

Task and Finish Group - Waste Contract

Held at: Council Chamber - Civic Centre Folkestone

Date: Monday, 26 July 2021

Present: Councillors Gary Fuller, Peter Gane, Michelle Keutenius, Rebecca Shoob and John Wing

FHDC

Ewan Green (Director of Place), Andrew Rush (Regulatory Services & Corporate Contracts Lead Specialist) and Jemma West (Committee Service Specialist)

DDC

Roger Walton (Strategic Director - Operations and Commercial)
Ian Dudding (Waste Manager)

Veolia

Pascal Hauret – Managing Director
David Fitzgerald – Senior Operations Manager
Ben Velmans – Senior Contract Manager
Gary Morrison – Contract Manager

1. **Declarations of interest**

There were no declarations of interest at the meeting.

2. **Terms of reference**

The Task and Finish Group Members noted the terms of references, which had been updated to reflect the amendments made at the previous meeting.

3. **Review of Waste and Street Cleansing Contract**

The Chairman of the Task and Finish Group asked those present to introduce themselves.

The Director of Place then outlined the report which presented a range of information as background and evidence. This had been pre circulated, and

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published, in advance of the meeting to support the Task and Finish Group in their review of the Council's Waste and Street Cleansing Contract.

The Chairman then invited the Task and Finish Group Members to ask questions of those present, which included the following:

- With regard to the Cabinet report (appendix 1), some details had been redacted. Did the other contractor, Biffa, score more highly on any key indicators? Was all the information around Biffa's bid put before Cabinet to inform their decision?
- Could more information be provided on the Echo IT System, and V-watches?
- How prescriptive was Echo? For example, members of the public who lived on a street which backed onto another street were being told to put their bins out in a set location, which could mean they were having to carry their bin down steps etc.
- There were some instances where whole streets had been missed for food waste collection, but the bins had been marked as collected. How had this happened?
- There had been some cases where those with assisted delivery had been missed, how had this happened? There had also been a report where the key of a member of the public who had an assisted collection had got lost.
- Were the Veolia workforce consulted prior to the changes in terms of route optimisation?
- What percentage of data had been missing following the import of information from M3, and what percentage was accurate? Did the Echo system analyse the data put into it? How was modelling carried out?
- Was the modelling and analytics information which was submitted as part of the bid sense checked?
- When the decision to proceed with the contract was made, were the changes as a result of the pandemic, and the lack of HGV drivers factored in?
- If Veolia were losing money on the previous contract, why did they bid for the new contract? Why not raise the price of the bid, and focus on efficiencies later?
- What sort of risk assessment process had been carried out prior to the contract being signed?
- When the route optimisation changes were bought in at DDC, would it have made more sense to fix the issues there prior to roll out at FHDC?
- What assurances had been sought by FHDC that the new optimisation proposal was robust?
- What progress had been made in correcting the issues around the lack of information carried over from the previous CRM system?
- How had the shift patterns been changed? Did the new patterns mean more working hours for operatives?
- Why were the Veolia Union representatives not present?
- Could Veolia sum up what they thought had gone wrong?
- What were the latest collection figures?

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- The latest collection rates seemed quite high, when there were still a large number of bins not collected.
- There seemed to be no sign of improvement, and the suspension of garden waste collection had caused further aggravation. What were people expected to do with their garden waste? Could they put it in ordinary waste? Some tenancy agreements prohibited composting. When would garden waste collection resume?
- In terms of the continuity plan, what were the other options available, other than suspension of garden waste?
- Had there been any other changes in sickness absence patterns since the route optimisation changes?
- What was the impact on customer contact and complaints statistics, and how were staff coping?
- What was being put in place to support Customer Services staff?
- What was the process when a missed bin was reported? Why would the operatives only collect the reported bin, even if an entire street was missed?
- FHDC's communications had fallen short. Could daily updates be provided via the website/social media?
- How were Veolia's staff feeling?
- It had been reported that Veolia staff felt they had no pride, and were ashamed by the situation, given that many lived within the district. Their morale was broken, and staff were looking to locate. Staff felt that the tablets were a hindrance, and that consultations had not been sufficient.
- Were fire and rehire tactics being used by Veolia?
- Once the changes had been applied why were performance failure points not applied for a month?
- Was it possible to see the figures for PC21 (repeat of an unjustified missed collection of any waste stream from the same property within a rolling 6 week period), for the fourth quarter of 20/21?
- Did the service failures result in any health and safety or environmental issues for residents and the operatives?
- With staff being abused on the street, what were Veolia putting in place to support staff with their mental health?
- In terms of the recovery plan, how was it developed and agreed, and how would it be monitored?
- How could the issue of roll over, where a route was incomplete, be resolved?
- When was the HGV driver shortage first noticed, and how was this being resolved?
- With regard to the internal review, would this be based on initial data and assumptions?
- With regard to the wait times at the waste transfer station at Ashford, would a resolution to this issue result in more costs to FHDC?
- How long would it be until there was full validation on data matching with the echo system, particularly in respect of assisted collections?
- What changes had been made to improve the street cleansing service?
- What had happened in terms of weed spraying? Had glyphosates been banned?

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- There was an ongoing problem where street cleansing was ineffective because of parked cars. Were there any measures to deal with this, given that lack of gully cleaning could lead to flooding issues?

Susan Priest (Chief Executive), Ewan Green (Director of Place), Andrew Rush (Regulatory Services & Corporate Contracts Lead Specialist), Ian Dudding (Waste Services Manager, DDC), Roger Walton (Strategic Director - Operations and Commercial, DDC), Andrina Smith (Chief HR Officer), Liam Jenner (Customer Services Advisor and Union representative) and Ellen Joyce (Customer Services Advisor and Union representative) were present at the meeting to answer the questions of the Group Members. They responded to the questions raised by Members and made points including the following:

- The tender bid documents were substantial, and the report to Cabinet summarised the process. It set out the similarities between the bids submitted by Biffa and Veolia in paragraph 3.2 and 3.3, and highlighted the main differences and departures in price and quality.
- At the tender stage, Veolia had submitted a table showing the modelling as part of their bid, but not the raw data. The table set out the benefits of route optimisation, and how it matched up, as well as general data about the vehicles. Discussions had mainly been around availability of vehicles, and ensuring efficient use. A summary table had shown route inefficiencies, compared to other LAs but did not advise the detail of new routes as this would be done following a route optimisation exercise at the start of the new contract. Case studies where route optimisation had successfully been implemented were also provided, showing what had been achieved at other authorities.
- At the bid stage, the Council had not committed to route optimisation detail and timings. This had been discussed in March and April 21. There was an element of trust in performance, given that Veolia had been the contractor for the previous ten years without problem and had detailed knowledge of the district. The final bid document had been in July 2020, at which point, a considerable increase in waste had been presented due to changed behaviours as a result of the pandemic, and the service had coped well. In addition, no disruption had been experienced when changes were made to routes previously including the new food rounds.
- In terms of ongoing service resilience prior to route changes, other councils were forced to cut garden waste services during the pandemic, whereas FHDC did not.
- An evaluation process was carried out for the bids, which included an evaluation of price and quality of each tender.
- Throughout the process of transition FHDC sought assurances at every stage. In February 2021, at the point of the first optimisation route proposal, a 64% round change had been recommended to FHDC, and over 90% at DDC. These figures had been queried as they had seemed high. A revised figure of 48% was then put forward. This was still questioned and further assurances were sought on the robustness of the communication plan, the funding of the communications, the additional Saturday rounds and the need to include recycling collections, and the overall timetable, which we thought was too short for a proposed start date 14 April 2021. The council postponed roll out of route changes until

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May 2020 in order for Veolia to provide the extra level of detail and assurances. The next stage had been DDC going live which was scheduled before FHDC and allowed the council to reflect on progress and lesson learned. Initially, many of the issues at DDC had seemed to relate to the distribution of calendars. Further assurances were given by Veolia on the calendar distribution and an additional recycling round was added to the core team. The council also carried out its own checks (in addition to those being carried out by Veolia) to the address data on Echo in the final weeks before the start and found 500 missing properties, which were corrected.

- Veolia were responsible for the data migration from council records (generally held on M3) to the new Echo system. Integrating Salesforce with Echo is being carried out in house by FHDC and remains an ongoing project.
- The collection rates as at 26 July were: 98% recycling, 98% refuse, and 75% food waste. This was not a cumulative running total, it only included the current day routes. Garden Waste collection had been temporarily suspended.
- Collection of garden waste was not a statutory service. There was advice on the council's website on how to dispose of garden waste, encouraging recycling centres and composting where possible. Putting garden waste in household waste was not encouraged, and reduced the capacity of a household bin. The decision to suspend garden waste was not taken lightly. There had been extensive discussions around the potential impact, and the intention was to minimise negative impacts on fewest residents. Clinical and food waste collections were prioritised. Other Kent districts had suspended their recycling service, but FHDC had concerns around this from a health and safety aspect (e.g. potential increase in fire risk resulting from large amounts of stored paper waste).
- Veolia had secured additional resource capacity from another contract in Westminster to be deployed over the previous weekend in F&H to catch up missed rounds.
- The collection rates reported were being queried, but it was important to keep in mind that there were some 52,000 properties in the district, and even a collection rate of 98% meant there would be around 1000 properties where collections had not been made.
- In May 21, there had been a massive increase in telephone calls and customer contacts relating to waste, and the number of complaints had quadrupled.
- Staff morale was very low. A brief survey of 22 staff across customer services, complaints and waste teams had been carried out. 17 staff had said they were finding the situation stressful, 16 said they had experienced angry, shouting customers, 18 stated there had been an impact on their physical and mental wellbeing, and 4 had been in tears. Home working had made it more difficult for staff to support each other. The senior council team were implementing various measures to provide additional support to those affected staff and further staff engagement sessions were scheduled.
- Customers often had a 40-60 minute wait when phoning customer services, and were therefore already aggravated. Staff felt that customers were losing faith in the organisation.

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- Following pressure from FHDC senior team, from 28 June, missed bin reports had been redirected to a call centre managed directly by Veolia. Veolia agreed at the meeting this would be extended through to a period where the service improved and stabilised.
- In terms of support for staff, there was a new employee assistance provider in place, which offered more on the spot support. More resource had been put in the team 3-4 weeks ago, and even more temporary resource was being secured to ease pressure and to clear the backlog of correspondence. There would be a follow up meeting with the Customer Services staff to see how things were going. There had also been a wellbeing drop in session introduced, and a number of council staff had been trained in mental health first aid. There had not been a notable impact on staff absence in the team, although interest had been shown in taking redundancy.
- Post Covid, an agile working framework has been created, as reported to Personnel Committee in June 2021, which gives staff more choice on their working location. A booking system would be used for staff who wanted to book to work in the civic office. This could be booked on a team or individual basis. Staff will be surveyed in 2/3 months' time about the benefits arising or improvements to make to the systems and ways of working.
- FHDC was keen to keep members updated on the situation, and it was possible to put out regular messages to the public about missed bins.
- A period of default postponement had been built into the contract, in line with the expectation that the first month would be challenging and represent a settling in period. FHDC had been assured that there would be no more than 2 cycles of disruption. No one had anticipated this level of disruption, which had been compounded by Covid restrictions and national HGV driver shortages.
- Monitoring the figures on round completions had taken place throughout, with daily status updates provided. Two meetings were taking place daily, one with the Customer Contact team and Communications allowing any concerns to be fast tracked, and then a meeting later in the day with the contractor to address outstanding corrective actions.
- Week 4 (1 June & 2 June) performance issues were escalated by FHDC directly to the Veolia Municipal Managing Director. FHDC were advised that extra resource would be applied to 'steady the ship', and improve performance. Lots of improvements were highlighted as still needed at that point, and FHDC confirmed they would continue to escalate if improvements were not forthcoming. In July 21 concerns were escalated further to Gavin Graveson, Executive Vice-President United Kingdom & Ireland.
- In terms of the delays tipping at the waste transfer site, discussions remain ongoing with KCC and any changes made to current arrangements, or additional incurred costs, would need to be based on a robust business case and commitments about how those changes would improve levels of service.
- With regard to assisted collections, most of the data was within the Echo system, but some of the collections had not been actioned. Veolia acknowledged this was no longer a data issue but a performance issue which was being raised as reports of missed collections come in.

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- The detailed figures for PC21 for quarter 4 of 20/21 would be provided to Members outside of the meeting by DDC Waste Services Manager.
- As the waste and street cleansing was a joint service, DDC could redeploy staff to support FHDC's service. This need is something they would keep under review.
- Weed spraying had been part of the previous contract, but this was a KCC Highways matter, and had been removed from the new contract. KCC had agreed to fund a single weed spray.

The representatives from Veolia (Pascal Hauret, David Fitzgerald, Ben Velmans and Gary Morrison) also responded to queries raised by the Group Members, and made points including the following:

- The Echo system was a scheduling tool, which ran on a property basis. It held information about schedules, then individual properties with detailed information. There were categories to add specific information, and entitlements (such as bigger bins for flats etc). V-watches were also within the contract, and were designed to allow street cleansers to confirm their work, like a bar code scanner. However, an alternative handheld with GPS was being proposed.
- The Echo IT system allowed for a high level of complexity, and gave the ability to upload or enter information property by property. Issues with individual collections and collection points was likely due to incorrect advice given by operatives. Collection points had not been changed, but the information from the previous contract had been light, with a lot of reliance on the knowledge of local staff.
- With regard to the example around food waste not being collected in an entire street, this was human error, and this should not have happened. The operatives would usually be expected to call this in.
- The information relating to assisted collections had been carried forward from the previous M3 system. This information is periodically refreshed.
- Veolia staff had been consulted, and a trial had taken place during the old contract, on a small area in the Dover District, using handhelds and in-cab devices.
- The data in the old system had not been detailed property by property. Each property had a schedule, and data was input into a back end database. Microsoft Power BI was used as an analytics tool.
- Scheduling had been based on resources, and carried out by the business analytics team. This detail and spatial modelling had been provided as part of the bid, and could be shared.
- Bidding for the new contract presented an opportunity to redress resources and processes. It was intended to minimise any increase by finding efficiencies within the service, although perhaps there had been too many efficiency savings in some areas. Veolia took an organised approach to the contract, and did not want to enter the contract and then be forced to renegotiate in terms of efficiency.
- A staggered approach had been taken to the roll out of the route optimisation. A four week gap had been factored in between go live at DDC and FHDC. There were challenges at both councils, but there had not been an opportunity to reschedule or delay the launch at FHDC.

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- The previous contract had been different, and comparisons could not directly be made. There had been an issue due to a delay in vehicle procurement, meaning that the vehicles from the old contract, which were around 8-10 years old, had to be retained, and there was a large cost of around £120k per month to maintain these vehicles and keep them efficiency compliant, hence why Veolia was keen to move to the new service rounds and vehicles.
- The new contract required fewer vehicles, additional vehicles of different sizes, and a revised way in which they were deployed.
- Work to integrate Echo with Salesforce is being led by the Council in-house IT systems team.
- Street cleansing had been a challenge in the old contract, with issues around weekend working. Previously, working days were Monday to Friday, with overtime paid at weekends. This had now changed to a 5/7 contract, which gave greater resource at weekends. Some staff had a 4/4 shift pattern, working a 48 hour week. The number of hours had not increased, but had been condensed for those on a 4/4 pattern, meaning longer days.
- The union representative had been on a period of Covid self-isolation which ended that day, and therefore had not been able to attend the task and finish group.
- In terms of what had gone wrong, Veolia found it difficult to summarise so many factors. The spatial modelling and resource profile had been based on pre-Covid conditions. As a result of Covid, there had been a 77% increase in food waste, and 18% in recycling. It was difficult to predict if these changes would be long term. Some assumptions had been made that productivity around recycling would be the same as waste, but the go live at DDC had shown this not to be the case, so scheduling had been changed. There was also an issue with the disposal point, in that the waste transfer station at Ashford was shared with Ashford BC, which had an impact on turnaround times. These delays had contributed in an inability to complete on food and residual rounds. The short term solution to the issues was to add in more resource. This however had not been possible thus far due to the pressures of staff self-isolation, and the national HGV driver shortage issues.
- Week commencing 19 June around 25% of the work force had been self-isolating, and therefore the business continuity plan had to be enacted. A number of staff were expected to return to work that week. Garden waste collection could not be resumed until the list of positive Covid cases went down.
- The Business Continuity Plan prioritised the order of service reductions. Refuse tended to be prioritised. The next service to be reduced after garden waste, in the event of further staff reductions, would potentially be recycling. Veolia were hopeful this would not be needed.
- As a result of the driver shortage issue, and self-isolation situation, more agency staff were being used. As they were not contracted employees, reliability could be challenging.
- The Veolia call centre at Haringey had dealt with an average of 80 calls per day in respect of missed bins reports. There had been a spike in the middle of the previous week, with 120 calls on Thursday and Friday, and 107 that day. The call centre would continue until the service settled

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down. With revised scheduling being implemented in September, it would likely be in place for some time after this.

- On a day to day basis, where a route was incomplete, there would be a carry forward to the following day. It was inefficient to recollect where a missed bin was reported. Some missed bins were taking up to 2-3 days to collect.
- Veolia staff had not been surveyed, but there was daily engagement, when staff returned to the depot. It had been challenging for those on the front line.
- The tablets and Echo IT system worked well elsewhere. They had gone through a benchmarking exercise, and feedback had shown the tablet to be a good tool. Some teething issues were expected with implementing the new technology.
- It was a challenging time for staff, with the annual pay negotiations currently taking place with the process involving the trade unions.
- Veolia reassured members they had not employed 'fire and rehire' tactics, and the current terms and conditions were negotiated through the trade unions.
- There had not been any safety issues as a result of the optimisation changes. There was a low accident record, and there was a good awareness amongst staff around health and safety.
- It had been a challenging few months for staff. This was an issue for front line staff across the country. The organisation would soon be launching a pilot for a campaign, "expect respect", which focussed on increasing reporting and engagement.
- If the service was fully resourced, Veolia were confident all services could be completed each day.
- In the previous six months, 13 HGV drivers had moved on from the organisation adding to the current shortage in capacity. In terms of retention, a pay increase was presently being negotiated over a two year period. Welcome bonuses were being offered to attract HGV drivers, and a referral scheme was being implemented, as well as a recommendation bonus. HGV apprenticeships and fact tracked training were also being offered.
- There were two review processes, which would be brought together. An initial review was taking place internally and externally, and both were close to the end of the process.
- The first stage of the recovery plan was to understand what went wrong. There were certain factors beyond management control. Mistakes were made, and the route model was potentially unrealistic. The analysis has been re-run using a third party resource to give an objective review on the matter. The next stage was to work out the key points of pain, and design those points out.
- Alternative arrangements for the waste transfer station were being sought. There was one at Tilmanstone which could be used on a temporary basis, and discussions were ongoing with partners and KCC. This would assist in reducing wait times and improve overall efficiency of the rounds.
- With regard to street cleansing, the changes to shift patterns had given more flexibility, and staff had a better work life balance. The challenges

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had been conquered, and new kit would soon be in place. More schedules were being regulated, giving an ability to do reactive work.

- Street cleansing on roads where there were parked cars was challenging. Previously, Veolia had worked with FHDC on campaigning and leafleting to ask people to remove their cars. This could be looked at for any particular hot spots.

The Cabinet Member for Enforcement, Regulatory Services, Waste and Building Control also added the following points:

- There had been no issues with the previous contract, and street cleansing had been the only challenge. Even during the bad weather earlier in the year, Veolia had caught up quickly in respect of missed collections. Veolia had previously indicated that they were unhappy with the existing service and were losing money. At the point when new bids for the contract had been invited, it was anticipated that there may be cost pressures.
- KCC had lifted the restrictions at household waste centres, and a booking system remained in place.

The Chairman then invited those present to sum up.

Liam Jenner, Customer Services Advisor and Union representative, made the following additional points:

- It was not just Customer Services staff being impacted. Those dealing with complaints, and the Waste Team were also having a difficult time, and morale within FHDC was extremely low.
- It was hoped things would improve soon. Some staff had indicated that they were actively seeking alternative employment.

The Cabinet Member for Enforcement, Regulatory Services, Waste & Building Control thanked the Group Members for their questions and made points including the following:

- The next level of the Business Continuity Plan had not been agreed.
- Retention of HGV drivers was an ongoing issues, but Veolia did not appear to be fighting very hard to win drivers; more should be done.
- This was the first step in the conversation for Overview and Scrutiny, and he looked forward to receiving their recommendations.

Those present from Veolia also added the following points:

- Veolia shared the frustration for the drop in service, and offered further apologies.
- It had been an extremely difficult time, and the recovery had been far slower than expected.
- Under the previous contract, a good service had been delivered and they will seek to return the service to that standard.

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The Chairman then summarised the debate, and indicated that the key points were:

- Staff welfare and engagement continued to be a major concern. It was important to continue to seek input from FHDC and Veolia staff.
- Members should be presented with more regular information and communication on the service so they can address local queries.
- The testing and piloting of any major service changes in the future needed careful consideration.

The Chairman thanked all those in attendance, and extended thanks to all those doing their job roles in difficult circumstances.