



Annual Contract Service Report

2020 - 2021

This report has not been agreed by both parties and is subject to change

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Executive Summary

During this productive and challenging year Amey has made significant progress in addressing many of the historical issues that has affected the Waste Collection and Street Cleaning services. COVID19 and Brexit have been additional challenges this year but with robust business continuity plans we have continued to deliver the full service across all four contract areas. Both Amey and JWS have worked jointly to improve on the concerns which has led to improvement in the contractual performance and has shown a working partnership between both parties. We have successfully delivered the majority of our commitments on the business improvement plan, with those tasks outstanding, delayed due to the impact of COVID-19.

The focus for 2021/22 is to work in conjunction with JWS to resolve the historical disputes, bring further operational efficiencies and introduce new improvements in the IT systems which will further reduce gaps in the performance.

The purpose of this summary is to provide the Councillors with an overview of the partnership activities and the financial performance during the last financial year and give an indication of the 2021/22 strategy.

Key Achievements

1. Successful Commercial discussions:

- a. Partnering relationship and approach seen between Amey and JWS during the unprecedented COVID-19 which enabled Amey to continue providing services with zero stand downs.
- b. Following the timeline of contractual applications like annual indexation and annual baseline uplifts
- c. Settlement agreement signed and completed in October 2020 that resolved the pending dispute on the historical KPIs and variable invoices.
- d. Successful agreement on replacement of the Elmbridge fuel tank which has resulted in both financial and operational savings for the contract
- e. Order of new Dennis RCVs
- f. On-going commercial discussions around the future financial sustainability of the contract and discuss potential variation to the contract to resolve the fleet gap.

2. Better KPI results and street cleansing LADS:

- a. Significant improvement in results and focus to continue.
- b. Joint understanding between JWS and Amey on the penalty application
- c. 11 out the 12 LADs surveys exceeded the expected standard resulting in zero deductions.

3. Garden waste administration service

Amey has made significant advances in the last 10 months in ensuring that the Garden waste database is up to date, correctly formatted to JWS's satisfaction, and monies are collected from the historical over due accounts. Processes have been put in place, which has resulted in improvement in income recovery and subscribers re-joining the service. Due to the IT attack, there has been delay in clearing the backlog and the work is currently in place to ensure the following is completed by end of July 2021.

- Historical backlog in Woking
- Splitting the previous months cash reconciliation reports to show income collected for period 2020/21 and historical outstanding amounts.

4. Financials

Process agreed and applied for the variable charging element between Amey and JWS. All invoices from April 2020 have been cleared. Delays in clearing Dec 2020 invoices, due to the cyber-attack IT issue. Work is currently undergoing to resolve the Jan 21 – Mar21 invoices.

5. Social Responsibility

- a. Improving community links with organisations such as SAAFA, Junior Citizens and the Dorking Refugee Support Group.
- b. Efforts to continue for these improved links following the COVID-19 movement restrictions.

6. Successful Pandemic Response -COVID-19

- a. Quick and swift response in handling any issues resulting from COVID-19 restrictions enabled Amey to continue providing all services with no reductions.
- b. Ad-hoc services like Bulky collections and bin deliveries also continued despite other counties across the country seeing these stood down.
- c. Low staff absence maintained
- d. Significant support received from the Councils which has led to an improved relationship and partnering spirit between the parties.
- e. High morale seen amongst our crew members especially after the huge appreciation received from the residents and compliments from the Councils.

Risk Management

The management of risk is embedded in our everyday business activities and culture, with all our employees having an important role to play.

Risk Event (Brief description)	Cause, Effect & Consequence	Likelihood {3 - Most likely, 2 - likely and 1 - little chance}	Severity - short term {Major or minor}	Mitigating measures	RAG
Staff shortage	High absence leading to reduced services	1 - as not specialised trade so agency staff can be recruited at short notice	Major	Allow extra cover and open channels with major agencies	High
Vehicle provision/breakdown	High VORs can lead to reduced services although fleet can be used across sites. Will affect round changes and collection times	1 - spare fleet available at short notice	Major	Spare fleet at all times and minimum available quantities maintained	High
Site closure	Site access closed can lead to delays in collections	1	Minor	Across site network	Neutral
Loss of fuel supplies	Fuel strikes and empty tanks will immediately cease services	1	Minor	Own fuel tank avoids short term panic	High
Transport disruption	Reduced services	1	Minor	Own fleet	Low
Inclement weather	Reduced services	2	Minor		High
Loss of IT services	Collection service can continue based on manual records	2	Minor	Manual records and crew aware of routes	Low
Industrial disputes	Any disruption will cease services	1	Major		High
Pandemic (e.g COVID-19)	High absence/national lockdowns may lead to reduced services	3 as 2020 has demonstrated	Major	Short term agency cover	High
Leafing programme	Ahead of schedule can cause short term disruption	1	Minor	Ability to allocate resources swiftly	Neutral
No market for refuse	Full landfills may cause backlog and delays	3	Major	Global shutdown of markets can reduce demand	High

Key Legislative Changes

2.1 Circular Economy package (CEP)

UK implemented the Circular Economy package (CEP) on 01st Oct 2020. The aims are:

- Specify when a separate collection of waste is not necessary.
- Ensure any waste collected separately so it can be prepared for re-use or recycling is not incinerated or landfilled
- Introduce an environmental permit condition on waste incinerators and landfills which restrict waste paper, metal, plastic and glass, which is collected separately for re-use or recycling, from being accepted for incineration or landfill;
- Make sure unlawfully mixed hazardous waste is separated wherever technically feasible;
- Prohibit the mixing of waste oils where the mixing would prevent the regeneration or recycling of the oil delivering an equivalent or better environmental outcome;
- Require relevant waste operators, operating under a registered waste exemption, to record, retain and submit information on hazardous waste and the products and materials resulting from the treatment of that waste.

The need to manage waste sustainably has never been more important. A core pledge of the 25 Year Environment Plan is to protect our natural world and leave it in a healthier state for the next generation. It includes commitments to double resource productivity by 2050 and to minimise waste, reuse materials as much as possible, and manage materials at the end of their life to minimise their impact on the environment.

The government's overall approach to resources and waste is one of moving away from the current linear economic model of take, make, use, throw, towards a more circular economy which keeps resources in use for longer so that we can extract maximum value from them. Our goal is to maximise the value of the resources we use, minimise the waste we create and therefore avoid emissions from the waste sector, driving us towards our target of net zero emissions by 2030.

The government supports comprehensive and frequent rubbish and recycling collections and the major waste reforms set out in the Bill will support the achievement of a 65% recycling target for municipal waste by 2035.

2.2 Covid-19 Related (Brief Intro)

COVID-19 related regulations as following were introduced during 2020-

Environment Agency

COVID-19 and storing waste at unpermitted sites due to exceeding your storage limits: RPS C17

COVID-19 and temporary storage of incinerator bottom ash aggregate: RPS C16

COVID-19 and exceeding permit limits for medical use of radioactive substances: RPS C15

COVID-19 and delaying hazardous waste consignee returns: RPS C14
Accumulating radioactive waste that you cannot transfer because of COVID-19: RPS C13
Reporting for installations, radioactive substances and waste permits: RPS C10
COVID-19 and packaging waste: registering as a packaging producer: RPS C9
Social distancing when signing and handing over waste transfer and consignment notes in person: RPS C8
Monitoring emissions from installations, radioactive substances and waste activities: RPS C7
Storing treated sewage arisings you cannot move because of Covid-19 restrictions: RPS C6
PPE waste from home healthcare workers treating patients with Covid-19: RPS C5
Incinerating specified healthcare wastes at a municipal waste incinerator: RPS C4
Exceeding waste storage limits at permitted sites because of COVID-19: RPS C2

PROCUREMENT POLICY – PPN 02/20 and PPN 04/20

This Procurement Policy Note (PPN) sets out information and guidance for public bodies on payment of their suppliers to ensure service continuity during and after the current coronavirus, COVID-19, outbreak. Contracting authorities must act now to ensure suppliers at risk are in a position to resume normal contract delivery once the outbreak is over.

Contracting authorities should aim to work with suppliers and, if appropriate, provide relief against their current contractual terms (for example relief on KPIs and service credits) to maintain business and service continuity rather than accept claims for other forms of contractual relief, such as force majeure.

Financial Indicators

Amey JWS Financial Statement for Contract Year 4 (April 2020 to March 2021)

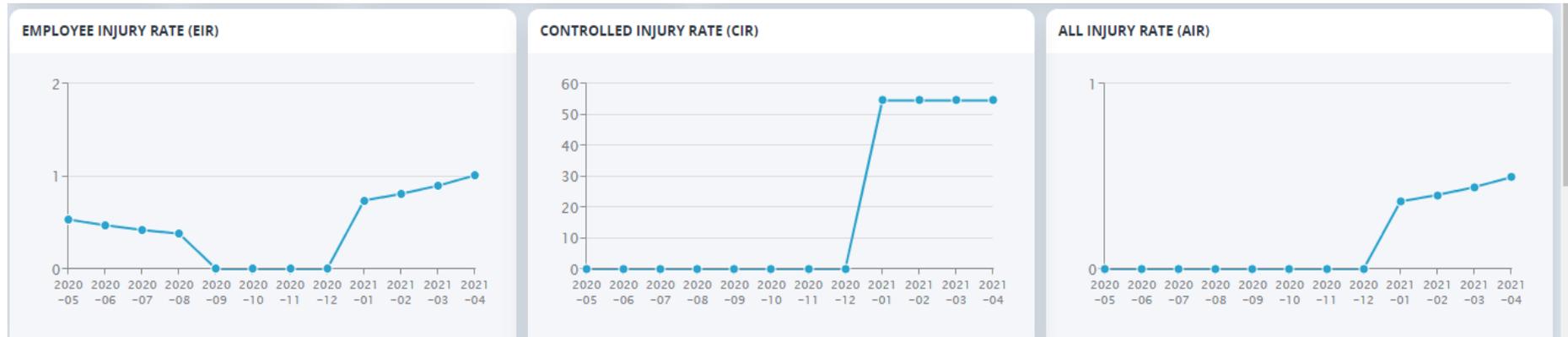
<u>JWS Actual Results Apr 20 to Mar 21</u>	ACTUAL	ACTUAL	Apr 20 to Mar 21											
£k (Costs & losses are negative)	2020.APR	2020.MAY	2020.JUN	2020.JUL	2020.AUG	2020.SEP	2020.OCT	2020.NOV	2020.DEC	2021.JAN	2021.FEB	2021.MAR		
Total Turnover	1,206	1,166	904	1,139	1,194	1,040	1,192	1,201	1,131	1,204	1,112	1,172		13,661
Staff Costs	(781)	(811)	(754)	(723)	(767)	(706)	(720)	(735)	(841)	(780)	(715)	(701)		(9,034)
Temporary Staff costs	(149)	(103)	(104)	(106)	(97)	(102)	(152)	(132)	(104)	(127)	(139)	(134)		(1,450)
Total Staff Related Costs	(14)	(46)	(23)	(13)	(11)	(14)	(22)	(15)	(22)	(14)	(9)	(10)		(212)
Total Staff Costs	(945)	(960)	(880)	(842)	(875)	(823)	(894)	(881)	(967)	(921)	(863)	(845)		(10,696)
Total Subcontractors	(1)	(4)	(8)	6	(6)	(4)	(53)	(49)	(50)	(2)	(6)	(5)		(182)
Total Materials	(118)	(37)	(47)	(60)	(53)	(29)	(51)	(51)	(62)	(46)	(24)	(80)		(658)
Total Plant Hire	(3)	(6)	(2)	(1)	(4)	(3)	(5)	(2)	(2)	(2)	(3)	(3)		(36)
Total Vehicle Costs	(272)	(302)	(302)	(310)	(305)	(259)	(290)	(294)	(139)	(315)	(237)	(259)		(3,283)
Total Property Costs	(18)	(29)	(17)	(18)	(23)	(17)	(21)	(20)	(23)	(20)	13	(18)		(211)
Total Other Costs	(71)	(58)	(74)	(46)	(73)	(54)	(74)	(65)	(58)	(66)	(64)	(62)		(766)
Total Non Staff Related Costs	(486)	(438)	(453)	(433)	(467)	(369)	(497)	(482)	(338)	(454)	(323)	(432)		(5,171)
Total Costs - By Function	(1,431)	(1,398)	(1,333)	(1,275)	(1,342)	(1,192)	(1,390)	(1,363)	(1,305)	(1,375)	(1,185)	(1,277)		(15,867)
MARGIN	(225)	(232)	(429)	(136)	(148)	(151)	(198)	(162)	(175)	(172)	(74)	(105)		(2,206)
Total Depreciation & Amortisation	(11)	(11)	(11)	10	(30)	(13)	(13)	(13)	(13)	(13)	(13)	(13)		(142)
PBIT	(236)	(244)	(441)	(126)	(178)	(164)	(211)	(175)	(187)	(184)	(86)	(117)		(2,348)
MARGIN %	-18.6%	-19.9%	-47.5%	-11.9%	-12.4%	-14.5%	-16.6%	-13.5%	-15.4%	-14.2%	-6.6%	-8.9%		-16.1%
PBIT %	-19.6%	-20.9%	-48.7%	-11.0%	-14.9%	-15.8%	-17.7%	-14.5%	-16.6%	-15.3%	-7.8%	-10.0%		-17.2%

- Contract margin for year 4 was a loss of £2,206k (-16.1%) vs anticipated Service provider margin of +10.6% pre apportionment of Amey central overheads.
- Losses incurred principally from increased resources deployed in staff & vehicles to deliver service.
- Contract performance by year is as follows:

JWS Summary	17_18	18_19	19_20	20_21	Total
Total Turnover	4,436	10,959	11,656	13,661	40,712
Margin	(1,387)	(1,017)	(3,286)	(2,206)	(7,896)
PBIT	(1,387)	(1,051)	(3,466)	(2,348)	(8,252)

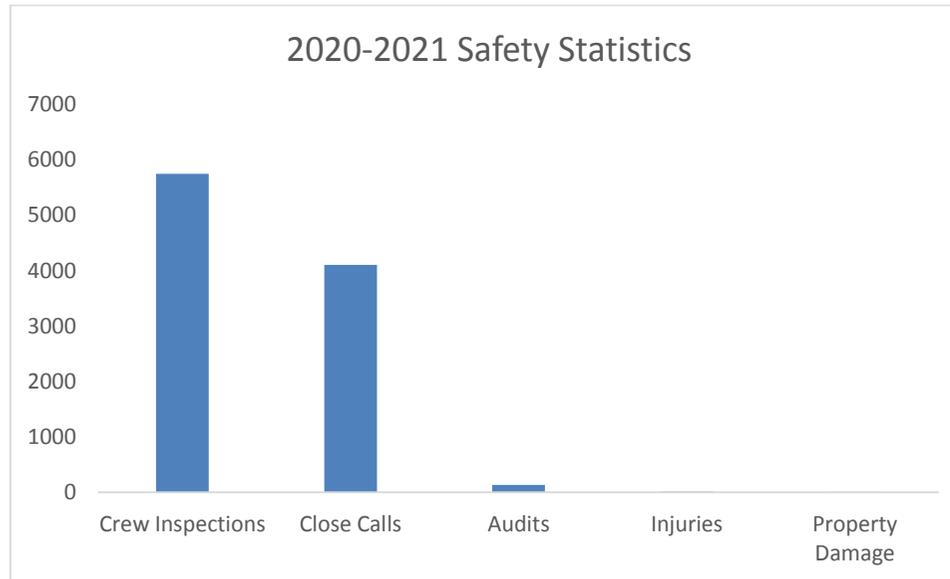
Health and Safety

Performance:



Injury rates last for a rolling 12 month period. In Amey they spiked in the predicted months and the lessons learnt from each part of Amey is shared across using re-training and briefings for example slips and trips, access and egress and reversing. All the accidents are all locally investigated by the compliance team meanwhile lessons learnt, and best practice are shared.

We continue to ensure a full 3 day induction for drivers as per best practice, continuous training and follow up briefings with employees. In addition to this we follow HSE, WISH and IOSH guidance to ensure we are up to date with industry issues and practices. Our information is also from other divisions encase we are crossing over with other divisions in our errors.



Crew inspections have proven that engagement and reassurance encourages employees and demonstrates commitment to their safety. A standard has been set and this will continue.

Any issues are raised as defect reports and close calls by the management and the compliance team and discussed with site management to ensure the employees are informed of their error at the time and their managers are aware.

Close calls are raised by supervisors and managers and the workshop so that a joined up approach can combat issues that impact all areas of Surrey.

Quality

Our BSI audit resulted in 0 instances of non-conformance and 0 opportunities for improvement.

We continue to audit our sites using the toolkits through AVA our accident management system and recommended best practice.

During COVID our audits were very specific and we continued to be legally compliant with HSEQ standards.

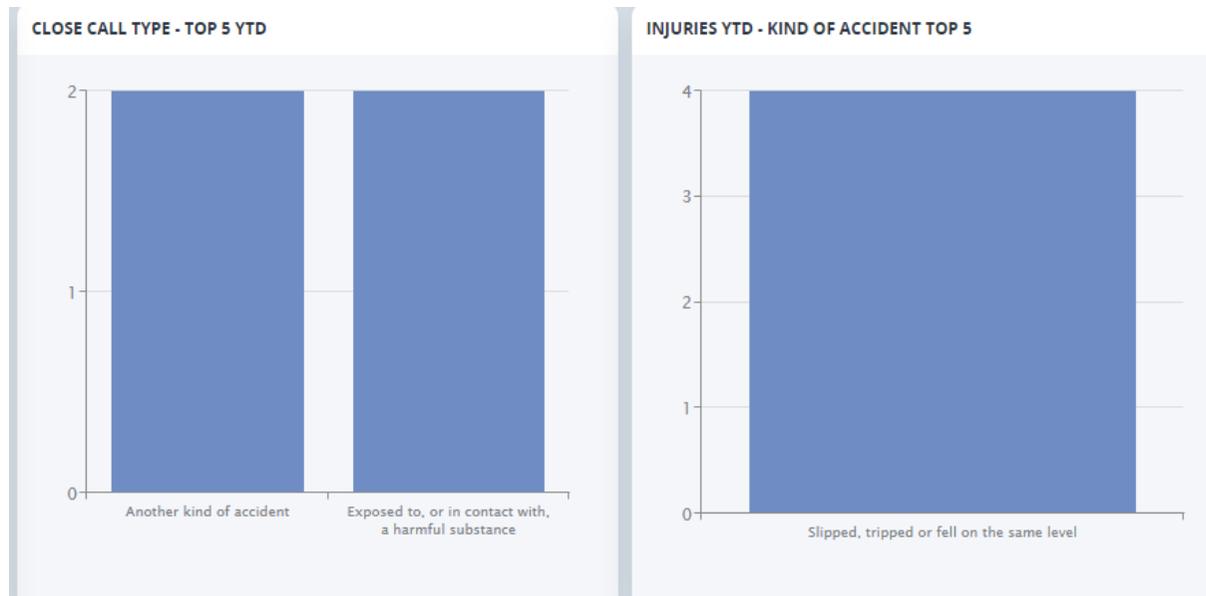
All our documents are reviewed on an annual basis at minimum for BSI standards and more regularly for risk assessments, safe systems of work and training however during issues with IT this hasn't occurred on the management system. However, the practices are still managed through induction and training

which is a standard across Amey and updates were made when needed by pen. Our management system documents are written by professionals who work in the industry and in operations, which are then BSI approved.

Environment

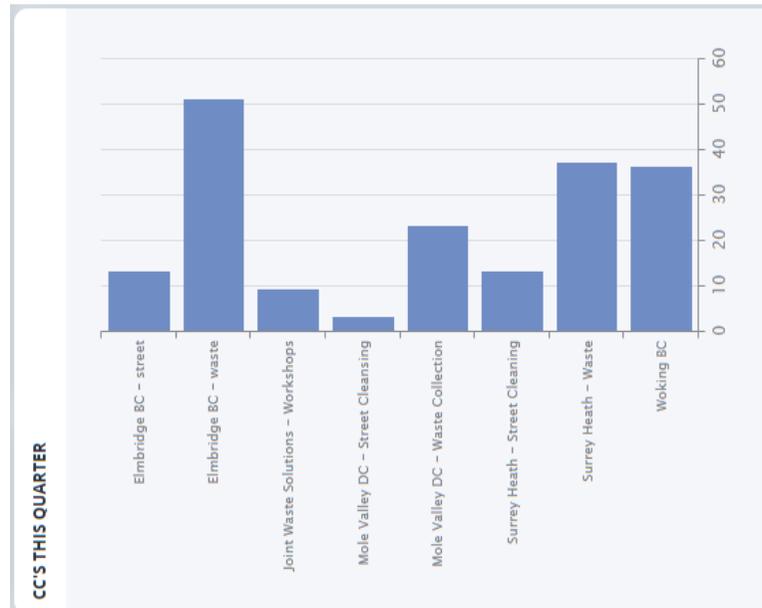
We had regulatory visits from the Environment Agency and the compliance assessment report was 100% compliant. The Agency had no issues with how the site was managed and the level of Technical Competence held.

Analysis



The AVA dashboard shows trends for Amey. Close call themes are collected monthly and the unique close calls are prominent such as the above. Similar to this the accidents are shown so that the prominent trends are seen.

NB: the above graph is Amey wide

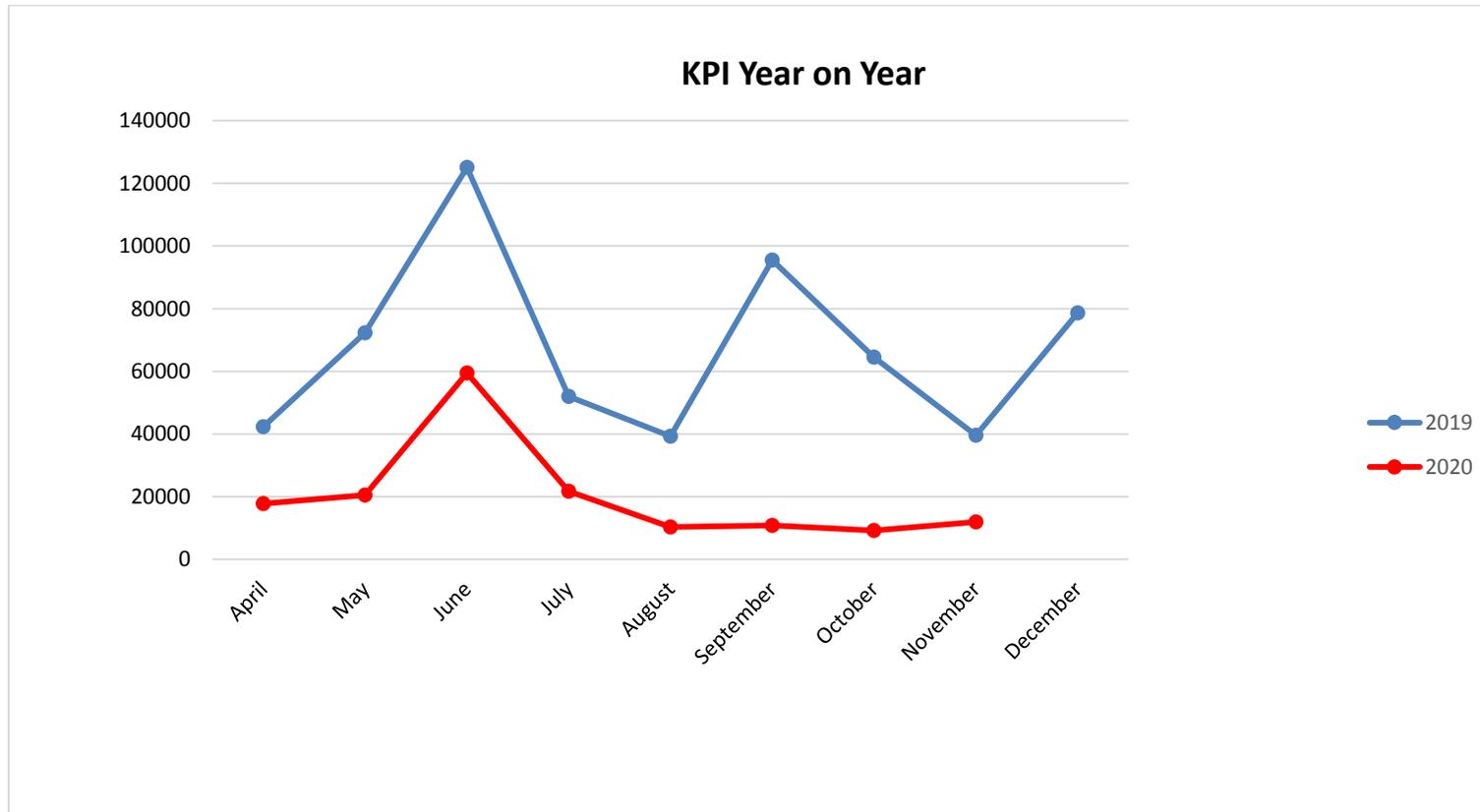


The close calls are recorded, downloaded and analysed by the compliance team. They are uploaded onto the JWS box website and then closed out or worked on by both Amey and JWS jointly. This is then communicated to the site to inform employees.

Every month the contracts are shown a comparison from the previous month in their contract reviews. Each site is compared, and it is proving to create a healthy competition. The sites are also learning best practice from each other.

KPI Performance

Unfortunately, due to the IT incident KPI data for December to March was not available at the time of this report. The data has now been provided and JWS and Amey are working together to finalise and agree the full year data.



Local Performance Indicators

The below Local Performance Indicators were outlined within the bid with many being reported on as data comes online. The use of these indicators has not been formally agreed by both parties nor in all cases - the process by which they will be calculated.

Unfortunately, due to the IT incident not all LPI information was available at the time of the report. Information relating to graffiti, fly tips and container delivery will be available in due course.

Local Performance Indicators	Target	Elmbridge	Woking	Surrey Heath	Mole Valley
Provision of required representatives to attend meetings as set out in Schedule 9 Contract Management	100%	100%	100%	100%	100%
Provision of Clinical Waste collection service 10 working days following receipt of notifications	100%	100%	100%	100%	100%
To ensure that the full complement of vehicles are available on a daily basis	100%	91%	89%	90%	86%
Availability of compliant Depots to conduct the JWCC Councils' services	100%	Available yes. Compliant no.	In progress	Available yes. Compliant no.	In progress
Exchange of information with the JWCC Council's Enforcement Team to identify hotspots of non-compliance within the contract area	Weekly	Information is being exchanged	Framework is in place to exchange	Information is being exchanged	Framework is in place to exchange
Provision of AHP Collection Service 10 working days following receipt of notification	100%	N/A	N/A	N/A	N/A

LPI Commentary

In terms of compliance the contract passed BSI during the year. MOT pass rates were at 100%. There were no PG9, enforcement visits or driver stops. There were 68 RTAs within the period which is 20% less year on year.

Depots

Not all depots are compliant due to the following issues: Bulking facility at Surrey Heath and drainage at Mole Valley.

Bulking facility at Surrey Heath: Discussions on the proposed site plans have taken place between JWS, architectural team and Amey. We are now waiting on the Authority's decision whether they wish to continue with this project. The site remains under the responsibility of the Authority. Amey has requested copies of the monthly inspection checks but to date no report has been provided. The site remains non-compliant as was always intended to be a temporary structure.

Ongoing inadequate drainage facilities at Mole Valley –Amey have spent circa £70k to date on outsourcing washing facilities which was not foreseen in the tender. The work has been agreed with the Authority and we are currently waiting on information from C J Uden's for the discharge consent notice to be issued. Once this is resolved, the work can commence on site. The MVDC have agreed to contribute £13k towards these remedial costs.

Workforce Matters

	Number
Leavers	57
Joiners	106
Vacancies	5

During the period a significant amount of work has been done to reduce Agency staff working on the contract. All templated roles are now filled with permanent staff across all 4 contracts and the remaining vacancies are to replace employees which have recently left their roles.

Monthly review meetings take place with all contract areas and as result there has been a significant improvement in sick absence levels. This is also aided by a weekly support call with our HR partners to assist in dealing with particularly difficult or long ongoing cases.

In the past year we have delivered CPC training remotely along with First Aid and Fire Marshall training in June 2020. However, the plans to deliver Keep Britain Tidy and further HGV Apprenticeships have been delayed due to the pandemic. This is something we are now pushing to put back in place due to the easing of restrictions.

Community and Social Involvement

Amey's goal is to provide better places for people to live, work and travel. The Amey social value charter and plan produced in places increased focus on social and environmental action.

The contract has delivered the following social value improvements within 2020/21:

- Continued the relationship with Dorking Refugee Support Group to provide employment opportunities to refugees living within Mole Valley.
- Continued the relationship with SAAFA and Buildforce to provide work experience and mentoring opportunities for ex forces personnel.
- Successful partnership with Surrey Police Community Safety Team providing employment opportunities on the contract.
- Working with inspiration academy to provide STEM ambassadors and STEM activities within Surrey schools.
- Support to Junior Citizens events.
- Volunteer support to community groups for the delivery of food & medication during COVID 19.
- Volunteer support to vaccination centres during COVID 19.
- £19000 donation to Dorking food bank and further festive treat boxes provided in December.
- Masks & aprons provided to nursing homes in Woking and Surrey Heath.

Improvement Plan

Contract Improvement Plan

Zero Code	Route Optimisation	Contract Improvements	Net Zero	Community Engagement
<ul style="list-style-type: none"> • Campaigns to raise awareness of aggression towards crews • Establish a relationship with Surrey Police for dealing with aggression towards our crews. • Power BI dashboard for close call data to enable better visibility of high impacting close calls. 	<ul style="list-style-type: none"> • Deliver strategic service review outputs (reduction of 5 rounds) • Provide data to JWS to support conversations with Suez to improve turnaround times at tipping sites • Improvements to street cleaning schedules in Mole Valley. • Improvements to street cleaning monitoring. 	<ul style="list-style-type: none"> • Expanding collections of textiles and WEEE from communal properties • Scoping exercise for the development of a commercial waste strategy and innovation forum. • Utilise Power Bi to improve KPI performance and deliver improved customer service. • Work with JWS to promote Garden waste service and increase subscriber numbers. 	<ul style="list-style-type: none"> • Look at opportunities to trial low emission/zero emission vehicles. • Trial alternative fuels across the account. • Support Elmbridge Biofuel trial. • Look to provide electric charging points at depots to encourage staff • Review our suppliers looking to utilise materials & products from sustainable sources. • Look at opportunities to work with local charities to reuse bulky items. • Provide carbon data trends on Power Bi • Review maintenance plans for vehicles • Continue focus on Green Driver behaviour. 	<ul style="list-style-type: none"> • Involvement in Junior citizens programme • Explore opportunities to better connect with local communities. • Improve relationships with local rehabilitation programmes • Improve relationships with ex military charities • Deliver STEM activities in Surrey Schools. • Build on relationship with Surrey Police, Dorking Refugee Support Unit and Build Force. • Work with local Wildlife charities on volunteer days and programmes like I-DOT. • Implementation of smart neighbourhood and community engagement forum.
ICT Improvements	Customer Journey	Future Waste Strategy		
<ul style="list-style-type: none"> • Implement Whitespace <ul style="list-style-type: none"> • Data check • Process Maps • Reporting • Implementation • Mobilisation • Updates to IT business continuity plans and learning points from IT incident. • Garden Waste <ul style="list-style-type: none"> • Improvements to AMCS invoices. • Cash req/subscriber info provided monthly. 	<ul style="list-style-type: none"> • Reduction of overall complaints received by 1%. • No more than 1% of complaints to escalate to stage 2. • Encourage the use of self service webforms • Implement Power Bi dashboard for complaints • Reduction in contact centre wait times. 	<ul style="list-style-type: none"> • Improve household recycling to individual authority targets. • Work with JWS flats team to expand food waste collections to 1/3 of required properties. • Provide data to JWS to support improved recycling rates and reduction in contaminated waste. • Improvements to <u>incab</u> devices to provide better exception data for contaminated bins. 		