

WEST OXFORDSHIRE DISTRICT COUNCIL
ENVIRONMENT OVERVIEW AND SCRUTINY COMMITTEE:
THURSDAY, 1 FEBRUARY 2018
WASTE COLLECTION AND RECYCLING CONTRACT UPDATE
REPORT OF THE HEAD OF ENVIRONMENT AND COMMERCIAL SERVICES
(Contact: Claire Lock, Tel: (01993) 861344)

PURPOSE

To update the Committee on Contract performance, since the meeting in December.

RECOMMENDATION

That the Committee note the contents of this report.

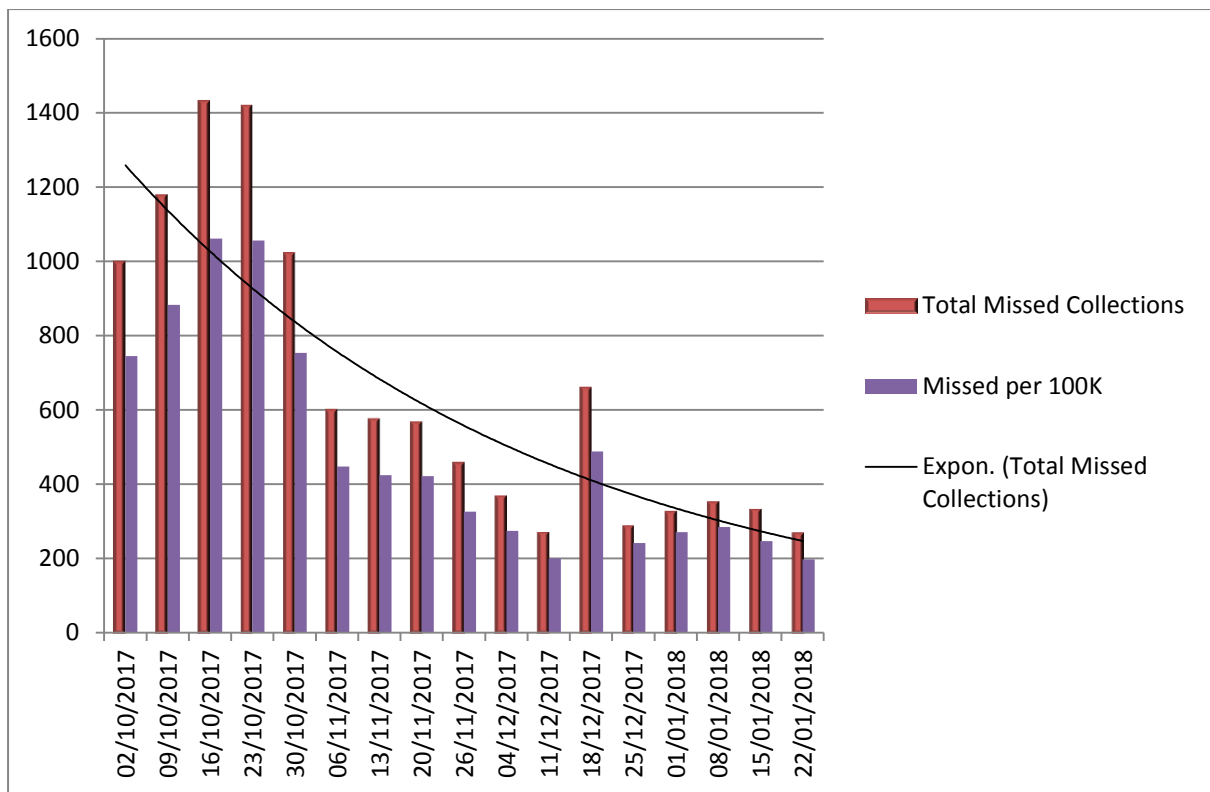
MISSED COLLECTIONS

On 7th December the Committee received presentations from the Head of Environmental and Commercial Services, Claire Locke and the Managing Director of Ubico Limited, Gareth Edmundson on the Waste service launch.

Data was presented on the weekly number of missed bins being reported since contract start on 2nd October. By 7th December the number of missed bins being reported had dropped to the level experienced immediately prior to contract end with Kier MG Limited, at around 400 a week. Performance has continued to improve since early December, although heavy snowfall on 10th December caused collections to be suspended for a couple of days and further snowfall on the 27th December caused further disruption. Ubico rolled out the planned Christmas catch up collections and these were completed by 13th January 2018.

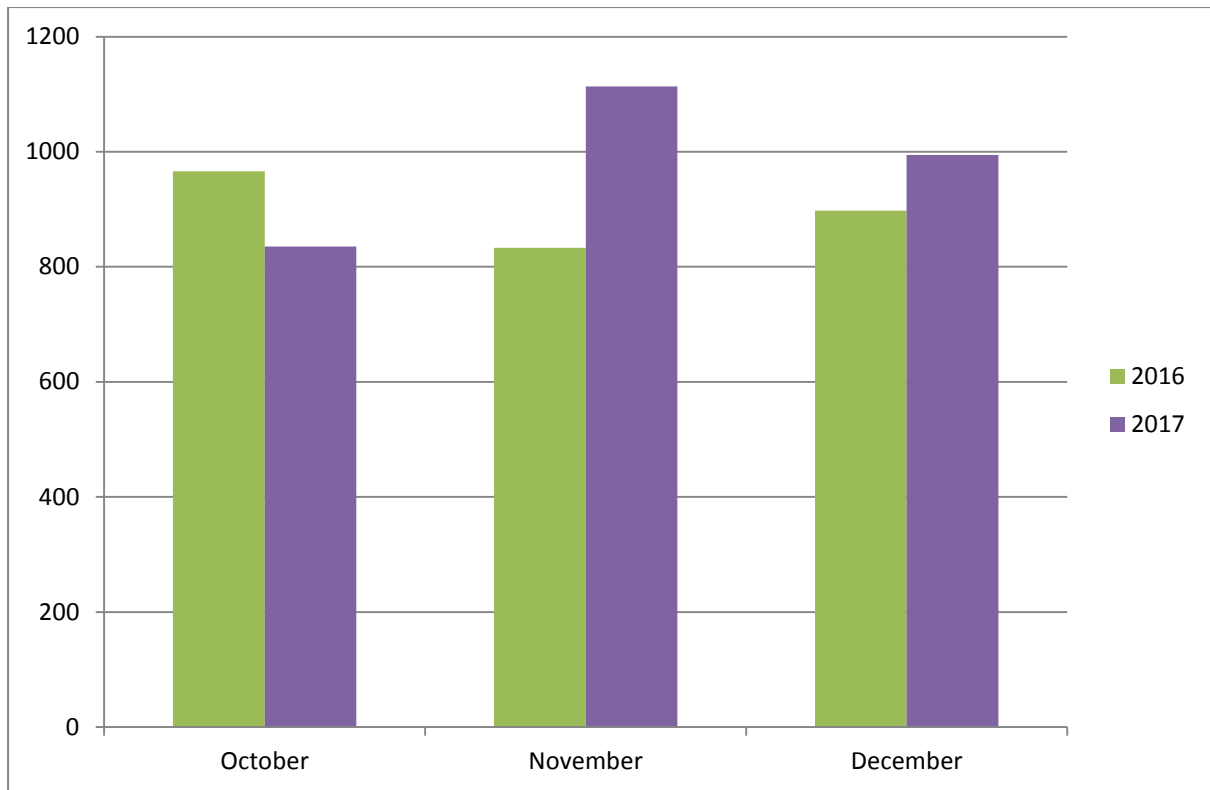
We would expect the snowfall and Christmas catch up collections to impact on the number of reported misses. The cancellation of collections due to severe weather is unavoidable and the Council supports this decision as we would not wish to encourage our contractor to work in unsafe conditions placing the lives of their staff and the public at risk.

Normal collections resumed on Monday 15th January and therefore the last two weeks provide good data on the current status of collections. By last week misses had dropped to 256 (not shown on chart), which is an improvement on performance before service launch. Work is continuing to further improve performance on missed collections.



RECYCLING TONNAGES

The service changes were driven by the Councils aim to drive up recycling and the public feedback that a comingled service with a wheeled bin would encourage more recycling. Whilst the service has been hampered by large numbers of missed collections initially and two periods of snow fall which caused disruption we are now seeing tonnage data which shows an increase in recycling performance.



This is a net increase in tonnage of dry mixed recyclate and glass of 245 in this quarter (from 2697 to 2942) which is a 9% increase.

FINANCIAL IMPACT OF SERVICE LAUNCH

As a Teckal company Ubico is entirely funded by its shareholders and revenue budgets are ring-fenced to the services that are delivered back to the shareholder. In the past few years, the WODC services have cost less than the set budget and surpluses have been returned at the end of the financial year. Had these services cost more than budgeted, WODC would have to fund this difference.

Ubico have now provided the detailed costs incurred as a result of the service launch. As considerable savings from existing Ubico run services, were initially projected, the majority of the additional costs from mobilisation can be absorbed by these savings. Currently the forecast for the WODC contract overall across both depots is for an overspend of **£23,000** on a contract value in 2017/18 of **£5,072,182**, however, Ubico have stated they will make every endeavour to reduce this figure in the final quarter to come in on or under budget.

The following tables provide a breakdown and all these costs (both tables) are included in the net position of £23,000 overspend described in the previous page.

Service impact	Description	Cost
Overtime	Staff overtime to help the service mobilise and to clear missed collections, staff working longer days and on Saturdays. Overtime remains higher for supervisors but for the remaining crews and workforce it has largely reduced to normal levels.	Oct – Dec £55,345
Vehicle Hire	Hire of additional vehicles to provide additional capacity to collect missed collections and to service narrow access properties. Workload and operations are being reviewed to ensure these costs are short term.	Oct – Dec £55,000 Assumed worst case scenario £110,000 until year end.
Project STORM	Project STORM was launched to support the repeat missed collections. Ubico are currently phasing this service out as service improvements mean it is no longer needed.	Nov – Dec £29,000 Assumed worst case scenario £48,000 until year end.
	Total projected cost of resolution	£213,345

In addition the following additional costs have been incurred but neither are negative in terms of service provision:

Service impact	Description	Cost
Additional Container requests	Resident demand for additional containers has been far higher than predicted, whilst some increase is expected the number and duration over which requests were made has significantly increased delivery costs but this demonstrates customers are engaged with the service.	Oct – Dec £32,000 Assumed cost at year end £64,000
Transfer station	The opportunity to lease the transfer station and contract Ubico to run it came late in the day. Due to a delay by the Environment Agency in issuing an Environmental Permit for the site, a contingency arrangement had to be put in place for the first four weeks, with materials being bulked at M & M, whilst there was a cost incurred in doing this, the decision saved the Council around £110,000 annually.	Oct £13,000.

These additional costs have been largely covered by underspends against budget within areas such as pest control, trade waste and street cleansing within the Station Lane depot. This means there will be no additional savings offered back to the Council this year but there will be no significant increase in budgeted costs. Going forward, to manage costs and deliver value for money, a review of the vehicles and round capacity will be completed to ensure that the operation is as efficient as possible as well as a review of both depots to explore whether further savings can be identified.

Claire Locke

Head of Environment and Commercial Services

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Background Papers:

None.