

Review of the Performance and Management of the Waste Partnership Contract

Summary Report



January 2022

Economy Skills Transport and Environment
Scrutiny Board

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Chair's Introduction

In response to both public and political concern, our Scrutiny Board set up a review of the performance and management of the waste partnership contract. During our work, we have found both to be deeply unsatisfactory.

Many of the issues we have explored - particularly in relation to contract management, governance, street cleanliness and the modernisation of the vehicle fleet - pre-date the Covid-19 pandemic.

The repercussions of Covid-19 have undoubtedly provided additional challenges for Serco in delivering its contractual requirements. That aside, the Board feels that significant issues remain with the performance and management of the contract. We have addressed these areas of concern in our recommendations. However, Serco still needs to take urgent action, working in conjunction with the Council, to get the contract back on track quickly.

The waste partnership contract is a high value contract. The risk of default would have a significant impact on both Serco and the Council, and ultimately our Council taxpayers, if the contract were to fail.

During our evidence sessions, the working group received repeated reassurances from the new Serco management team that they were now on top of the issues with the contract, and that improvements would be forthcoming soon. The revolving door of senior management changes at Serco has not helped with the management and performance of the contract. Therefore, it remains to be seen whether these latest promises will be kept, and service improvements achieved.

Recently, the Council's external auditors, Grant Thornton, undertook a 'Value for Money Governance Review' which, amongst other issues, also looked at the waste partnership contract. To get a fuller picture, both reports should be read and considered.

Since the review commenced, we have been made aware of improvements in some areas of the contract, most notably with missed bin collections. Members were also pleased to learn that Serco and the GMB trades union had also reached a formal resolution with regards to their ongoing industrial dispute.

I would like to thank all Members, Sandwell Council officers, Serco management representatives, the trade unions, and Litter Watch who all contributed to the inquiry.

Finally, I would like to place on record the Board's heartfelt thanks to all frontline staff at Serco who have continued to provide a waste and cleanliness service during the Covid-19 pandemic. Our inquiry has not been about the work you have been doing, but about the management and performance of the contract itself. Thank you for all your hard work.

Councillor Paul Moore

Chair of the Economy, Skills, Transport and Environment Scrutiny Board

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Background and Context

In November 2010, the Council awarded a 25-year contract to Serco to collect, receive and manage all waste and maintain the cleanliness of streets within the Borough.

Following public and political interest, initial investigations showed that there has been a deterioration in the service provided by Serco, in recent years. Furthermore, the Covid-19 pandemic resulted in the disruption of domestic and commercial waste collection services.

This review therefore undertook to:

- develop an understanding of the refuse issues in the borough;
- understand the real impact of the pandemic on the service;
- assess the services delivered by Serco and their effectiveness and ability to meet local demand and need;
- understand the issues faced by waste services and Serco to ensure that concerns surrounding the cleanliness and maintenance of the Borough are addressed;
- capture residents' perspectives on waste services and the appearance and upkeep of the Borough;
- ensure that the Council is coordinated and responsive in addressing the impacts on the cleanliness of the borough, in light of the pandemic;
- scrutinise the Street Cleansing, Refuse Improvement and Street Scene plans.

2.1 Contract Overview

In November 2010 the Council awarded a 25-year contract to Serco to help the Council modernise and make improvements to waste, recycling and street cleaning across the borough and to deliver the Council's Waste Improvement Plan.

The Contract comprises of:-

- Waste collection services
- Waste disposal services
- Waste transfer station services
- Bulk transportation disposal services
- Recycling and composting services
- Household recycling centre (the tip)

- Street cleansing services
- Fleet and plant - ownership and management

Serco collects waste from over 135,000 residential properties each week and employs a total of 312 staff on this contract – this includes domestic waste, recycling and garden waste collections and daily street cleansing activities and litter bin emptying.

The fleet comprises 70 refuse lorries, 38 vans, 5 supervisor vans, 15 road sweepers and 4 plant vehicles.

A further requirement of the contract was the securing of and investment in sites and building infrastructure for the new waste and cleansing services. Serco therefore designed, commissioned, financed and constructed the:-

- Household Recycling Centre (“the tip”) site at Shidas Lane, Oldbury;
- The depot Site at Shidas Lane, Oldbury;
- Waste Transfer Station, Eagle Industrial Estate, Tipton.

Improvements were also made to road access to the Eagle Industrial Estate Waste & Recovery Centre. These capital investment amounted to circa £13m.

Serco is required to develop and maintain an annual Service Delivery Plan (SDP), describing each operational activity and setting out how and to what standard the services will be provided.

2.2 Contract Management

The contract is performance based, against 34 Key Outcome Targets (KOTs). Serco is responsible for the design, monitoring and reporting on its own performance (cost, quantities and quality) against the contract targets and the Key Outcome Targets in conjunction with Sandwell Council. Serco is also responsible for monitoring its own performance and is required to notify the Council of any performance defaults and rectify such defaults in accordance with the procedures set out in the contract and Service Delivery Plan. Additionally, Serco is also required to produce management documents to provide assurance that the service is being appropriately planned and resourced – e.g. staff list with qualifications, annual reports, satisfaction surveys.

2.3 Finance and penalties

The contract contains the provisions for financial penalties to be applied if service standards are not met. For example, one penalty point for a missed bin not collected within a 24-hour period. In 2020/21 the total value of penalties deducted was £755,000. For 2021/22, as at the end of October 2021 the Council has deducted £137,000 in penalties. Some KOTs are annually reported, while others are reported monthly.

The Council's inhouse waste client team oversees the performance submissions from Serco and also conducts independent inspections of the work carried out. If required, the team will also deal with rectification notices being issued for poor performance and also payment deductions. A rectification is a formal notice of poor performance and requires the contractor to put right the failings in a set period of time.

2.4 Governance

The Waste Partnership Strategic Board (the "Partnership Board") was established and constituted in accordance with the Project Agreement (confidential) between the Council and Serco and forms the principal body within the officer support structure.

The Partnership Board's objectives are to work together and individually in the spirit of trust, fairness and mutual cooperation within the scope of their agreed roles, expertise and responsibilities.

The Partnership Board consists of officer representatives from the Council and Councillor representatives, together with nominated senior representatives of Serco.

The Partnership Board's Constitution states that it will meet a minimum of twice a year (following the full commencement of the service). In 2017/18 it met five times; in 2018/19 it met three times; in 2019/20 it met twice. It did not meet at all in 2020/21 and at the time of writing has met only once in 2021/22 - therefore there was no meeting of the Partnership Board between February 2020 and July 2021.

2.5 Operational Oversight

Oversight of the contract includes a senior management meeting, held on a four weekly basis; an operational performance meeting, held monthly; and a joint fleet replacement group meeting, currently held fortnightly.

Senior Contract Meeting – Attended by the Director of Borough Economy and the Waste & Fleet Service Manager from SMBC and the Regional Director, Senior Contract Manager and Contract Manager from Serco. This meeting is to oversee performance targets, health and safety, key projects, contract milestones, staff side/union issues, finance, improvement areas to service and any continued outstanding issues from the operational performance meeting.

Operational Performance Meeting - Attended by the Waste Client Team from SMBC and the Contract Manager, Street Cleaning Manager & Waste Collection Manager from Serco. This meeting is to review customer complaints, street cleansing performance, waste collection performance, IT configurations and their applicability, KOT performance data and investigate detailed problem areas.

Joint Fleet Replacement Group Meeting - Attended by the Director of Borough Economy, Waste & Fleet Service Manager, Fleet Services Business Manager and Fleet Services Operational Manager from SMBC; and the Director of Fleet, Regional Fleet Manager, Senior Contract Manager and Contract Manager from Serco. This meeting is to ensure that the fleet replacement program is reviewed/considered/updated, that replacement vehicles are ordered in a timely manner, vehicles are fit for purpose on the contract and that there is oversight and review of the contractual maintenance requirements.

2.6 Joint Consultative Panel

The Joint Consultative Panel (JCP) is a Council body and a forum for discussion between the Council and representatives of its Local Government services employees (Trade Unions) on matters relating to:-

- the conditions of service of such employees of the Council;
- common interest and concern;
- assisting in the consultation process.

The Panel only met once in 2021, which is somewhat due to the significant changes in the Council's leadership team, which impacted on the ability to establish meetings.

2.7 External Auditors Value for Money Governance Review

In late 2021, the Council's external auditor, Grant Thornton UK LLP carried out a review of the Council's governance arrangements. The review considered seven key lines of enquiry (KLOE), one of which was waste services (KLOE 7). The performance of the service, the Council's management of the contract with Serco, and the impact of recent industrial relations issues were considered. Many of the issues highlighted in this report are recognised by the external auditors. Grant Thornton concluded that "*Serco have not brought the innovation and investment expected by the Council, and the culture of the workforce has impacted on Serco's ability to deliver the contract.*" However, it was also acknowledged that the Council could have been more robust in managing poor contract performance.

The full report on KLOE 07 can be found at **Appendix 1**.

2.8 Waste Client Team

The team responsible for monitoring of the contract is managed by the Waste and Fleet Service Manager. The team consists currently of:-

- 1 FTE Service Manager
- 2.4 FTE Performance Officers (2 are part-time)
- 1 FTE Customer Engagement Manager
- 1 FTE Waste Awareness Officer

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Review Methodology

3.1 Contract Overview

The Interim Director of Borough Economy and the Waste and Fleet Service Manager for Sandwell Council provided a written overview of the Serco Waste Management contract to the working group, setting out the requirements of the contract, the key services provided by Serco, KOTs (key outcome targets), Serco's performance in recent times and the impact of Covid-19 and industrial action.

The targets and performance results for the key service areas of the contract were also provided for January, February, March and May 2021. This comparison of Serco's recent performance enabled members to identify where Serco is underperforming. Additionally, members were also updated on the Service Delivery Plan, which set out the current position of the service areas and plans for improvement.

3.2 Working Group Meetings

The working group held seven sessions over three sittings.

On 14th October 2021, the Interim Director of Borough Economy and the Waste and Fleet Service Manager presented an overview of the contract and detail on the current performance. Members had the opportunity to ask questions to gain a better understanding of the expectations and requirements of Serco as per the contract.

3.3 Trades Unions Evidence

Given the prominence of issues surrounding staff at Serco and the industrial action which was very active at the time, the working group believed it was necessary to invite the regional representatives from the Trades Unions, Unite, GMB and Unison, to provide an insight into the issues experienced by staff and the actions taken by Serco in response. The working group believed that performance of the contract had a direct impact with the industrial action taken by staff. As the staff involved in the industrial disputes were primarily frontline workers delivering key services to the public, the working group considered it pertinent to acknowledge the concerns and the impact on performance.

Regional representatives for GMB and Unite attended the Working Group session held on 5th November 2021. A regional representative for Unison attended the Working Group session on 11th November 2021. During these sessions, the Chair presented the representatives with an opportunity to provide an overview and answer questions regarding the concerns raised by

staff, the current stage of the trade dispute and communication and actions taken by both parties to rectify the issues.

3.4 Litter Watch

Litter Watch attended the working group session held on the 5th November 2021. The working group felt that it was important to hear from Litter Watch due to their contribution as a charity organisation to the upkeep and cleanliness of Sandwell and the number of initiatives taken to create a greener borough. The Chief Officer and Chair of the organisation provided an overview of when Litter Watch was established, funding, projects and campaigns within the borough and their aims for the future.

This enabled members to understand the contribution that Litter Watch makes to the maintenance of the Borough, its relationship with Serco and the current support received from the Council.

3.5 Serco's Senior Management

Senior management from Serco were invited to attend the Working Group session on 11th November 2021. This included:

- Ronnie Coutts – Managing Director
- Katy Bassett – Regional Director of Environmental Services
- Tony Marston – Senior Contracts Manager
- Robin Mills – HR Business Partner.

The Regional Director of Environmental Services delivered a presentation to the working group on the service performance in Sandwell. This also involved an update on the following areas:

- The changes made to the regional team to assist with service improvement and the immediate actions taken to review the situation.
- An overview of the contract and services provided. This included the resident satisfaction survey to identify areas Serco were performing well and areas that required improvement.
- Waste collection performance. Serco shared figures with the working group from across 2021 in regard to missed collections across several service areas.
- Serco provided an update on street cleansing.
- Workforce and union engagement.

This session enabled members to question recent performance and timeframes for improvement.

3.6 Data from Customer Satisfaction Survey

The working group was provided with the results from the Customer Satisfaction Survey collated in February, May and July 2021 for refuse, recycling, street cleansing, garden waste and the household recycling centre. The results outlined in the Survey were weighted to reflect the views of the population of Sandwell in line with the 2011 census data.

3.7 Visits

A site visit was conducted on 2nd December 2021 at the Materials Recycling Facility (Eagle Lane) and the Household Recycling Centre (Shidas Lane Depot).

3.8 National Serco Information

A range of information was collated on the experiences of other local authorities who also had a Waste Partnership Contract with Serco. This included Basingstoke and Deane Council, Milton Keynes Council, Breckland Council, North Norfolk District Council and King's Lynn and West Norfolk Borough Council, and Derbyshire Dales District Council. This enabled the working group to gain an indication of the service provided by Serco on a wider scale.

Data was also provided on Walsall Council, Bolton Council and Wolverhampton Council, all of which are statistically similar boroughs to Sandwell. These local authorities carried out their waste services in-house and the information provided illustrated the reported missed collections over recent years. This allowed the working group to understand and compare how Sandwell's statistical neighbours were performing.

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Findings

Serco has acknowledged that performance and management of the contract in recent times has been unsatisfactory and apologised to the working group. It was also recognised that the contract requires improvement and there is a commitment to urgently rectify the areas where there are shortcomings.

Members noted with significant concern the recent revolving door of senior management at Serco and felt this had contributed to the performance and management failures in some areas of the contract. Additionally, the instability of the Council's senior leadership team had also impacted the Council's ability to recognise issues quickly and effectively monitor the contract. Although the working group received assurances that the current Serco senior management were now on top of the issues, this will need to be robustly managed by the Council contractually going forward.

On 3rd December 2021, external auditor Grant Thornton submitted its Value for Money Governance Review which also highlighted the issues and concerns of the performance of waste services and the management of the contract, as investigated in the review.

Whilst the working group felt there had been some improvements to the service since the review had begun and the trade dispute now being resolved, it was recognised that despite receiving repeated assurances for plans to restart services such as food collections, this has not been followed through by Serco. It was also noted that if significant performance improvements were not made and accurate timescales were not provided, Serco could be at risk of defaulting on the contract. This would potentially lead to Council having to explore other options for the continued delivery of the service.

4.1 Waste Collection and Disposal Services

Serco manages the collection and disposal of all waste streams such as to meet the contract diversion targets. Serco reports monthly and annually on the tonnage of waste that is diverted from landfill, waste residues that are landfilled.

Serco is responsible for the development and operation of facilities to recycle segregated recyclable materials and for the treatment of garden waste and food waste ("composting facilities"). This also includes securing markets for all products from recycling facilities and composting facilities.

4.1.1 Residual Waste

Grey household waste bins are emptied every week. Following collection, crews will transport the waste to the Eagle Lane Waste Transfer Station where it is tipped into a large hall and then transferred into haulage trucks for onward recycling, incineration or landfill.

The working group acknowledged that the volume of residual waste has significantly increased due to Covid-19 as more people are now working from home. However, the working group was less sympathetic to this point and noted this was a national trend. Serco are contractually obliged to provide this service regardless of the volumes collected.

Serco's Customer Satisfaction Survey in July 2021 showed a decrease in satisfaction with refuse collection. Missed bins have been the main complaint received from Sandwell residents. Improvements to the performance around bin collections since the start of the review was noted by the working group, but these improvements must now be sustained. There has been unacceptable disruption to bin collections over an extended period of time, which has not been experienced by other local authorities on the same scale.

4.1.2 Recycling

Blue lid recycling bins are collected weekly. Once collected, the waste is taken to the Waste Transfer Station in the same way as household waste. It is then transported to a Materials Recycling Facility. At the time of writing, Serco was using three to four different MRFs, due to the main contractor's facility suffering a fire in July 2021. This has resulted in a significant increase in costs to SMBC as the price per tonnage has increased due to an increase in restrictions and a change in standards.

As the course of the review went on, the working group noted the reduction in recycling rates, partly contributed by Covid-19, and highlighted that Serco and Sandwell Council must take urgent action to review the situation and significantly increase recycling rates. Members were particularly concerned that deadlines had been repeatedly missed by Serco to provide plans for improving recycling collections. It was noted that clearer timescales needed to be provided to Sandwell Council for all future improvement plans and deadlines must be met.

It was identified that the recycling rate up until the end of November 2021 was 32%, whilst the contractual recycling requirement for 2020/21 was 60.4%. Government has set a target for recycling rates to be 55% by 2025, therefore a significant effort was required to increase recycling in the borough. The original

recycling rate when the contract was let in 2011 was 45.2%. This rate is contractually increased each year until it reaches 60.5% in 2021/2022. Over the last 10 years of the contract Serco has struggled to achieve the contractual recycling rates. In addition, information from Serco is required to ascertain why rates have significantly decreased this past year. It was suggested that factors such as contamination of recycling bins, the lack of recycling options for flats and the closure of recycling sites during Covid-19 would have had an impact on these figures.

The working group highlighted a shift in focus was needed and for the waste promotion function to be significantly changed. The working group noted that other local authorities had implemented similar mechanisms, therefore this was a feasible plan. This would support Sandwell Council in planning how to communicate and educate residents on recycling awareness through the correct channels and demographics. The contract requires Serco to provide an annual Community Engagement and Customer Care Plan, this has been requested from Serco.

Serco informed the working group that moving the contract in a stable position would be their priority in order to then focus their attention on improving services. It was agreed that clear and informative communication with Sandwell residents was necessary to encourage behavioural change.

Recommendation 1

That Serco sets out within its Service Delivery Plan 2022/23 how it will increase recycling rates, including options for recycling in communal living areas.

Recommendation 2

- a) That Serco provides a contractually compliant communication and engagement plan and that this is aligned to the Council's functions;**
- b) that the plan is monitored through the agreed governance structures for the monitoring of the contract, including the Waste Partnership Board.**

4.1.3 Garden waste

Serco deploys 9 crews for garden waste collection. From early spring to the end of autumn, green waste is collected every week, free of charge to

Sandwell residents. As with household waste and recycling, garden waste is taken to the waste transfer station, transported in bulk to specialist sites within the region and then composted.

The garden waste service is promoted primarily at the end of collections in November and the restart in collections in the last week of February. Additional promotion of the service takes place between these times at appropriate points.

Through Serco Sandwell's Customer Satisfaction results 2021, it was highlighted that resident satisfaction had decreased from 95.9% to 92.6% in July 2021. Triggers to satisfaction included regularity and reliability, ease and convenience and correct bin replacement. Dissatisfaction was mainly due to missed or irregular collections, frequency of collection during holidays and lack of information.

The industrial action had a direct impact on service performance. During this time, garden waste had been suspended to prioritise domestic waste.

Members were largely satisfied with the service, other than the issues surrounding missed collections for which there has been a recent improvement.

4.1.4 Food waste

The food waste service commenced in 2014 and is offered to 133,000 residential properties and is collected weekly. Food waste is taken to the waste transfer station before being bulk transported to a processing site in Stourbridge. It is composted in an enclosed vessel and broken down naturally by bacteria. A by-product of this process is biogas, which is used to create energy, while also been left with a rich fertiliser which is used in the agriculture industry on their fields to grow more crops. Both are much more environmentally friendly than food going to landfill or incineration.

Food waste collections were currently suspended. During the Covid-19 lockdowns, Serco have struggled to maintain substantial numbers of staff resource, at its peak there were 80 staff from a pool of 300 absent through sickness. The consequence of limited staff numbers required the suspension of Green waste, Food waste, Bulky waste collections. In addition to the restrictions imposed from Government in terms of non-essential travel, social distancing etc.

During the working group's site visit to Serco's depot, senior management advised that it was anticipated that food waste would be reintroduced during early 2022. Members were advised that the reintroduction of food waste

collections could pose a risk of potentially destabilising other service areas, therefore the relaunch would commence via Serco's service improvement plan. The working group could not see why this service had not been restarted several months ago and was concerned that no plans had been agreed to restart food waste collection despite earlier deadlines set by the Council.

The Serco communications officer, with the support from the Sandwell Council Communications Team, intended to launch a wide scale campaign to drive resident's participation in this service. Prior to the pandemic participation was 20-30% depending on area. A participation study will be under taken in the months following the reintroduction to gauge uptake. All communications channels will be utilised to drive interest, promoting the positive outcomes of using the service.

Recommendation 3

That arrangements for the reintroduction of food waste collections in 2022 be shared and agreed with the Director of Borough Economy (Authorised Officer) by end of March 2022.

4.1.5 Bulky Waste

Bulky waste is a chargeable service to the public and is collected four days per week from Tuesday to Friday. Residents are able to book a bulky collection online with a charge depending on the number of items to be collected. The working group noted the significant delays experienced with bulky waste collections and the need for Serco to address this issue.

Members recognised that the recycling of larger items, e.g. via furniture banks, reusing and repurposing items etc. was crucial. It was noted other local authorities, such as Warwickshire County Council, have reuse centres attached to household recycling centres. In addition to the low recycling rates as discussed above, and with the Council's recent adoption of climate change targets, a greater effort was required to become a cleaner borough.

By providing residents a greater range of options for bulky waste disposal and reuse options, this would assist the Council's long-term strategy in becoming carbon neutral by 2030 and for the whole borough to be carbon neutral by 2041.

The working group emphasised the need to work closely with Serco to investigate how to improve waste streams and promotion to enhance the

standard of awareness amongst residents. In 2021 98.2% of residual waste collected was sent to incineration the remainder was sent to landfill.

Recommendation 4

That Serco works with the Director of Borough Economy to develop a plan for the promotion of re-use options (i.e. for furniture), including working with voluntary sector partners.

4.1.6 Trade Waste Service

This is a separate chargeable service for Sandwell residents. There are various collection frequencies subject to customer requirements, operating generally daily from Monday to Friday, plus a small customer base receiving Saturday collections.

It was acknowledged that as this was a chargeable service, if this was not performed to an acceptable standard with regards to missed collections, customer choice will lead residents to other waste providers such as Veolia, Biffa etc.

4.1.7 Communal Waste

This is the weekly collection of refuse and mixed dry recycling (where applicable) from high/low rise flats/communal areas. Sandwell has approximately 20,777 flats, however not all have a recycling bin as there is a particular challenge around correct items being placed in the shared containers. The working group recognised that this was a national issue due to contamination of bins. Officers had discussed with Serco the possibility of bringing forward proposals to conduct individual pilots on flats to trial different options

Communal bins and bin store areas can be misused by residents placing large and bulky items in/around the containers which prevents general waste to fit inside the bins. Communications would be provided to educate residents in communal blocks how to use the containers correctly and how to arrange a bulky waste collection. In addition, those who receive communal recycling collections will be informed of what can and cannot be recycled.

(See recommendation 1.)

4.1.8 Assisted Collections

The collection of bins from the doorstep of those who have a disability or mobility issues.

The working group identified that performance with assisted collections had been unacceptable. With 251 missed collections in October 2021 and target for rectification within 24 hours not being met, this was required to be an area of prioritisation for Serco.

Serco acknowledged that a higher level of supervision and monitoring was required to ensure that crews were delivering this service to a better standard. Resident satisfaction with assisted collections were low with issues mainly involving missed collections and bins not being placed back in an appropriate location.

Serco assured their focus would be to stabilise the workforce and reduce its current dependency on agency staff. Serco intended to work with staff to build up knowledge of locations and numbers of assisted collection to ensure that crews take a more personal approach when delivering this service.

4.1.9 Receptacle Replacement and Repairs

The delivery of replacement bins/caddies for those lost or damaged. In the first instance, it is sought for damaged bins to be repaired, however if this is not possible a free replacement bin is sent to the property. For lost or stolen wheelie bins, there is a charge for replacement, while brown food waste bins are replaced for free.

Despite the service experiencing issues during Covid-19 and bin collections, there has been recent improvements to delivery waiting times.

4.1.10 Street Cleansing

Within the Cleansing Contract Area, Serco is responsible for emptying of litter bins and dog bins, town centre street cleansing, fly-tip removal and graffiti removal. Serco has 93 street cleansing crew members for Sandwell who provide a 24-hour per day, 7-day per week out-of-hours and Emergency response service for events or incidents. Serco provides a two-hour Emergency response service that pose a potential hazard to human health or property. In the event of a non-hazardous incident, they provide a four-hour Emergency response service.

The provision in place for street cleansing is currently zone based across Sandwell. Serco has Contractual Targets for street cleansing services, measured as NI195 scores. The service is self-monitored and reported to the Council as a set of standard templates.

NI195 is a grading system for street cleanliness and was previously called a Best Value Performance indicator. Further detail can be found at **Appendix 2**.

Serco advised that the deep cleaning programme is scheduled to be completed by the end of January 2022. The current run rate was one ward completed every 13 days - the target was to reduce the 13-day run rate to 7 days. Serco was reorganising teams to ensure that two small mechanical sweepers and 20 staff digging were allocated to the service. Hours had also been increased to 7.5 hours – 9 hours across a five day week, with an additional service on Saturdays from 6am – 2pm. Additionally, assistance would be received from MRT teams, when working within the same ward, to cleanse residential areas.

According to the Serco Customer Satisfaction Survey in July 2021, street cleansing satisfaction had decreased from 68.6% to 63% during this wave. Residents were mainly satisfied that streets were tidy and roads were maintained regularly. From the 250 residents within the survey sample, 78 were dissatisfied with the service provided and mentioned roads were untidy and had not been cleaned regularly, litter, and overgrown greenery. The working group noted that the survey used a small sample of residents and felt this did not provide a good enough indication of service satisfaction.

The working group identified that street cleansing services had not been up to satisfactory standard across the borough. Serco advised there currently was no order of prioritisation for deep cleaning in the borough. At present, crews were assigned to each ward/zone in Sandwell, which did not seem fit for purpose. Members noted that a frequency-based cleansing service dependent on use and type was required, as opposed to a zonal system. There was also a need for clear and imminent communication between Sandwell Council and Serco to revise the existing cleansing schedules to ensure they are aligned with demand.

Serco was in agreement that the deep cleaning service had not been delivered to an acceptable standard and original plans had been too ambitious in light of the circumstances experienced at the time and had not been able to meet the deadline set for December 2021. The deep clean was a part of Serco's recovery plan to bring the streets up to standard due to deterioration in recent times. Upon completion of the deep cleanse, a cleaning frequency and plan was required to maintain the streets.

Serco recognised that street cleansing services had been significantly impacted through the period. Areas such as Smethwick, St Pauls, Soho and Victoria, West Bromwich Central, Tipton Green, Greet Bridge and Greet Green and Lyng had experienced high levels of litter and detritus.

Additionally, there were currently 34 vacancies for street cleansing. Serco highlighted that issues such as driver shortage, low attrition rates, the impact of Covid-19 and delays in onboarding were the cause of the lack of staff allocated to street cleansing. The working group emphasised the urgent need to recruit and allocate a sufficient number of staff to ensure an efficient level of service to meet demand and improve cleanliness.

Communication would play a key part in ensuring the improvement of street cleansing services with both Sandwell and Serco, and also with residents. A new pipeline of work will be explored with how the team can help drive down fly-tipping in Sandwell. Hot spot/recent locations of fly-tipping will be identified and officers will target these residents with advice on the correct disposal means and/or how to report fly-tipping incidents if witnessed. This will involve the team working more closely with the street cleansing department.

Serco assured that they would be working alongside Sandwell Council to create a recovery plan to address the issues mentioned. Through actions such as ensuring that the implementation of correct processes to handle complaints and increasing resources on a weekly basis to ensure work was completed to a sufficient standard, it would allow the service to stabilise and meet demand.

Recommendation 5

- a) That Serco reviews its approach to street cleansing, and submits a Street Cleansing Improvement Plan to the Director of Borough Economy by end March 2022, setting out a revised approach that moves away from the current and ineffective zone based approach and takes into account population density, seasonality and data on areas of highest need;**
- b) that the Plan is monitored and improvement progress/delivery/KPIs is reported and monitored through the agreed governance structures for the monitoring of the contract, including the Waste Partnership Board.**

4.2 Litter bin provision and replacement

Serco has an ongoing litter bin repair scheme in place whereby defective containers are identified and reported by crew members or members of the public and repaired. The main reason for the works were due to further decay since the last audit.

A full survey of litter bin sites was undertaken in late 2020 and there are 2,060 litter and dog bins across various sites in Sandwell, according to our Litter and Dog bin database. There are several different types of litter bins across the borough with varying levels of condition, capacity and age. Many bins across Sandwell were considered to be of poor quality and required replacing, however to construct and implement a bin replacement program, an assessment of the original baseline would first be necessary.

The working group identified the poor performance with bin provision and replacement, this mainly included the inadequate condition of bin stock, low standard of street and domestic bin repairs and bins not being replaced within appropriate timescales. Consequently, it was considered pertinent for an audit of street bins to be completed as soon as possible and for there to be a change in litter bin provision and stock, through options such as GIS mapping.

Recommendation 6

- a) **That Serco completes an audit of Sandwell's street litter bin stock and its condition by end of March 2022;**
- b) **that Serco submits plans for consideration of a pilot scheme to implement smart technology linked to suitable locations for street bins.**

4.3 Fleet

Serco are required to maintain and replace all vehicles used under the contract as novated to them at the commencement of the contract and those purchased throughout the contract under the replacement programme. This continued service delivery and at Contract expiry when they transferred back to the Council they were in good or the same condition. Thereby alleviating the risk to the Council for immediate and major capital investment in new vehicle assets and complying with the contractual handback requirements. Serco Sandwell's waste fleet includes:

- 70 Refuse Lorries (3 narrow access)
- 38 Vans
- 5 Supervisor Vans
- 15 Sweepers
- 4 Plant Vehicles

Due to the age of the existing fleet the contract has suffered with issues of vehicle breakdowns or unavailability which results in missed collections and service failures. The older vehicles add pressure to the Fleet services department who maintain the vehicles under contract due to the high number of repairs needed to keep them roadworthy.

Eight years after the Contract commencement (2018), the required replacement of vehicle assets by Serco did not take place. During negotiations, Sandwell Council agreed to explore the possibility of providing the finance to procure a new fleet under Prudential Borrowing. In June 2020, after a break in negotiations our Legal Services department determined that the contract did not support prudential borrowing due to regulations in relation to state aid. Serco were notified of the Council's legal position and were instructed to purchase new RCVs.

In June 2021, a joint Fleet Steering Group was instigated to focus on progressing the fleet replacement scheme. The joint fleet meeting convenes weekly to ensure the progress of the fleet replacement plan and emerging issues. Serco has confirmed build slots for the first phase of 18 refuse lorries (RCV's) with a delivery date of early 2022. This is to be followed by a full replacement programme which includes project timelines for the purchase of the 2nd phase vehicles, small van fleet (LCV), key decision points and the order date.

It was highlighted that Serco had been far too slow to update and modernise fleet and this has led to performance issues and impacted upon service delivery. Members acknowledged that the previous Director of Borough Economy had got on top of the fleet issues but recognised that this pace of progress needed to be maintained.

Whilst Serco assured the working group of the introduction of new fleet, including the arrival of 18 new refuse lorries at the depot in December 2021, the working group remained concerned that vehicles had not been replaced in 2018, as per the contractual requirement. It was highlighted that the age of the vehicles and volume of defects had impacted performance and crew workload and reduced reliability. The working group also raised the need for Serco to review how it intended to introduce eco-friendly fleet and provisions

e.g. electric vehicles, renewable fuels, retrofitting of vehicles and efficiency of routes.

While the working group welcomed the 18 refuse lorries added to Serco's fleet, members believed it was necessary for the pace of vehicle replacement to improve and for this to be sustained. Substantial changes were required to fleet to ensure the workforce were able to deliver services as demanded in a timely and efficient manner.

Recommendation 7

- a) That the progress made with the Fleet Replacement Programme is maintained and that Serco submits the delayed Fleet Replacement Programme, which should be aligned with operational requirements and the Street Cleansing Improvement Plan (ref rec 6), and include options for a more sustainable fleet, to the Director of Borough Economy by end of April 2022;**
- b) that the delivery of the Fleet Replacement Programme is monitored through the agreed governance structures for the monitoring of the contract, including the Waste Partnership Board.**

4.4. Litter Watch

Litter Watch is a community-led environmental charity set up by local residents in 1997. Litter Watch's partnership with Serco and Sandwell was established in 2011 with an annual grant of £63,000, which had been decreased to £60,000 in 2017.

One of projects ran by the charity included the Council led campaign, Big Spring Clean, which has been running for 15 years. Throughout this period, Litter Watch have worked with over 50,000 volunteers and have removed over 320 tonnes of litter off the streets of Sandwell. During 2021, the budget was not confirmed until the end of May thus putting pressure on the charity to deliver a campaign last minute. In 2009, the budget for the Big Spring Clean was £40,000, reduced to £25,000 in 2017, in 2018 it was reduced to £14,000 without consultation or negotiation.

The working group acknowledged the efforts and work of Litter Watch in tackling litter in Sandwell and promoting and educating members of the public on environmental issues and the changes that can be made to create a more sustainable and green borough.

It was considered essential to support Litter Watch's work in Sandwell and for Sandwell Council to assist in providing the necessary resources and capital investment required to sustain their work and help integrate their work in the borough. Additionally, the working group also noted for Sandwell Council to identify and support Litter Watch in replacing their eco-bus.

Recommendation 8

That both Serco and the Council consider reviewing the resources and funding provided to Litter Watch, with a view to increasing these if possible.

4.5 Industrial Relations and Workforce Issues

The working group highlighted the efforts of the frontline staff during the pandemic and emphasised that the inquiry would focus on the wider management and performance of the contract.

Performance through the contract has been heavily affected by ongoing industrial relations matters. Unison, GMB and Unite members have all raised issues on a variety of matters relating to:-

- Pay and conditions of service.
- Use of agency staff.
- Access to and quality of PPE.
- Health and safety issues on site.
- Lack of adherence to policies and processes in dealing with staff complaints and grievances and poor record keeping.
- Management treatment of staff.
- Management turnover.

Whilst acknowledging that these matters are outside of the scope of the contract performance management, members remained concerned due to the impact on performance and the seriousness of some of the concerns raised.

GMB instigated a trade union dispute in May 2021 which subsequently led to strike action in September 2021. Further strike action was proposed in October 2021 however the ballot was unsuccessful. Unison and Unite have not supported strike action thus far.

Serco has maintained that there were cultural issues within the workforce. Unions reported that the above issues have brought about increased levels of

stress and anxiety to staff, and extremely low morale, resulting in increased sickness levels. The Chair also reported that staff morale was very low when he visited the Shidas Lane depot on 6th October 2021.

Serco assured members that all of their employees have the right to good leadership and fair performance management and that there has been a number of management changes, at all levels. Members were informed that a number of measures have been put in place to address the above issues.

Pay and Conditions of Service

Serco is working very closely with all three trades unions to mutually agree new terms and conditions. A benchmarking exercise will also be undertaken across all employees on the contract.

Pay increases mirror the National Joint Council (NJC) agreed percentages. However, due to the continuous delays in finalising the NJC pay award Serco has put in place its own pay enhancements, which are to be paid in November and backdated to April 2021.

Use of Agency Staff

Serco reported that it employs between 30 and 50 agency staff (out of 312) at any one time. There is a pool of agency staff frequently used to cover sickness as sickness rates are high.

At the time of reporting there were 34 frontline vacancies on the contract, most of which were in the street cleansing teams. There was also a national driver shortage, however this had not impacted on the Sandwell contract as much as other areas. Efforts were being made to fill these vacancies, largely by converting agency staff to permanent positions, however there were some delays in this process. Serco reported that attrition rates on the contract are low however.

Serco assured members that at least one crew member on each round knows the area.

Access to and Quality of PPE

Serco reported that there have been delays in receiving PPE orders. It was highlighted that agency staff are provided with a new set of PPE, which has resulted in a perception amongst permanent staff of better treatment.

A member of staff has now been assigned to take responsibility for PPE across the sites.

Health and safety

Serco reported to members that senior managers have visited sites along with union representatives and all health and safety issues have been addressed.

Members were informed that grievances are investigated off site and independently in the region and that this has always been the case. Serco also report however that a number of other local procedures had been brought in, which were not Serco processes and have therefore been removed.

Management and Treatment of Staff

The Regional Director acknowledged that there are some specific individual cases that need to be addressed, however, it is also the view that cultural issues across the different sites/services, have an impact on workforce issues/relations, in addition to there being three different trades unions involved. Serco did however acknowledge that communication was poor across the organisation.

An intensive period of communications took place in September and October in an attempt to mitigate the impact of strike action.

A joint working group will be established to look at the operational effectiveness of services. This will include experts from outside of Sandwell with the aim of identifying innovative ways to improve services. In addition, a team is going to be created, including three employee representatives, to be released from operational duties for six months, to help the local management team. They will be involved in management meetings to build trust and both sides will share their experiences and insights from both the front line and the back office.

Management Turnover

A review of senior managers on the contract has taken place and a new Regional Director was assigned to the contract in September 2021. She has experience and expertise in remediation of troubled contracts and assured members that she has a strong track record of implementing large scale change and improvements.

Dedicated HR support has been put in place to ensure a consistent approach to communications. The Contract Manager and Head of HR are on site regularly, as well as the Head of Regional Operations and the Regional Operations Manager.

Members were pleased that the industrial issues have now been formally resolved with Serco but emphasised that the terms of the agreement must be adhered to moving forward. A lot of work was required to build confidence and morale in the workforce to improve staff relationships. The Board requested that a further update by Serco be provide to the Board within six months on the measures implemented to improve the workforce morale and communication.

Recommendation 9

That Serco informs the Director of Borough Economy (Authorised Officer) of any changes to its senior management teams, in connection with the contract, within 10 days of the new post-holder's start date.

Recommendation 10

- a) That Serco provides an update to the Scrutiny Board, in six months, on the progress made to improve morale and resolve workforce issues, including the establishment of the joint internal working group referred to in evidence gathering;**
- b) that the Director Borough Economy ensures that Serco is carrying out its contractual requirements in relation to undertaking regular staff surveys and that the results of such surveys are acted upon appropriately.**

4.6 Waste Partnership Strategic Board

It is understood that, upon the instruction of the previous director, meetings this Board were not called due to the Covid-19 pandemic and lockdown.

Following the government's work from home order, the Council had to wait for temporary legislation to be passed to enable formal meetings (i.e. of bodies constituted under the Local Government Act 1972) to proceed remotely. It is acknowledged that there would have been a period of adjustment following the work from home order and the embedding of appropriate IT to support homeworking and remote meetings. However, as the Partnership Board is not subject to the same legislation it remains unclear as to why remote meetings did not commence sooner than July 2021, given that this is the key partnership body responsible for monitoring the contract.

An additional factor that members felt has impacted on the ability to robustly manage the contract, is the instability within both Serco and the Council as a result of many senior leadership changes in recent years.

Recommendation 11

That the constitution and terms of reference of the Waste Partnership Strategic Board are reviewed, and consideration is given to including the relevant scrutiny Chair as a member of the Board.

4.7 Joint Consultative Panel

Members acknowledge the JCP is a Council body and therefore has no influence on how Serco manages its workforce. However, given the extent of the issues raised by all three trades unions it is felt that the changes in the Council's senior leadership team impacted on the trades unions' ability to develop effective relationships with senior management and members, which may have reduced opportunities to shine a light on the workforce issues at Serco.

Recommendation 12

- a) That the Governance and Constitution Review Committee is asked to recommend to the Council that an additional scrutiny board is established, with effect from the 2022/23 municipal year, to monitor the management and performance of the Council's contracts with Serco, Sandwell Children's Trust and Sandwell Leisure Trust;**
- b) that the new board considers how stakeholders and the public can contribute to its work and monitoring processes.**

Recommendation 13

That the Director of Law and Governance ensures that the Joint Consultative Panel meets regularly (e.g. quarterly) to enable any staffing issues in relation to the contract to be addressed in a timely manner.

4.8 Waste Client Team

The Waste and Fleet Service Manager reported that, in recent years, planned leavers and restructures have eroded the client team size. In 2011 when the Waste Client Team was established it consisted of:-

- 1 FTE Services Manager
- 1 FTE Business Manager
- 3 FTE Performance Officers
- 1 FTE Customer Engagement Manager
- 3 FTE Waste Awareness Officer

The current structure of the Waste Client Team consists of:-

- 1 FTE Service Manager
- 2.4 FTE Performance Officers (2 are part-time)
- 1 FTE Customer Engagement Manager
- 1 FTE Waste Awareness Officer

There are 6 towns in Sandwell that need to be inspected on a regular basis, in addition to the need to provide more interventions around waste presentation and contaminated recycling. Additional staff would be required to add a higher level of oversight to the performance on the waste contract. In particular, more performance officer roles are needed and in turn this will require an additional supervisory role for these staff.

Recommendation 14

That the Director of Borough Economy reviews the structure of the Waste Client Team to ensure that it is sufficiently resourced to support a higher level of oversight and contract monitoring.

4.9 External Auditors Value for Money Governance Review

The Board acknowledged external auditors' observations on lack of clarity in relation to public realm issues.

Recommendation 15

That a review is undertaken and a process established, within 12 months, to ensure that there is clarity between the Council and Serco in terms of ownership and responsibility in the public realm.

5

Summary of Recommendations

	Recommendation	Responsible
1	That Serco sets out within its Service Delivery Plan 2022/23 how it will increase recycling rates, including options for recycling in communal living areas.	Serco
2	<p>a) That Serco provides a contractually compliant communication and engagement plan and that this is aligned to the Council's functions;</p> <p>b) That the plan is monitored through the agreed governance structures for the monitoring of the contract, including the Waste Partnership Board.</p>	Serco/Director of Borough Economy (Authorised Officer)
3	That arrangements for the reintroduction of food waste collections in 2022 be shared and agreed with the Authorised Officer by end of March 2022	Serco
4	That Serco works with the Director of Borough Economy to develop a plan for the promotion of re-use options (i.e. for furniture), including working with voluntary sector partners.	Serco/ Director of Borough Economy (Authorised Officer)
5	<p>a) That Serco reviews its approach to street cleansing, and submits a Street Cleansing Improvement Plan to the Director of Borough Economy by end March 2022, setting out a revised approach that moves away from the current and ineffective zone based approach and takes into account population density, seasonality and data on areas of highest need;</p> <p>b) That the Plan is monitored and improvement progress/delivery/KPIs is reported and monitored through the agreed governance structures for the monitoring of the contract, including the Waste Partnership Board.</p>	Serco

6	<p>a) That Serco completes an audit of Sandwell’s street litter bin stock and its condition by end of March 2022;</p> <p>b) That Serco submits plans for consideration of a pilot scheme to implement smart technology linked to suitable locations for street bins.</p>	Serco/ Director of Borough Economy (Authorised Officer)
7	<p>a) That the progress made with the Fleet Replacement Programme is maintained and that Serco submits the delayed Fleet Replacement Programme, which should be aligned with operational requirements and the Street Cleansing Improvement Plan (ref rec 6), and include options for a more sustainable fleet, to the Director of Borough Economy by end of April 2022</p> <p>b) That the delivery of the Fleet Replacement Programme is monitored through the agreed governance structures for the monitoring of the contract, including the Waste Partnership Board.</p>	Serco
8	That both Serco and the Council consider reviewing the resources and funding provided to Litter Watch, with a view to increasing these if possible.	Serco/ Director of Borough Economy
9	That Serco informs the Authorised Officer of any changes to its senior management teams, in connection with the contract, within 10 days of the new post-holder’s start date.	Serco
10	<p>a) That Serco provides an update to the Scrutiny Board, in six months, on the progress made to improve morale and resolve workforce issues, including the establishment of the joint internal working group referred to in evidence gathering.</p> <p>b) that the Director Borough Economy ensures that Serco is carrying out its contractual</p>	Serco/ Director of Borough Economy

requirements in relation to undertaking regular staff surveys and that the results of such surveys are acted upon appropriately.

11	That the constitution and terms of reference of the Waste Partnership Strategic Board are reviewed, and consideration is given to including the relevant scrutiny Chair as a member of the Board.	Serco/ Director of Borough Economy
12	<p>a) That the Governance and Constitution Review Committee is asked to recommend to the Council that an additional scrutiny board is established, with effect from the 2022/23 municipal year, to monitor the management and performance of the Council's contracts with Serco, Sandwell Children's Trust and Sandwell Leisure Trust;</p> <p>b) that the new board considers how stakeholders and the public can contribute to its work and monitoring processes.</p>	Director Law and Governance
13	That the Director of Law and Governance ensures that the Joint Consultative Panel meets regularly (e.g. quarterly) to enable any staffing issues in relation to the contract to be addressed in a timely manner.	Director Law and Governance
14	That the Director of Borough Economy reviews the structure of the Waste Client Team to ensure that it is sufficiently resourced to support a higher level of oversight and contract monitoring.	Director of Borough Economy
15	That a review is undertaken and a process established, within 12 months, to ensure that there is clarity between the Council and Serco in terms of ownership and responsibility in the public realm.	Serco/Director of Borough Economy

KLOE A7: Waste service

The purpose of this KLOE was to consider the performance of the waste service, the Council's management of the contract with Serco, and understand the impact of recent industrial relations issues.

Background

The Council chose to outsource its waste and recycling service and in November 2010, following a procurement exercise, the Council confirmed the appointment of a consortium led by Serco to deliver a 25 year, £650m integrated waste and recycling services contract. Council staff were transferred to Serco under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE).

Serco are responsible for the collection of household food and garden waste and recycling, street cleansing, the associated vehicle fleet, and the household recycling centre (HRC).

During the course of COVID-19 the Council has become increasingly concerned about the performance of a number of aspects relating to the delivery of the contract.

Service delivery has also been impacted by industrial action from some of the Serco workforce.

KEY FINDINGS

Contract management

The contract includes 34 Key Output Targets (KOTs) which are the basis for contract performance management. The contract is self-monitoring and Serco provide the Council with monthly performance data. Penalty points are accrued for failure to meet KOTs and these are reviewed each month by the Council, with financial penalties based on penalty points accrued each month. Failure to regularly meet KOTs over a twelve-month period can trigger a contractual default. There have been no defaults during the contract to date.

There had been formal contract monitoring meetings every six months between the Council and Serco in the form of a Waste Management Board. The Council Leader and relevant portfolio holder attend these board meetings and the Board is the formal decision making body. The Board meetings were suspended as a result of the onset of COVID-19 but have been subsequently re-introduced on a three-monthly basis.

The KOT in relation to recycling rates sets out a sliding scale of annual improved rates, with 60% being the target for 2021 and the actual rate being 32%. This is calculated on the tonnage of recycling against refuse collected. Serco have failed to meet these annual targets and may incur financial penalties of up to £1.2m per year. The reasons for under achievement of the target are considered to be household behaviour and weekly collections, the latter forming part of the original contract specification. The Council has provided Serco with a letter of comfort reducing this target and reducing the annual financial penalty.

The Serco contract was the first major outsourcing of its type undertaken by the Council. There is a perception that the approach to managing the contract did not adequately change from the way these services were managed when the Council operated a direct labour organisation model. Over the past ten years of the contract there have been a limited number of contract variations and requests made for additional services were not effectively specified.

The KOTs are considered well defined, but they are generally based on annual quantity rather than frequency and service quality. The Council is intending to engage an external consultant to review the KOTs to determine whether these contract specifications can be amended.

The vehicle workshop is operated by the Council and the Council maintains the vehicles through a separate maintenance contract with Serco. The contract terms meant that Serco were to replace fleet vehicles after 8 years of the contract (five years for smaller vehicles) which did not happen. This was identified during 2018 and discussions were held between the Council and Serco on whether the Council would borrow to fund the capital expenditure. The Council took external legal advice which confirmed such an action would represent state aid. A Fleet Board was introduced in May 2021 for Serco and the Council to progress a fleet replacement programme and Serco have committed to replace 18 refuse collection vehicles with delivery due in December 2021, as well as investing in mixed domestic recycling trucks. Serco have also hired newer sweeper vehicles, pending their replacement.

Financial management

Serco submit a monthly bill in line with the contract payment mechanism.

In recent years the Council's budgets for waste management has underspent and an underspend is forecast for 2021/22. The underspend is a result of financial penalties incurred by Serco, and income the Council receives from recycle sales. The prices for the latter are dependent on market fluctuations. The underspend is used to maintain a reserve, currently £3.5m, which is used to manage fluctuations in disposal market rates and contract fees.

KLOE A7: Waste service (cont'd)

The purpose of this KLOE was to consider the performance of the waste service, the Council's management of the contract with Serco, and understand the impact of recent industrial relations issues.

Service performance

COVID-19 impacted on service delivery – which was common across the sector – as the workforce were impacted by absences, for example due to self-isolation via shielding or because of other COVID-19 regulations, as well as social distancing measures introduced for those who were at work. Garden and food waste collection were suspended during the first lockdown and the HRC was closed. Serco is still not operating a full service in particular food waste collection.

The pandemic has impacted on both waste collection and street cleansing, with street cleansing staff backfilling waste collection roles. Vehicle reliability has also contributed to service performance.

The pandemic shone a light on working practices and performance at Serco, contributing to service performance issues. During 2021 Council management have taken action to work with Serco to ensure necessary improvements are introduced. We understand, that as a result Serco's performance management of poor performing crews has improved, which has led to suspension of some staff and others leaving. This has contributed to industrial relations issues.

In early October the 100% in-day completion of waste collection rounds was achieved for the first time in approximately 9 months.

Serco have developed a waste and recycling recovery plan, and a recovery plan for street cleansing. At the time of this review they were being appraised by Council officers and were to be approved by the Waste Management Board.

Industrial relations

Council staff were TUPE'd to Serco on the council's terms and conditions for the first ten years of the contract. Industrial relations issues arose in May 2021 when trade unions (Unite, Unison and GMB) raised issues with Serco management in relation to staff grievances, salary benchmarking, health and safety concerns and staff complaints relating to bullying.

We understand that Serco management have investigated the complaints and have concluded that the staff complaints related to management seeking to improve working practices and did not represent bullying. Serco management have also investigated staff grievances and health safety concerns and believe these to be resolved. Unite and Unison agree, but GMB believe they remain unresolved.

The Advisory, Conciliation and Arbitration Service (ACAS) are involved in arbitration with GMB. At the time of this review strike action was planned and GMB introduced a 2-month overtime ban for their members. 120 of the 300 workforce are GMB members. Serco's senior management continue to engage GMB to try to bring resolution to the dispute.

Leadership and staff continuity

There have been changes to the senior officers at the Council with the relevant Executive Director and Director leaving in the past twelve months. An interim Director has been in role since May 2021 with a permanent Director due to start in November 2021. Until the interim Director was in role there was inadequate senior officer involvement in relation to the contract at time when this was needed to manage Serco's contract performance during the pandemic. The interim Director has brought focus to the situation including engaging with senior management of Serco.

The Council's contract manager has been in role for seven years. There had been similar stability in this role at Serco until there were changes in early 2020. More generally there have been a high number of management changes at Serco over the past year including the regional manager, regional managing director, operations manager and the senior contract manager. These changes have led to a lack of continuity in relationships with the Council and impacted on effective partnership working. In August 2021 a new senior contract manager and operations manager started but both left in September. The Serco managing director has introduced a new structure responding to concerns raised by the Council, and has instigated a programme of staff engagement. Serco are also taking steps to better manage poor performing staff, which is also leading to some further staff changes.

As noted elsewhere in this report, the Council's Leadership Team has not received effective corporate monitoring information on key council service indicators, which includes the Serco contract. This has been recognised and changes are being made to address the situation.

KLOE A7: Waste service (cont'd)

The purpose of this KLOE was to consider the performance of the waste service, the Council's management of the contract with Serco, and understand the impact of recent industrial relations issues.

Other findings

The performance issues associated with the Serco contract have seen an increase in complaints from residents, and increased enquiries to the Council's contact centre. Fly tipping has increased in the borough and the closure of, and then waiting time delays at, the household recycling centre are considered a contributory factor.

There is a need to review enforcement of public realm issues so the Council is clearer if the ownership sits with Serco or Council services such as parks, housing and grounds maintenance.

On 22 July 2021 the Council's Economy Skills Transport and Environment Scrutiny Board agreed to carry out a review of Waste Services and the Cleanliness of the Borough. The working group undertaking the review had not reported at the time of producing this report

Conclusions and recommendations

Serco have not brought the innovation and investment expected by the Council, and the culture of the workforce has impacted on Serco's ability to deliver the contract. Whilst there are issues relating to Serco management, it is only recently that Council management have taken a robust approach to managing poor contract performance, which has led to some performance improvement. Serco remains on an improvement journey.

The Council should prioritise corporate effort to ensure that the recovery plans are approved and appropriate senior management oversight is given to monitoring their effective delivery.

The Council should ensure robust contract management arrangements are in place, and review the Key Output Targets (KOTs) and work with Serco to ensure they are line with Council expectations and the data is available to allow effective monitoring of contract outcomes.

The Council should ensure that the investments specified in the contract with Serco are made, such as a new vehicle fleet.



NI195 Grading System

NI195 is a grading system for street cleanliness and was previously called a Best Value Performance indicator. It follows the same principles as the Code of Practice on Litter and Refuse (CoPLR) and is reported as four parts, one for each element of environmental and street cleanliness: NI195 (a) Litter, (b) Detritus, (c) Graffiti, (d) Fly-posting.

The Environmental Protection Act 1990 (s.87) states that litter is 'anything that is dropped, thrown, left or deposited that causes defacement, in a public place'. This accords with the popular interpretation that 'litter is waste in the wrong place'. When evaluating a street cleanliness grades A,B,C,D are issued. Grade A is given where there is no litter or refuse; grade B is given where a transect is predominantly free of litter and refuse except for some small items; grade C is given where there is a widespread distribution of litter and refuse, with minor accumulations; and grade D where a transect is heavily littered, with significant accumulations.