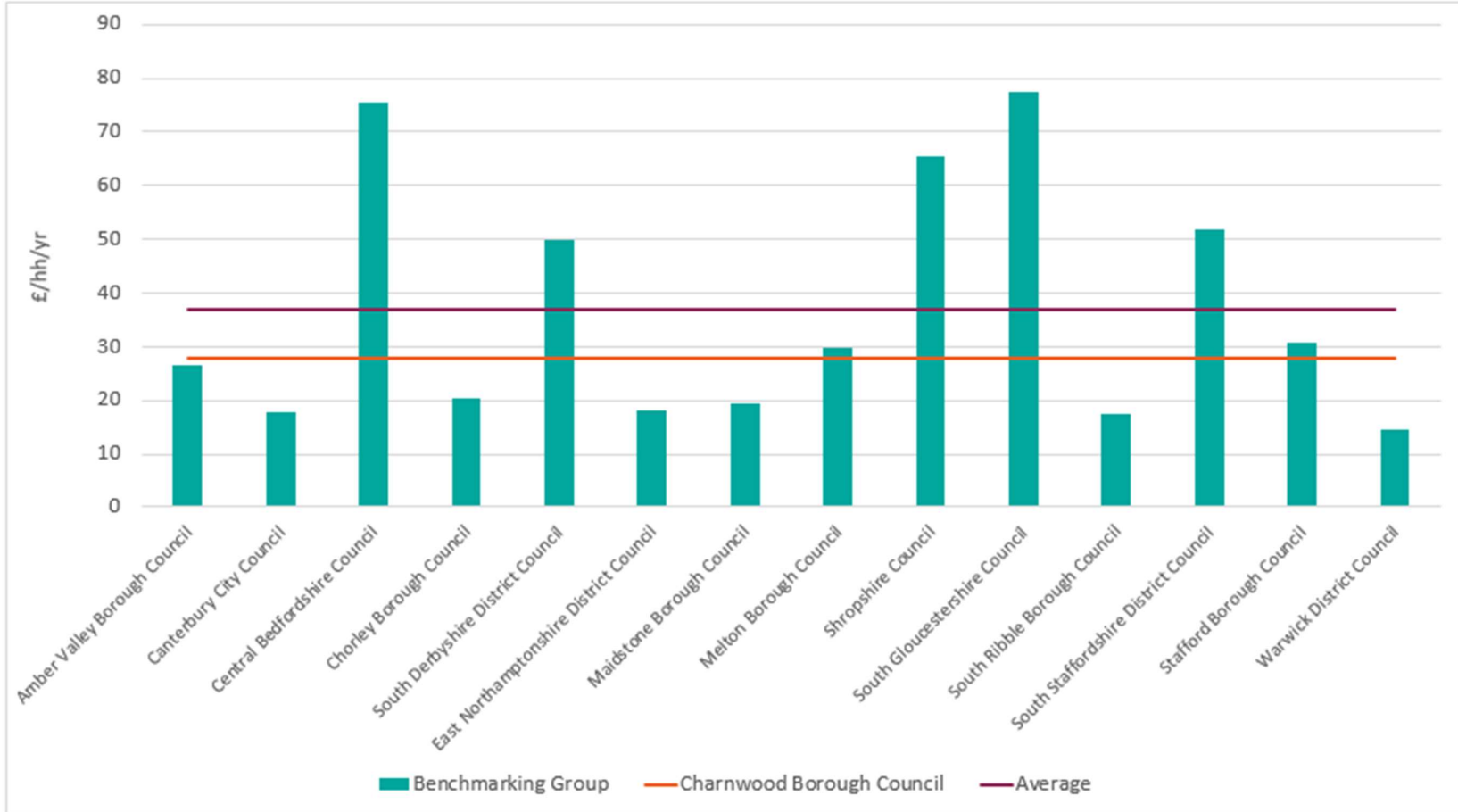
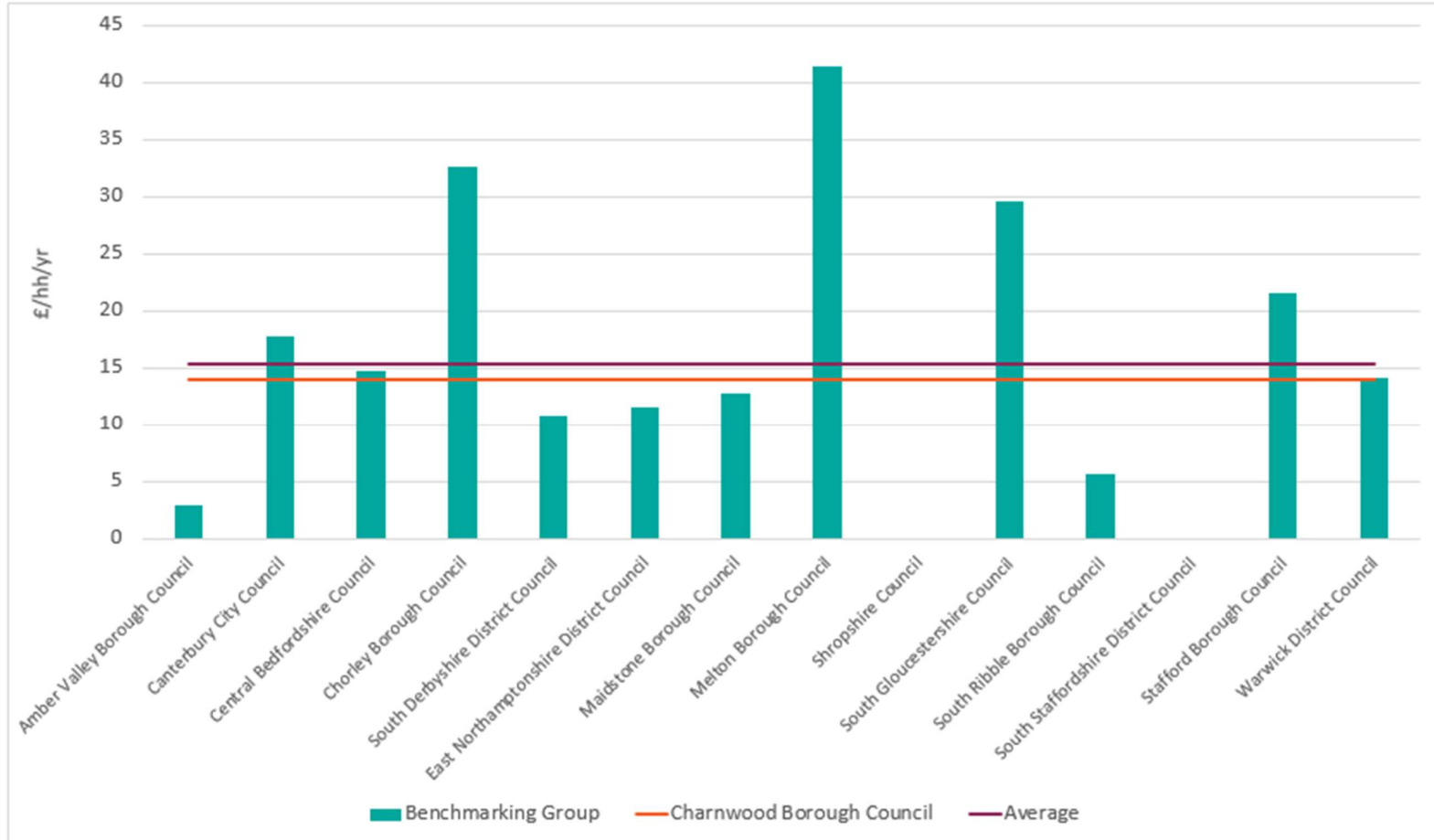
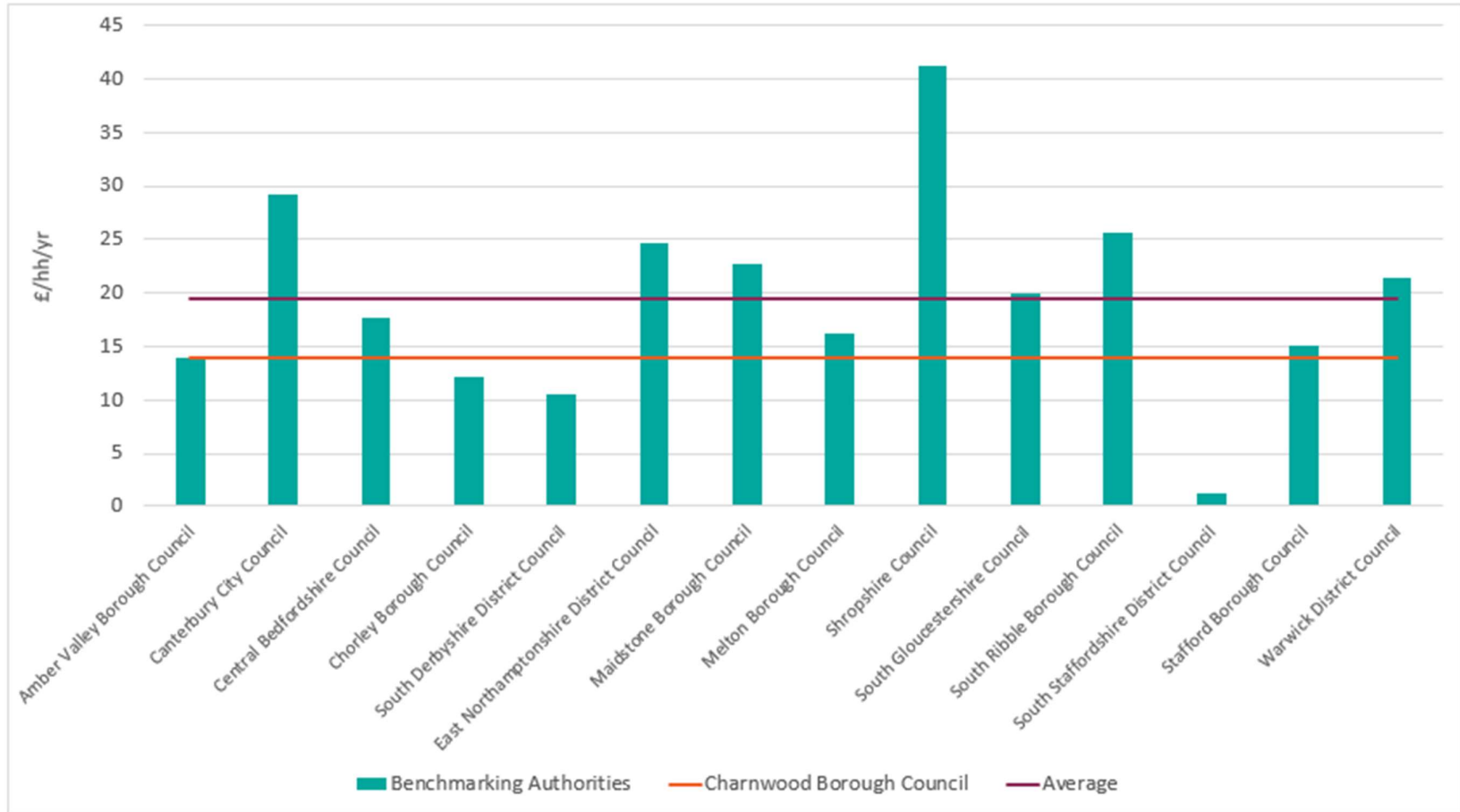


Figure 3.5: Benchmarking Group – Recycling Spending (£/HH/year)



Note: Two of the 14 local authorities in the benchmarking group provided invalidated data

Figure 3.6: Benchmarking Group – Street Cleaning Spending (£/HH/year)



The benchmarking group graphs are summarised in Table 3.2 below are show that in five out of the six indicators compared, Charnwood is performing well with performance measured at or above average. These results provide an indication of Charnwood Borough Councils performance against 14 comparable benchmarked English 'Shire Districts' (with the exception of satisfaction ratings where only 7 other authorities were compared).

Table 3.2: Charnwood Performance Compared to Benchmark Group

Authority	Refuse / Recycling				Street Cleaning	Combined
	Recycling rate %	Residual waste kg / HH	Cost of refuse £ per HH	Cost of recycling £ per HH	Cost of streets £ per HH	Satisfaction Rating %
Charnwood Performance (2017/18)	48.4	456	28	14	14	90
Charnwood Rank (out of 15)	7	5	8	9	5	2*
Benchmark Average (2017/18)	48.0	482	37	15	19	80

*Ranked out of 8

4.0 Potential Efficiencies from Alternative Delivery Models

Eunomia has worked on a number of procurement and efficiency review projects that have considered alternative delivery models for waste services. Information was drawn from this experience via a desk top review to carry out a short review of the potential to gain efficiencies for Charnwood's Environmental Services, should alternative delivery models be considered.

In our experience of working with in-house, outsourced and local authority company operations, the efficiency of the service does not depend on the commissioning option, as there are examples of efficient and inefficient services for all different commissioning routes. Table 4.1 provides a brief summary of the potential advantages and disadvantages of the three service delivery models. The table highlights differences that cannot be considered as definitive or guaranteed as they are dependent upon mitigating measures undertaken during any commissioning options appraisal. This table should therefore be read in conjunction with Section 3 of this report.

Table 4.1: Efficiency Analysis of Delivery Models

Delivery Model	Advantages	Disadvantages
Outsourced	<ul style="list-style-type: none"> • Financial risk transfer • Stability in financial planning • Demonstrable best value through procurement and market testing • Pension costs comparatively (and progressively) lower than in-house • Relatively low operational risk (transferred to the company) • Reputational risk transferred to the contractor 	<ul style="list-style-type: none"> • Less flexibility to service change (lengthy negotiations with third party and also potential legal compliance issues) • Efficiency savings made post contract award will need to be shared • The Council pays for the ‘profit margin’ of the service delivery company • Any commercial activity income would not be automatically shared with the Council
LAC	<ul style="list-style-type: none"> • Greater flexibility and control of service change • Efficiency savings made post contract award will be held by the Council • Potential to operate commercially and hence improve income (100% retention by the Council) • Pension costs comparatively (and progressively) lower than in-house • Potential for costs to be lower due to not paying profits to third party • Potential for profits to be re-invested into the LAC to provide future savings or improvements 	<ul style="list-style-type: none"> • Financial risk retention • Budget overspends underwritten by the Council • Instability in financial planning • Uncertainty regarding best value • Operational risk mainly retained by the Council • Reputational risk retained by the Council
In-House	<ul style="list-style-type: none"> • Greater flexibility and control of service change • Efficiency savings made post contract award will be held by the Council • Potential for costs to be lower due to the not-for-profit nature of the Council 	<ul style="list-style-type: none"> • Financial risk retention • Budget overspends underwritten by the Council • Instability in financial planning • Uncertainty regarding best value • Pension costs significantly higher than that of the outsourced or LAC option due to LGPS costs • Commercial activity lessened by the restrictions on local government to act commercially • Operational risk retained by the Council • Reputational risk retained by the Council

The following sections provide some initial details about the typical areas of consideration relating to different commissioning options and how they need to be appraised during the decision-making process.

4.1 Budget Certainty and Financial Risk

Financial risk transfer is central to the concept of outsourcing service provision to an external contractor and reflects a fundamental difference between this commissioning option and the LAC and in-house options.

The council is currently delivering the services as part of an outsourced delivery model and so officers are relatively familiar with a contractual arrangement which seeks to transfer financial risk to a third party to a degree. Any future services contract will continue to be founded on the principle that most services are delivered for a predictable fixed price, with year-by-year price changes limited to reflecting inflation or significant changes in service approach or volume.

In contrast, both the in-house and the LAC options would require the council to underwrite any budget overspends, leading to both the risk of greater fluctuation in the cost of the services and the fundamental difference that financial risk is not transferred to a third party and the Council retains full responsibility for the running costs of the services. The magnitude of this retained risk can be significant.

However, the market doesn't always work perfectly as a means of transferring financial risk. There have been a number of recent high-profile examples of outsourced environmental services contracts failing due to having been under-bid. In extreme cases, the contracting authority may feel that it has no option but to bail out the contractor (and risk breaching the public procurement rules in the process) or bring the services in-house in a potentially unplanned and uncontrolled way. These risks can be substantially, but not entirely, mitigated by operating a well thought out and executed procurement process.

For the in-house or the LAC options, the costs of providing the services must be understood with greater accuracy, and operational and budget management must be extremely tight to reduce risk of overspend. Where service change is minimal, the risk of overspend is considerably reduced, but there have been several recent and high-profile examples of local authorities significantly overspending in service delivery areas such as environmental services.

The limited liability status of the LAC would be highly unlikely to have any practical use, given the reputational damage that a financial failure of the LAC would be likely to inflict on the council.

For the contracted out option, it is assumed that the competitive tender process would result in a contract price that demonstrably provides Best Value to the council through market testing, while the LAC and in-house options do not undergo a procurement process and are therefore it is harder to demonstrate that they represent best value.

4.2 Flexibility and Control

The main consideration around this risk area is the ease with which the council could implement service changes once the services have been commissioned. Such changes might be driven by the need to reflect the local priorities of the administration and the aspirations of residents and service users. However, in recent years a key driver for local authorities seeking greater flexibility and control has also been to make it more straightforward to deliver year-on-year savings where this is deemed necessary to balance the budget in the medium term.

Significant service changes or efficiency initiatives under the contracting out option are likely to involve extensive negotiations with a third party and sometimes also legal compliance considerations in respect of public procurement regulations. In addition, where the delivery of efficiency savings is the key priority, it is likely that savings would have to be shared with the contractor in order to incentivise the contractor to deliver change and also to avoid the risk of profit erosion from being priced against at the tender stage. Alternatively, considerable flexibility can be built into contracts and provided for in the procurement process, but this is inevitably at the expense of a degree of financial risk transfer, with traditional fixed price contracts being less suitable where considerable flexibility and regular change is envisaged by the contracting authority.

In the other options, service changes would be easier to implement, as the council would retain all financial risk and own and control the service delivery entity.

4.3 Pensions and Cultural Integration

Pension costs represent a fundamental difference between the various commissioning options and affect, in particular, the in-house service delivery model. Once an employee has been transferred from a contractor to the council, that employee would become eligible for membership of the Local Government Pension Scheme (LGPS). Under the LAC option, staff currently employed by Serco on the existing contract would transfer to the LAC and therefore would not acquire an automatic right to the membership of the LGPS. Instead, they would be auto-enrolled onto the LAC pension scheme. The employer contribution rate of the LAC pension would be decided by the council, and could range anywhere from the current contractors' pensions to the LGPS, although choosing to offer LAC staff LGPS membership would eliminate the financial savings offered by this option versus direct in-house employment.

Another key feature of the LAC option is the potential to operate the services through an entity that is both ultimately council controlled and legally and culturally distinct from the council. This opens up possibilities for the LAC to operate in a more commercial way, potentially allowing the council to benefit from some of the features of outsourcing alongside some of the benefits of an in-house service.

4.4 Ability to Deliver Services and Operational Risk

A key element of the decision-making process is understanding the confidence that the council has in its ability to deliver services directly as well as the appetite for the operational risk associated with service delivery.

No commissioning option will ultimately allow the council to fully insulate itself from the risks associated with service delivery and operational failure. If the services are outsourced, the council could reasonably assume that it will be able to appoint a contractor with the relevant capability and experience to operate the services on the authority's behalf. Reputational risk is also ultimately impossible to fully transfer, whatever the contracting structure.

Within the in-house and, to a lesser extent, the LAC options, operational responsibility would fall to the council. In both of these options, elements of the current contractor's management would be likely to transfer to the council or LAC alongside the operational staff, although this cannot be guaranteed. However, key back office functions such as HR, health and safety, payroll, pensions, procurement and IT would need to be mobilised to support these services. Alongside these business support functions, additional management support would be required to transition and oversee these services. Once a LAC has been fully established, much of this day-to-day service management risk would sit with the company. However, since the company would be wholly council owned, reputational and operational risks would ultimately reside with the council.

If the council decides to consider an in-house or LAC commissioning option more closely, we would recommend the development of a clear and transparent method for monitoring the performance of the delivery body and that this forms a key part of the mobilisation of the services. This will ensure that the level of oversight and scrutiny of the quality of the service being delivered is comparable to that required were the Council to outsource service delivery to a contractor.

4.5 Local Authority Funding of Capital

Local Government can provide funding for capital investments at a lower cost than the private sector either by investing cash or borrowing through prudential borrowing. This mechanism is possible regardless of the service commissioning route and therefore is not a differentiator between these options.

It is becoming increasingly common for local authorities to consider reducing the cost of service delivery through consideration of the transfer of capital risk, particularly in services heavily reliant upon large capital expenditure. As economic pressures continue to hit local government, the more entrepreneurial conscious authorities are considering the purchase of fleet requirements for environmental services through the use of their prudential borrowing powers under the Local Government Act 2003. This area requires careful consideration to ensure the council adheres to the Prudential Code and does not exceed its Affordable Borrowing Limit however, through an outsourcing option the contractor's financial borrowing is decreased allowing for efficiencies through transfer of the borrowing requirement.

5.0 Conclusions

The research compared information from most English 'Shire District' councils (191 in total). All of these councils operate as waste collection authorities across England in two tier areas and can be compared at a high level to Charnwood Borough Council and their Environmental Services. The results suggest the Council is delivering a service that is performing better than average against national statistics for refuse and recycling. When considering the more closely comparable benchmarking group (14 councils) the residual waste indicator suggests Charnwood is performing slightly better, whilst the recycling performance suggests a small drop in performance.

The indicators used to measure this performance cannot be entirely attributable to the service provided by the Council's Environmental Services contractor. However, they do suggest the Council has put in place a contract and associated policies that enables local residents to achieve relatively high levels of recycling (48.4% compared to national 'Shire District' average of 44.7% and a benchmarking group average of 48.8%) and relatively low amounts of residual waste (456Kg compared to national 'Shire District' average of 466Kg and a benchmarking group average of 472Kg).

A more accurate measure of quality of service provided by Serco is the public satisfaction survey. Of the seven responses collated, Charnwood's combined satisfaction rating scored very highly (90%), second only to one authority in the benchmarking group, and 10% above average.

The cost attributable to the refuse, recycling and street cleaning services in Charnwood were on the whole good, indicating value for money (Table 3.2). The refuse and recycling services measured £28 per household and £14 per household respectively, which make a combined total of £42 per household. As the service is delivered as an alternate weekly collection service it is not unreasonable to compare this combined service cost. The national 'Shire District' average is £44 and a benchmarking group average is £49. These comparisons would suggest the waste collection and recycling service is good value at £5 below the benchmarked group average. This is further enhanced when considering data collected for street cleaning which shows costs significantly lower than the benchmarking group (£14 compared to £20 per household).

Unfortunately our research suggests that Charnwood Borough Council is perhaps one of only a handful of authorities that consistently measure operational performance, particularly in respect of street cleaning local environmental quality assessments. Since the abolition of the Audit Commission many local authorities have chosen not to conduct performance monitoring, especially for street cleaning services. This picture is (surprisingly) reflected across the local authority benchmarking group, a group that has been chosen not only for their similarities in socio-economics and demography, but also because they operate a contracted out service.

In considering future service delivery options we would suggest that a number of factors should be taken into account. These include the results of the benchmarking highlighted within this report together with advice contained in particular in Section 4. In addition,

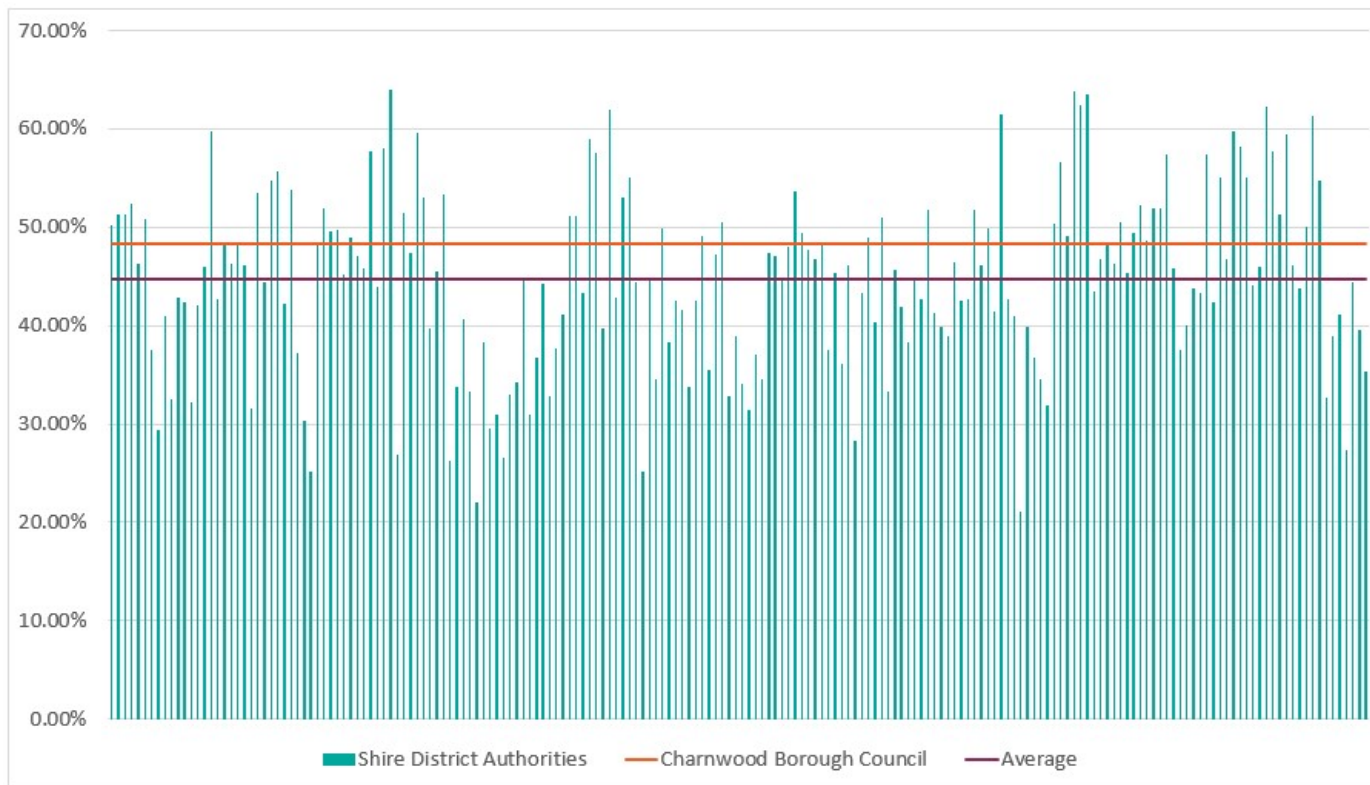
the timing of any potential future procurement combined with the package on offer can make any service more attractive to the market place. Service and contract design are of particular importance in a market place that has consolidated in recent years and one in which the financial landscape is very different to that of ten years ago. Transparency and risk management are also key to securing a future service delivery model that can contribute to any savings targets the Council may have post 2020 when the current contract extension with Serco expires.

APPENDICES

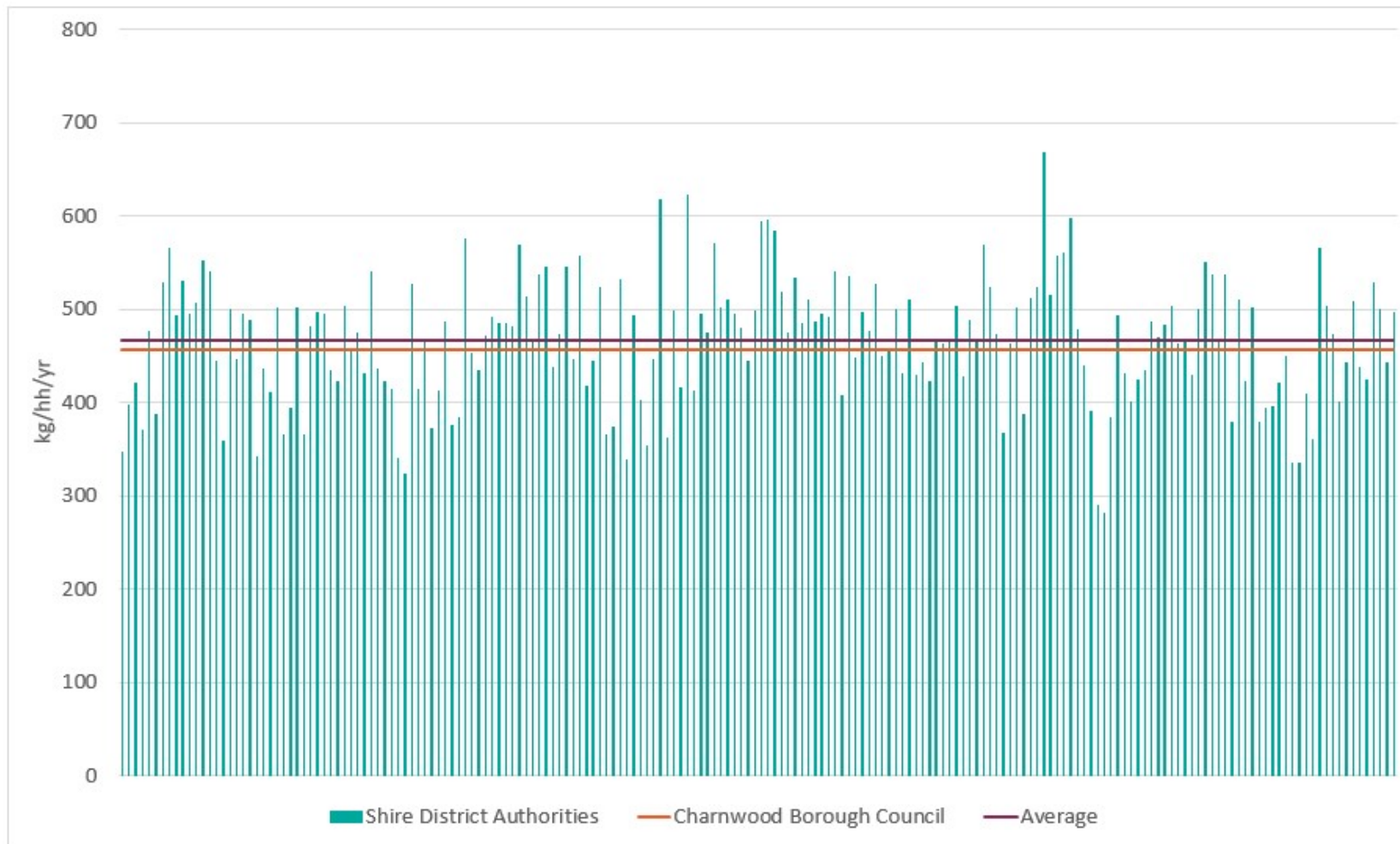
A.1.0 Appendix 1 – Comparative Data Figures

The following figures illustrate the comparative data collected at a high level compared with Charnwood BC (orange line) and the average (purple line) across all 190 district councils used. These include:-

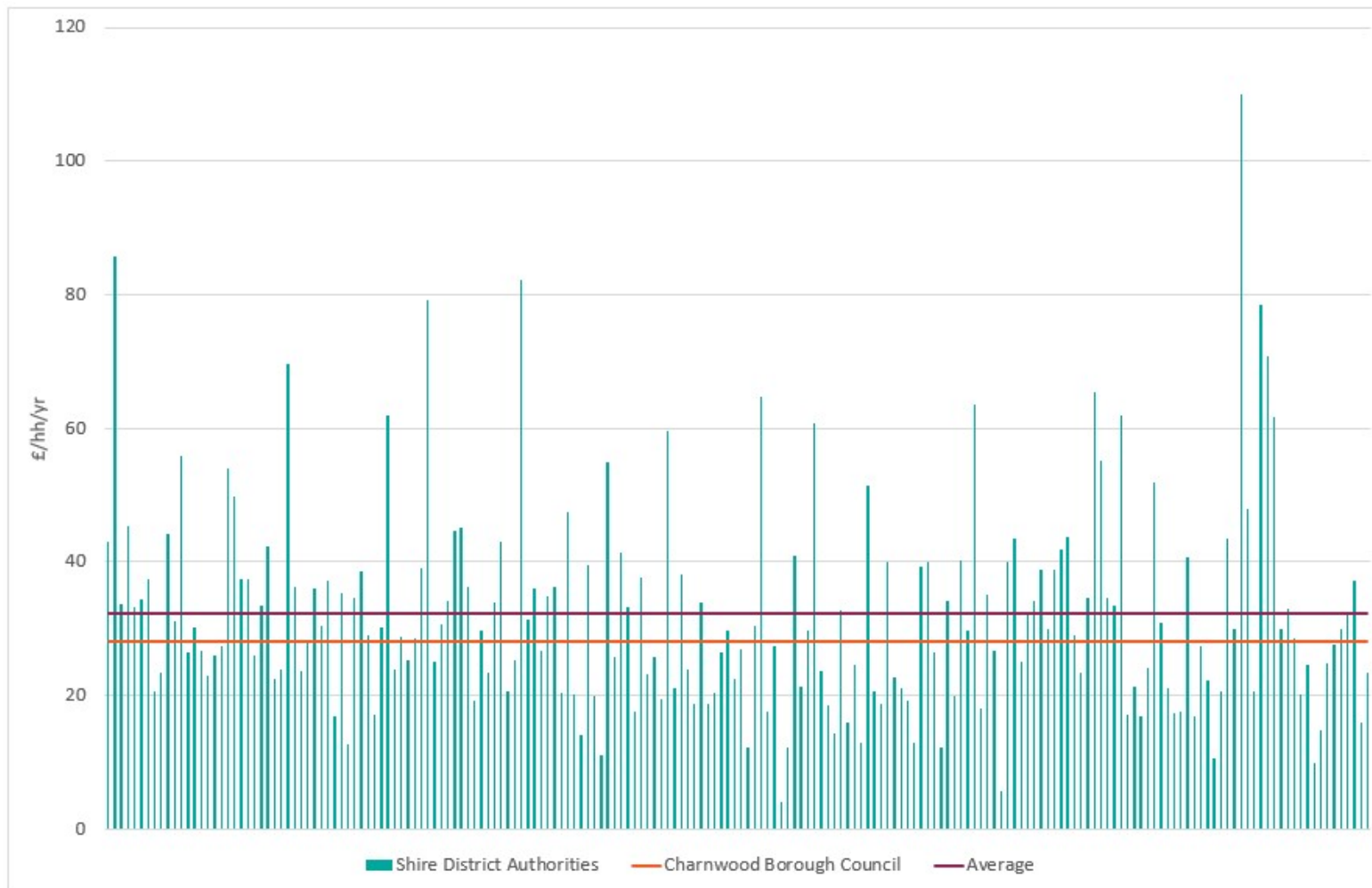
A.1.1 Household recycling rate



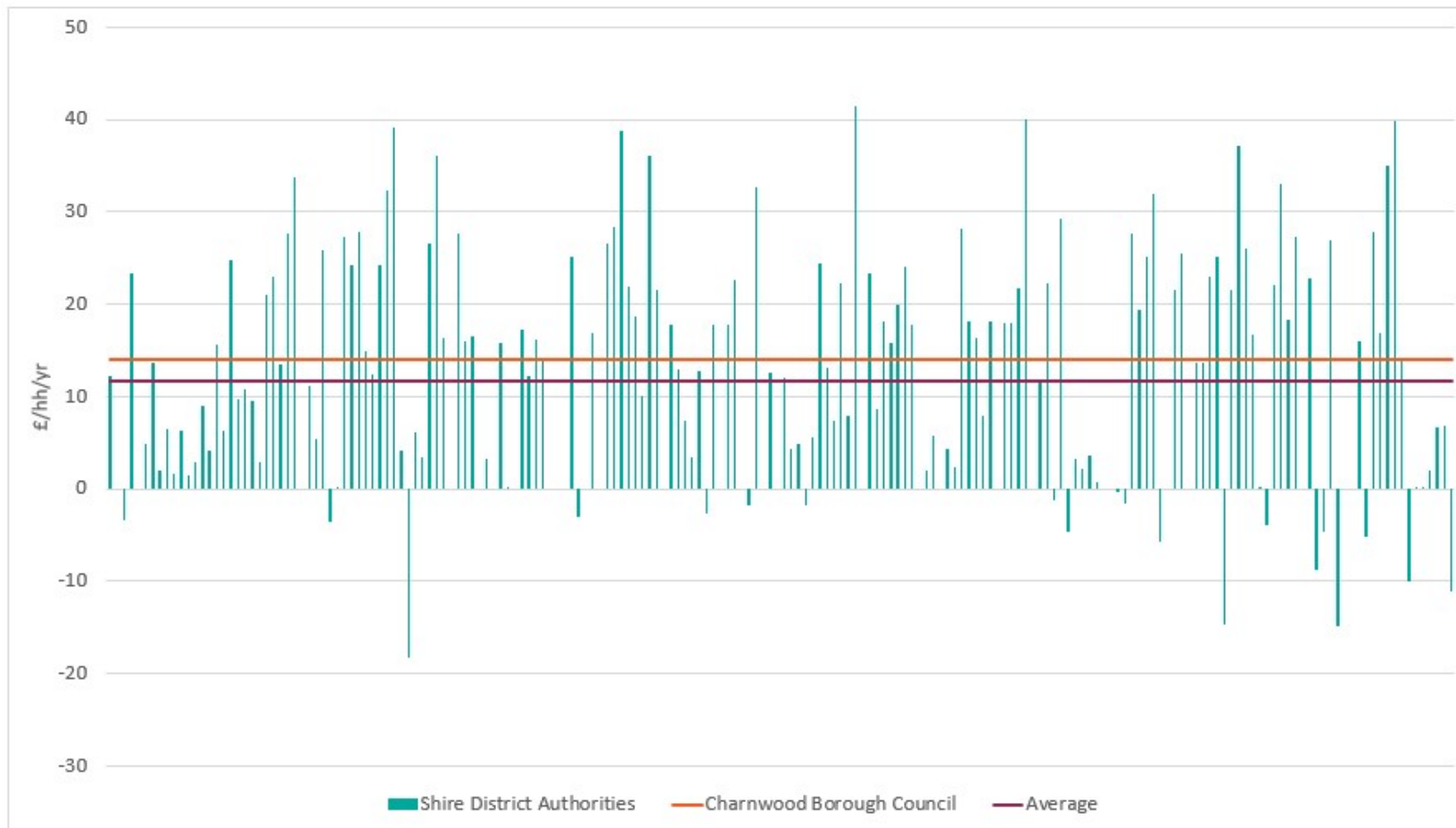
A.1.2 Household residual arisings



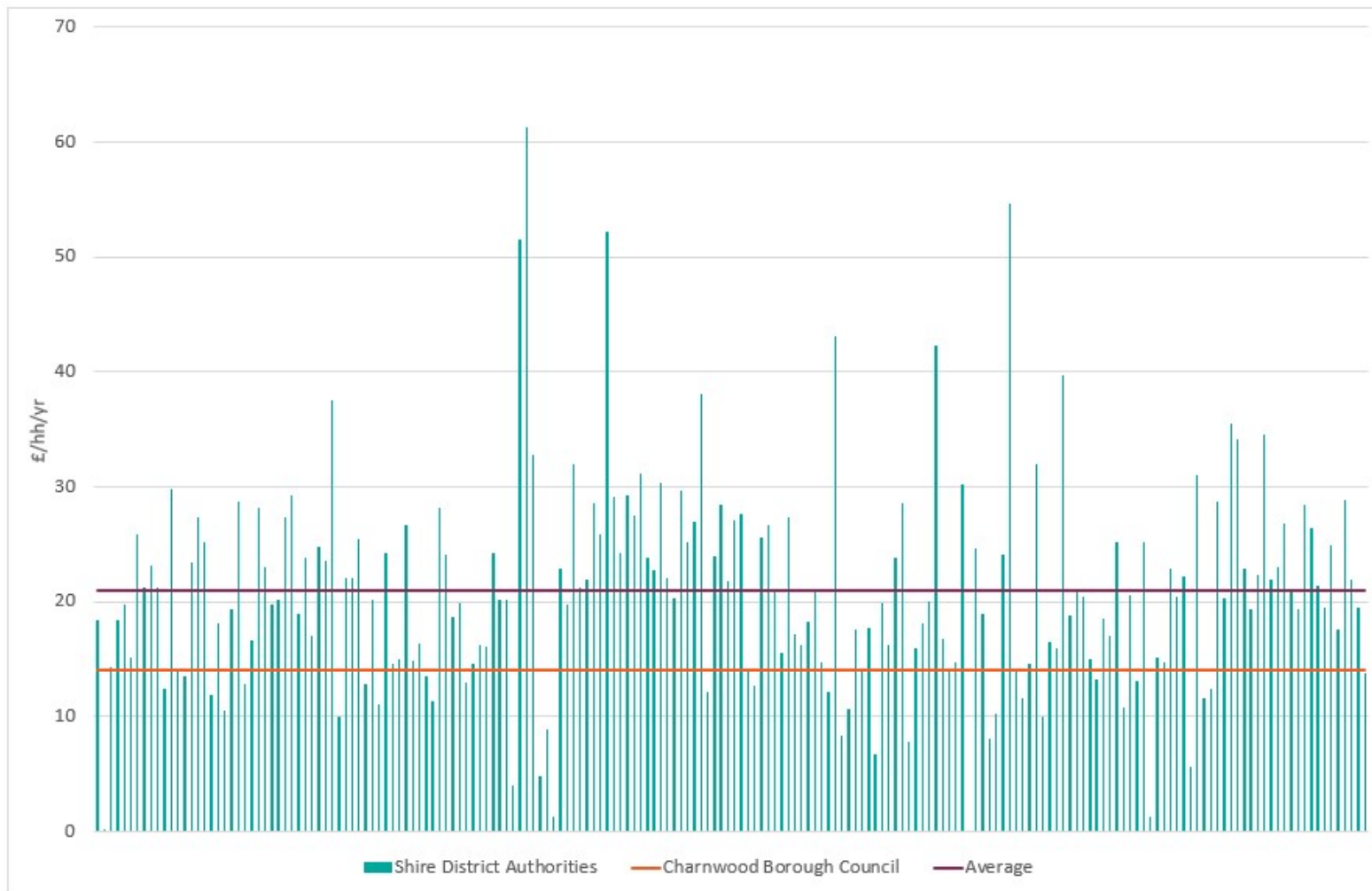
A.1.3 Waste collection spending



A.1.4 Recycling spending



A.1.5 Street cleaning spending



A.2.0 Appendix 2 – Data Summary

The following table illustrates the summary of the comparative data collected from the 14 local authorities within the benchmarking group compared with Charnwood BC.

A.2.1 Summary of data collected

Authority	Refuse / Recycling						Street Cleaning		
	Similarity Rank	Recycling rate %	Residual waste kg / HH	Satisfaction rate %	Cost of refuse £ per HH	Cost of recycling £ per HH	Street cleaning NI195a/b	Satisfaction rate %	Cost of streets £ per HH
Charnwood	-	48.4	456	96	28	14	0.8/4.5	75	14
Stafford	2	51.9	468	-	31	22	-	-	15
South Ribble	4	47.4	475	87	18	6	-	87	26
Chorley	5	47.2	496	76	20	33	-	76	12
South Gloucestershire	11	49.2	519	55	78	30	-	44	20
Canterbury	12	44.4	447	70	18	18	-	70	29
Maidstone	14	49.9	416	-	19	13	-	-	23
Warwick	16	54.7	444	-	15	14	-	-	21
East Northamptonshire	25	46.2	368	87	18	12	-	87	25
Amber Valley	28	32.2	552	-	27	3	-	-	14
Central Bedfordshire	30	46.2	551	-	75	15	-	-	18
Shropshire	31	54.8	574	89	-	-	-	89	41
South Staffordshire	36	51.9	463	96	52	-15 [#]	-	96	-
Melton	49	47.7	492	-	30	41	-	-	16
South Derbyshire	50	48.2	489	-	-	-	-	-	-

* Note: Any data that was not received or was not recorded correctly is marker with a (-). Authorities highlighted in blue were considered to have a more complete set of data for comparison purposes.

[#] Note: Negative data was received due to the impact of recyclate income and recycling credits however this data was excluded from the benchmarking analysis as it was considered unrealistic.



Lifting the lid on bin complaints: learning to improve waste and recycling services

Focus Report: learning lessons from complaints

August 2017

www.lgo.org.uk

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Foreword from the Ombudsman



The way local authority services are delivered has changed radically over the last decade, and nowhere is this more evident than in the way our waste is collected. Councils have seen unprecedented budget challenges and had to find new ways to provide basic services. In many cases that has meant fundamental changes to the service that is provided, alongside an increasingly commercial approach to charging and contracting out.

Waste and recycling is one area where this commercialisation of services is most visible. According to WRAP, the resource efficiency organisation, 140 local authorities in England – around 40% – outsource their collection services to the private sector and the majority of councils pay waste companies in some sort of capacity.

Residents who were once used to having the council traditionally collect their rubbish every week, are often now seeing an outsourced service delivered at arms length by a contractor. And this is typically a service with less frequent collections, more segregation of waste and extra charges for services that were once free.

But with new approaches comes new challenges. We are upholding 81% of investigations about waste and recycling: a much higher proportion than in other areas. Whether the service is outsourced or not, this is too much – especially for a service that should be relatively simple to get right.

The fallout from contracting out collections runs through many of the stories in this report. A key theme is councils failing to have sufficient

oversight of their contractors.

We see cases where people complain about issues, but the council blames the contractor and fails to ensure the problem is resolved. Or the council and the contractor may give contradictory information. Councils can contract out their waste service but cannot wash their hands of it.

Where people pay directly for some of their waste collections, these problems are further heightened. As with any commercial exchange, people who pay extra for a service expect it to run smoothly. When it doesn't, councils can expect those people to be more upset than usual. This report highlights where some councils have failed to respond properly to problems with paid-for services, and not appreciate the different relationship this charging factor creates.

As the Ombudsman, I recognise we only investigate a small fraction of collections. Councils in England manage more than 26 million tonnes of waste a year. Many thousands of bins are collected successfully every day in England, and most people receive a seamless service. We only see the tip of the iceberg, but the complaints we investigate tell the story of real public experiences behind the statistics. When things do go wrong, it's how councils put them right that matters.

By publishing this report, I hope we can help local authorities to learn from our investigations and help residents scrutinise their local services. The lessons from this report – particularly the oversight and effective monitoring of contractors – will be relevant for all councils witnessing the changing realities of outsourced service provision.

Michael King,
Local Government and Social
Care Ombudsman
August 2017

Introduction

The Local Government and Social Care Ombudsman investigates unresolved complaints about local public services and registered adult social care providers. In this report we look at some of the common issues we find from our complaints about bin collections.

Waste collection is one of the few services which affect virtually everyone. For many people, it is the most visible council service they receive. We put out our waste bins and recycling boxes and the council takes the contents away.

It is a service we give little thought to.... until it goes wrong. And, when it does go wrong it can lead to frustration, inconvenience and anger in a relatively short period of time.

Given the universal nature of the service there will always be the occasional problem. No council can guarantee there will never be a missed collection and it may not be realistic for people to expect this. But, people are entitled to expect the council, and its contractors, to quickly respond to reports of missed collections and take effective action to deal with problems.

Some of the common problems we see from our investigations include:

- > Repeated missed collections; sometimes compounded by the infrequent nature of collections
- > Poor complaint handling and problems monitoring reported issues
- > Issues with assisted collections for those with disabilities or mobility problems

Many problems are linked to councils not retaining sufficient oversight of their third-party contractors, and not taking ownership of responding effectively to reported issues.

The stories in this report of people, who complained to us, include:

- > a woman who had to phone her council every fortnight for three months just to get her rubbish collected

- > a man who was taking his rubbish to a relative for more than three months because the council did not collect it
- > a man receiving assisted collections who didn't have his bin returned to the right place for 10 months.

We see a common theme through many of these complaints – councils failing to learn and people left to raise concerns time and again about the same problem.

We receive around 500 complaints and enquiries about bin collections every year and have seen a sharp increase in the number of these investigations we uphold. In the year 2016/17 we upheld 81% of waste-related investigations, compared with 59% in 2015/16. Our average uphold rate for all types of investigation last year was 53%. It is concerning we uphold, proportionately, so many complaints about a council service that should be relatively straightforward to deliver.

The report suggests ways councils can improve the service and their complaint handling, based on the learning from our casework. It will also help local councillors to support people in their area who raise queries about bin collections, and we provide a set of questions to help councillors scrutinise their local authority's services.

The law, policy and practice

Councils have a duty to collect household waste and recycling free of charge. The collections do not have to be weekly and councils can decide the type of bins or boxes people must use.

Councils can also make a charge to replace stolen or damaged bins.

Councils provide an assisted collection service for people who are unable to move their bins and boxes due to a disability or age. In such cases, councils should collect the bins from the storage point and return them to the same point.

Most councils also provide discretionary services to collect garden waste and bulky items. Councils

increasingly charge for these services. Councils also charge to collect waste generated by businesses (commercial waste).

Many councils use a contractor to provide their waste and recycling services on their behalf. In such cases the council retains ultimate responsibility for ensuring the quality of the service and being accountable if things go wrong. The contractor may initially respond to reports of problems or complaints but the council retains ownership. Outsourced should not mean out of touch.

Advice for households: complaining about refuse and recycling

If you have a problem with your service, you should follow these steps:

- > Report it to the council as soon as possible. The council's website should explain how to report a missed collection. If not, call them to find out how to report the problem.
- > If the problem is not rectified in a reasonable period of time, make an initial complaint. This might be to the contractor or to the council depending on their process.
- > If you are still dissatisfied, escalate your complaint with the contractor or council.
- > Complain to the Local Government and Social Care Ombudsman if you are still unhappy after you have completed the local complaints procedure.

If our investigation finds the council did something wrong that caused an injustice, we will make recommendations for it to put things right. Our recommendations are designed to put people back in the situation they were in before the problem happened. The nature of refuse and

recycling complaints usually means ensuring the service happens properly in the future.

We may recommend a modest payment to reflect the frustration caused and the time and trouble of having to complain to us.

Most importantly, we also look out for improvements to council policies and practices – things which, if changed, may help to avoid similar issues affecting others.

Missed collections are annoying, frustrating and inconvenient. But mistakes can happen and from time to time most people will have a missed collection, a lost bin or another problem with their waste collection. We need to make sure we use public money efficiently, so we would not investigate complaints where there have been just a couple of missed collections or other one-off problems.

Common problems

Contracting out services

Councils frequently arrange for private companies to provide the refuse collection service on their behalf. When this happens, it is important for the council to remember it retains responsibility for the service. And it is responsible if things go wrong. The contractor may provide an initial response if someone makes a complaint, but the person must be told of their right to escalate the complaint to the council, and to the Ombudsman, if they remain dissatisfied.

Miriam's story

Miriam's council contracted out its food, refuse and recycling collections. Within the contract, the private company agreed to collect missed collections the day after they are reported. The company is also responsible for responding to complaints at the first stage.

Miriam reported six missed collections over six months. Initially the contractor came back within one to two days but, as the problems continued, the service deteriorated and the contractor did not deal with the missed collection until the following week.

Miriam complained to the contractor. In response, the contractor gave an incorrect reason for the missed collection. When Miriam complained to the council, it upheld the complaint and found there had been a different reason for the missed collection. In short, the contractor blamed Miriam but the council found she had not done anything wrong. Each time Miriam complained about a run of missed collections, the service would improve for a while and then deteriorate.

We found the contractor was not properly collecting the refuse, recycling or food waste. Its complaint handling was poor and this made it harder for Miriam to resolve the problem.

How we put things right

The council agreed to:

- > apologise and make a payment to Miriam
- > monitor the collections properly for two months
- > review how the contractor handles complaints to make sure its responses are accurate and evidence-based
- > review how it deals with complaints after they have been considered by the contractor

Common problems

Monitoring

As part of their complaint response, councils often say they will do a period of monitoring. This can be done well but we sometimes find either the monitoring does not take place, or it is ineffective. This issue is common to many of the stories in this report.

Sometimes the monitoring does not have much reality beyond a statement in the complaint response. Monitoring is often an essential part of resolving a complaint and when done properly, it can lead to an improved service.

Asha's story

Asha lives in an apartment block. The council provides each home with an individual caddy for food waste, to transfer to communal waste bins that are collected weekly. Asha contacted the council to report six missed collections. The council said it would monitor the collections for the next six weeks. But Asha had to make another complaint because the collections were still being missed. The council upheld her complaint and accepted there had been many missed collections. It did more monitoring. This did not solve the problem and Asha complained to us.

In response to our questions, the council said few missed collections had been identified during the monitoring. Asha, however, said the problem was on-going and there were eight more missed food collections after she contacted us. The council could not provide any records of the monitoring and it later transpired all the council did was check the missed collection reports and told the contractor to deal with it. This is not monitoring. Effective monitoring requires the council to actively check the collection has been completed. And, if the monitoring finds a missed collection, the council needs to find the cause and put it right.

How we put things right

The council agreed to:

- > apologise to Asha and pay her £100
- > properly monitor the food waste for 12 weeks and report the findings to Asha and to us
- > consider taking photographs as part of a new monitoring regime

The new approach was effective, and after five months of proper monitoring Asha was receiving weekly collections.



Common problems

Paid-for services

Some councils charge for certain types of refuse collections. Unsurprisingly, when people have to pay extra, there are often higher expectations of the service and a heightened sense of frustration and injustice if something goes wrong.

Garden waste is a common service that was once free but now chargeable in some areas. Councils will usually also offer bulky item collections at a cost. Charges are unpopular but permitted, as these are not services councils are required to provide for free. Garden waste charges typically range from around £25 to £60 and buy collections for all or part of the year.

Ben's story

Ben complained to the council after it failed to collect his garden waste on several occasions. Apart from the annoyance, it meant he had a bin full of rotting waste which stopped him from doing more gardening. The council suggested the problem was caused by the crews being uncertain of his house's location. The council offered £75 and an assurance he would get a regular service once the crews had been reminded where he lives. The supervisor was asked to monitor the collection for six months.

Ben had to complain again three months later because his garden waste was still not being collected. The council said that after the first complaint it fined its contractor, and then notified the contractor of each missed collection.

In response to our investigation the council accepted there was a problem but was unsure of the reason. It again added the property to the supervisor's checklist. It was unable to provide any evidence to show monitoring had taken place after the first complaint.

How we put things right

The council agreed to:

- > apologise to Ben for the continuing poor service
- > fine the contractor if there were any more missed collections
- > monitor properly the service for six months

Common problems

Missed collections

Missed collections happen. But councils should make it easy for people to report missed collections and have clear information about how and when the missed collection will be dealt with. If councils do not collect rubbish every week then it is even more important that a missed collection is dealt with promptly

Rachel's story

The council collects Rachel's rubbish every two weeks and her recycling every week. Over a period of three months the council only collected the rubbish once and missed several recycling collections. Rachel reported the problem by phone and on-line numerous times but nobody got in touch. She complained in writing. The council upheld her complaint and explained the problems were linked to its use of an external contractor. The council apologised but the problems continued. For another three months Rachel had to call the council every fortnight as it was the only way to get her refuse collected. Even then the collection was often a week late. Rachel complained to us.

In response to our investigation the council explained the contractor had been using a van which was too big to access Rachel's road. The contractor allocated a smaller van to the route and the service improved. We found that, after the initial complaint, the council did not do enough to monitor the service even though it knew there was a problem.

How we put things right

The council agreed to:

- > apologise to Rachel
- > pay her a token amount in recognition of the poor service she received
- > give Rachel details for an officer she could directly report any further missed collections to
- > monitor her collections for six months

We were happy to hear from Rachel that the service subsequently improved and there had been no more missed collections.

Other residents also had issues with their collections, to the extent it was raised in the local press. We welcomed the fact that, while we were investigating, the council's scrutiny panel discussed the problem and an action plan was agreed with the contractor to improve the service for everyone.

Common problems

Frequency of collections

Councils increasingly do not collect refuse every week. Quite often the rubbish and recycling are collected on alternate weeks. When rubbish is not collected every week, it is particularly important councils deal promptly with missed collections.

Imran's Story

Imran's council collects refuse every three weeks. There should have been a collection on 18 December but it was missed. Imran reported it via Twitter and was told the rubbish would be collected within 72 hours. It wasn't and on 24 December he was told it would be collected by 28 December. This did not happen so Imran contacted the council again. He was told the collection would be by 31 December.

Imran made a complaint on 2 January – his rubbish had still not been collected. In response, the council told him the rubbish would be taken on 4 January. This, too, did not happen and the rubbish which should have been collected on 18 December, was finally removed on 15 January.

The council responded to the complaint in April. But the response was confusing and did not explain what had happened. The next response found the problem had been caused by poor service management and a lack of supervision. Imran complained to us.

Our investigation found the council's policy said it should have returned within 48 hours to collect the rubbish. The combination of the three-week collection period and the delay in returning to collect the rubbish, meant Imran had no collection between late November and mid January. The council also handled his complaints poorly.

How we put things right

The council:

- > accepted it was at fault for not collecting Imran's rubbish promptly, and repeatedly missing new timescales for the collection
- > apologised for the poor service and for the delay in responding to Imran's complaints
- > paid Imran a token amount to reflect his frustration, and the time and trouble in pursuing his complaint with us

Common problems

Complaint handling

Poor complaint handling can make it harder for residents to resolve their refuse problem and increase their sense of frustration. Sometimes councils take a standardised, formulaic approach that fails to address the specific circumstances when things go wrong.

Ivan's story

Ivan lives in a street where there are few residential homes. He had no problems until the council introduced wheelie bins. His recycling collections were fine, but between June and November there were 24 missed collections of the general waste. Each time Ivan reported the missed collection but it was often days before the council collected it. On one occasion he had to wait three weeks.

Ivan complained but the problems continued, despite the council saying it was monitoring the situation.

In November there was another missed collection. His collection day was Monday but, by Friday, the bin was still out waiting for collection. The bin was then stolen. Ivan reported this and complained to his local councillor after the council said he would have to pay £20 to get a new bin. The council told the councillor that if Ivan did not pay £20 he would not receive a service.

Ivan did not pay the charge. He pointed out that the bin had only been left out for so long because the crews had not emptied it. He had no faith that he would get a reliable service even if he paid for the new bin. By the time Ivan contacted us in March he had not had a refuse collection since November – he had to take his rubbish to a relative.

We found the council's complaint handling was poor. It had not investigated the individual circumstances of the complaint and had sent out complaint replies which were almost identical. There was nothing to suggest the council had followed its complaints procedure.

How we put things right

Following our investigation the council agreed to:

- > give Ivan a bin without making a charge
- > make a small payment for the inconvenience
- > provide the refuse team with complaint handling training

We were pleased to hear that Ivan's rubbish collections have since improved.

Common problems

Assisted collections

For people who are elderly or have mobility problems, assisted collection can be a vital service. The council collects the bins from where they are stored and returns them to the same place. In theory, this means the person should not have to do any more than put their rubbish in the bins. However, when things go wrong it can leave people struggling to retrieve containers from the street or having to deal with accumulations of waste.

Billy's story

Billy receives assisted collections. He contacted the council to report that for the last five months, the crew had not been returning his recycling bin. The council spoke to the service team and assured Billy the crew would return the bin to the correct point. The problem continued so Billy contacted the council again. The council gave exactly the same response. The problem continued. Billy spoke to the crew who said it takes too long to return the bin. He again contacted the council who apologised for the poor service and said it would monitor the crew.

Billy complained to us. We found the council had delayed resolving the problem. When Billy complained for the second time the council should have escalated the complaint to a manager rather than sending an identical response. Then, when the council said it would monitor the problem, it was unable to provide any evidence to show that it had done so. The problem had continued for about ten months and the council did not take any meaningful action until we intervened.

How we put things right

After we got involved the council began more vigorous monitoring and the service significantly improved. However, the council should have resolved the problem some four months earlier.

The council agreed to:

- > apologise to Billy
- > pay him £150 for the delay and inconvenience
- > monitor the service for another four months and learn lessons about the way the complaint was handled

Common problems

Changes to services

From time to time councils may have to change how they deliver and manage the refuse and recycling service. This might involve relatively small changes about the boxes and bins, or be more wide ranging such as changing the collection day and who provides the service. For example, a council may decide to stop using its own staff and contract the service out to a third party.

Our experience shows when a service is changed, councils should anticipate and prepare for potential problems. We receive complaints about the new bins not being delivered; bins delivered in error not being collected; and the new service not being properly delivered. People have also complained about being unable to contact the council when the new service does not work and expressed dissatisfaction when their local councillor is unable to help. We have heard how frustrated people feel when they follow the council's instructions to report a problem, but either cannot get through or feel ignored because the problem is not resolved.



Joginder's story

Joginder's council used to provide one free bin for garden waste and a second bin for £45 a year. Each year the garden waste service was suspended for six weeks in December and January. The £45 fee took this into account.

Joginder signed up for a second bin. He paid the fee but says the council did not send any documents. He thought he had bought the service for 46 weeks. He did not know the council had decided to suspend the collections from mid-November to mid-March.

Joginder complained the council did not tell him about the reduced service when he signed up. He only found out in the October when he got a reminder there would be no service from November to March. The council only updated its website in November.

The council told us that in the month before Joginder signed up, it had decided to extend the suspension period to seventeen weeks. It had intended to carry out a public consultation but this did not happen. The council explained it had sent renewal letters saying the service was under review. But we found evidence to suggest not everyone received them. In any case, by the time the council sent these letters it had already decided to extend the suspension so the case was no longer 'under review'.

The council received 98 complaints. It treated them as a complaint against a policy decision and did not provide individual responses. Instead, it sent a similar response to each complaint and said it would not make any refunds because it had told renewal customers the service was being reviewed. It did issue a partial refund to new customers who signed up after the renewal notices had been issued.

Our investigation found that, had the council considered each of the 98 complaints individually, it would have known Joginder was not a renewing customer. We found the council had not told Joginder about the reduced service and there was no information on the website until shortly before the extended suspension began. We also found the council did not properly inform all the renewing customers – it merely said the service was under review.

How we put things right

The council:

- > apologised to Joginder for not telling him about the revised service and for not properly considering his complaint
- > agreed an appropriate refund for Joginder, at our request
- > offered an appropriate refund to all those who were not notified the service was being reviewed
- > offered the same discount on the charge for the next year, for everyone else who had been affected

Getting things right

From our investigations we have developed the following good practice points for councils:

- > Ensure clear procedures are in place with any contractors to deal with complaints, making it clear the council retains oversight of any issues
- > When problems with a service are detected, ensure any monitoring of the issue is meaningful and not just a tick-box exercise
- > Understand problems with a paid-for service are likely to lead to a heightened sense of frustration – perhaps consider giving people a discounted rate or free collection period in future, in place of any that are missed
- > Ensure a reliable and effective service, particularly when refuse collections are reduced to fortnightly or less
- > Make sure people who have an assisted collection service are not left to struggle when things go wrong
- > Provide considered responses when handling complaints – rather than stock responses
- > Learn from complaints and implement those learning points
- > Use our decisions and reports to develop good practice

When making changes to the service:

- > Provide clear information about the changes well in advance and in a range of ways (for example website, direct notifications, meetings, press adverts, posters)
- > Provide a way for people to ask questions and ensure an answer is provided
- > Make sure the information is clear, unambiguous and easy to find. For example, make sure the new collection calendar is in a prominent place in the publicity material

- > Ensure sufficient staff are available to answer calls and emails when people report missed collections and other problems with the new service
- > Ensure local councillors are fully briefed so they know how to help when people report problems
- > Make sure the council's website is updated to reflect the situation and to give clear information about what they should do and when they can expect things to improve



Scrutiny and the role of councillors

Councils and all other bodies providing local public services should be accountable to the people who use them. The Local Government and Social Care Ombudsman was established by Parliament to support this. We recommend a number of key questions that councillors, who have a democratic mandate to scrutinise the way councils carry out their functions, can consider asking.

How does your council:

- > Make sure its refuse contractors are carrying out an effective service?
- > Deal with complaints about its contractors?
- > Make sure changes to the refuse and recycling service are introduced as smoothly as possible – and teething problems resolved as soon as possible?
- > Ensure the refuse service is properly set up to provide an effective and reliable service?
- > Listen to comments and concerns from residents about the service?
- > Carry out effective monitoring?
- > Learn from the outcomes of complaints to improve services, and share this with the public?
- > Use the Ombudsman's reports and decisions to develop its own policy and practice?



The role of the Ombudsman

Local Government and Social Care Ombudsman investigates unresolved complaints about councils and other bodies providing local public services; and all adult registered adult social care providers. This includes any adult social care regardless of whether it is arranged or funded privately or through the council.

We share the learning from our complaints to help improve local public, and adult social care, services.

We are a free service. We investigate complaints in a fair and independent way - we do not take sides.

If we find something wrong, we make recommendations for the council or care provider to take action to put it right. What we ask the council to do will depend on the particular complaint, how serious the fault was and how the person was affected.

We have no legal power to force councils to follow our recommendations, but they almost always do.

Some of the things we might ask a service provider to do are:

- > apologise
- > pay a financial remedy
- > improve its procedures so similar problems do not happen again



**Local Government and Social Care
Ombudsman**

PO Box 4771
Coventry
CV4 0EH

Phone: 0300 061 0614

Web: www.lgo.org.uk

Twitter: [@LGOmbudsman](https://twitter.com/LGOmbudsman)

Tender Timetable - OJEU Open Procedure

APPENDIX D

Contract Title:

ES - 2020

Responsibilities:

Highlight Actions as follows -

Cleansing and Open Spaces

CABINET DATES TO BE ADDED

ACTION	NOTES	DATE
1 Agree Procurement Route & Responsibilities	Sept Cabinet meeting	13/09/2018
	allow min of 2 weeks / 2	
2 Completion of Tender Documents	months	15/11/2018
3 Issue Advert to OJEU	1 day after 2	16/11/2018
4 Advertise in Press (if appropriate)	2 days after 3	18/11/2018
5 Advertise on Contracts finder, CBC Contract register & Source Leicestershire	2 days after 3	18/11/2018
6 Email advert to identified prospective companies	2 day after 3	18/11/2018
7 Prepare PQQ	21 days	09/12/2018
8 Issue PQQ	2 days	11/12/2018
9 Completion	35 days	15/01/2019
10 Return	1 day	16/01/2019
11 Evaluate	14 days	30/01/2019
12 Agree shortlisting / Project Board	1 day	31/01/2019
13 Legal Input	1day	01/02/2019
14 Prepare ISOS	During prep stage	12/11/2018
15 Dialogue meetings	TBC	
16 Issue ISOS	2 days	04/02/2019
17 Completion	35 days	11/03/2019
18 Return	1 day	12/03/2019
19 Evaluate	14 days	26/03/2019
20 Agree shortlisting / Project Board	1 day	27/03/2019
21 Legal Input	1day	28/03/2019
22 Prepare ISDS	During prep stage + 10days for adjustments	07/04/2019
23 Dialogue meetings	TBC	
24 Issue ISDS	2 days	10/04/2019
25 Completion	35 days	15/05/2019
26 Return	1 day	16/05/2019
27 Evaluate	14 days	30/05/2019
28 Agree shortlisting / Project Board	1 day	31/05/2019
29 Legal Input	1day	01/06/2019
30 Prepare ISFT	During prep stage + 10days for adjustments	11/06/2019
31 Dialogue meetings	TBC	
32 Issue ISFT	2 days	14/06/2019
33 Completion	35 days	19/07/2019
34 Site visits	TBC	
35 Return	1 day	20/07/2019

36	Evaluate	14 days	03/08/2019
37	Agree shortlisting / Project Board	1 day	04/08/2019
38	Legal Input	1day	05/08/2019
	Cabinet briefing		TBC
39	Financial checks by Accountancy	allow 1 wk	12/08/2019
40	Issue short-list invites (if required)	allow at least 1 wk notice	19/08/2019
41	Short-list Presentations (if required)	allow at least 1 wk	26/08/2019
42	Further clarification if required	allow at least 1 wk	02/09/2019
43	Agree preferred supplier	allow at least 3 days	05/09/2019
44	Notify Successful & Unsuccessful Suppliers	(Alcatel Judgement)	06/09/2019
		Allow 10 days (final day of Alcatel period must be a week day, i.e. if day 10 falls on a Sunday you must carry over to the following Monday)	
45	10 day standstill (alcatel period)		18/09/2019
46	Mobilisation	9 months for fleet	14/07/2020
47	Contract start date	earliest possible	29/06/2020