



MERSEYSIDE WASTE DISPOSAL AUTHORITY

MWDA PERFORMANCE REPORT

Quarter 1 April to June

2010-2011

Section 1 – Summary

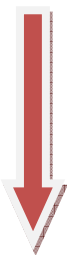






Section 2 – Commentary



Section 3 – Detailed Analysis

Section 4 – Special Focus Report

Section 1 - Summary

The following report presents the Authority's performance against its Corporate Plan. A full copy of the Corporate Plan is available at www.merseysidewda.gov.uk or upon request

Improvement Target Corporate Aim: Operations	Target 2010/11	Forecasted figures for 2010/11	Is the performance on target?
To deliver the performance targets specified in the Authority's waste contracts as a minimum	Recycling rate=51.21% Diversion rate=61.46% KCM Diversion=87.00%	Recycling rate=50.83* Diversion rate=61.50%* KCM Diversion=84.96%*	
To recycle or compost at least 38% of municipal waste by 2015	33%	33.51%	
To comply with the Authority's Landfill Allowance Trading Scheme obligations	330,043 tonnes	328,976 tonnes	
Improvement Target Corporate Aim: Resources	Target 2010/11	Forecasted figures for 2010/11	Is the performance on target?
To manage sickness absence to within the top quartile of local authorities by 2010.	4.21%	5.73%	
To achieve Environmental Management System accreditation in 2009 and retain it thereafter	Achieve & retain	Achieved	
To manage the Authority's adaptation to climate change and achieve Level 2 of NI188 by undertaking a risk assessment and developing prioritised actions by March 2012	Working towards achieving level 2	On track to achieve Level 2 NI188	
To deliver educational opportunities to visitors to MWDA facilities in 2010/11	2575 visitors	1960 visitors	

Improvement Target Corporate Aim: Partnership	Target 2010/11	Forecasted figures for 2010/11	Is the performance on target?
To reduce residual waste across Merseyside to 744kg per household (NI191) and 141kg at Household Waste Recycling Centres (HWRCs) by 2011.	NI191 HH 744kg NI191 HWRC's 141kg	728.02 kg 123.42 kg	
To complete the review of the JMWMS and ratify by March 2011	Completion of draft by March 2011	Ratification date November 2011	

*unverified data for Quarter 1

Section 2 - Commentary

1. Corporate Aim 1- Operations

To deliver value for money services and provide quality waste facilities which meet the current and future needs of the Merseyside and Halton Waste Partnership and deliver continuous improvement in performance.

- ***To deliver the performance targets specified in the Authority's waste contracts as a minimum***

“Veolia Merseyside and Halton Ltd (Veolia) have continued to improve recycling and composting performance at Household Waste Recycling Centres (HWRC) during the 2010/11. This, in part, is due to Veolia's Performance Improvement Plan, including new working methods at HWRC's, and the Works Development Plan, including installation of new signage at all sites. Veolia achieved a HWRC Recycling and Composting Rate of 50.83% (unverified) during Quarter 1.

The Gillmoss Material Recovery Facility (MRF) development is now at an advanced stage and the distinctive structure is taking shape. The building will be completed by the end of this year. Installation and commissioning of equipment will begin in the new year, with the facility expected to accept dry co-mingled recyclables during the third quarter of 2011. Veolia have completed the renewal of the Merseyside and Halton haulage fleet with the delivery of the new fleet at Bidston waste transfer station during August 2010” **Neil Spencer Assistant Contracts Manager (Contracts team)**

2. Corporate Aim 2 - Resources

To manage the Authority in accordance with the principles of the Authority's Code of Corporate Governance.

- ***To manage sickness absence to within the top quartile of local authorities by 2010.***

“Although the target figure for sickness absence is set at 4.21%, the current figure shows 5.73%. The current figure includes the long term sickness absence of two employees which has significant impact on sickness statistics. Whilst 1.52% of the sick leave is attributable to self-certifiable absence (short term sickness absence), the remaining 4.21% is long term absence. This long term sickness absence impacts the sickness statistics due to the relatively small number of employees within the Authority. Employee Sickness Absence is currently being dealt with under the current Sickness Absence Policy and Procedure, which ensures both long term and short term sickness absence is appropriately managed” **Paula Pocock Assistant Corporate Services Manager (Corporate Services Team)**

- ***To deliver educational opportunities to visitors to MWDA facilities in 2010/11***

“There has been delays to the school visit programme delivered by Veolia due to the refurbishment of Bidston Recycling Discovery Centre which has meant the anticipated number of school visits have not taken place in April – June. (Anticipated 16 actual 3)” **Chris O'Brien Waste Education Officer (Strategy team)**

3. Corporate Aim 3 Partnership

To lead the development and implementation of a Joint Municipal Waste Management Strategy for Merseyside.

- ***To complete the review of the JMWMS and ratify by March 2011***

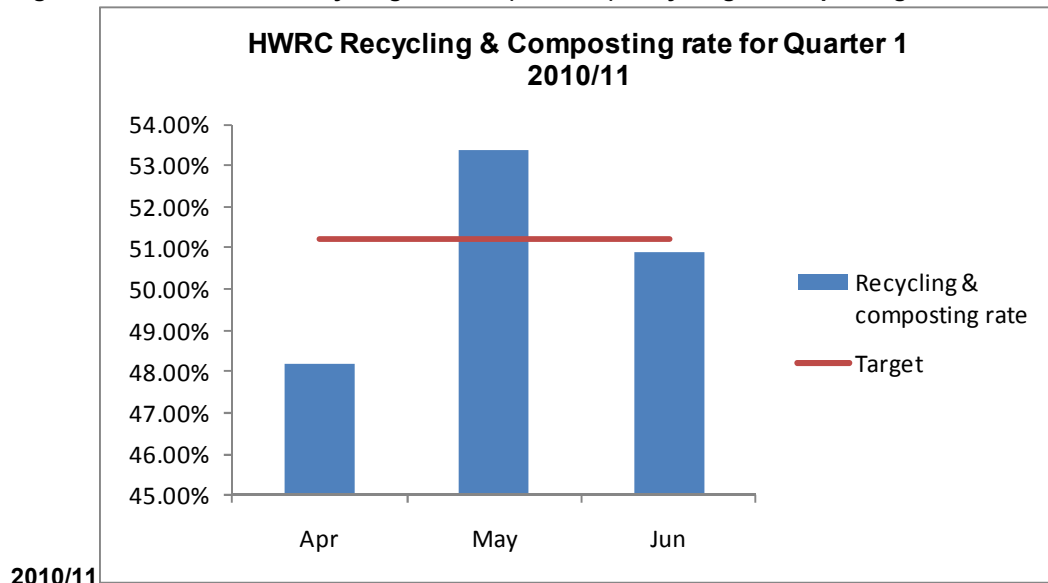
“The overall review is proceeding within budget with tenders awarded to conduct a Merseyside wide public consultation on a Shortlist of Options between October and December 2010 and to undertake a Detailed Analysis and Strategic Environmental Assessment of those options. The programme remains on track to publish a revised strategy by December 2011. However, there will be a delay in the production of the draft strategy until spring 2011 to allow the opportunity for the districts scrutiny of the detailed options and to take account of the revised Waste Strategy for England which is scheduled for publication in April 2011.” **Stuart Donaldson Waste Strategy Manager (Strategy team)**

Section 3 – Detailed Analysis

1. Corporate Aim 1- Operations

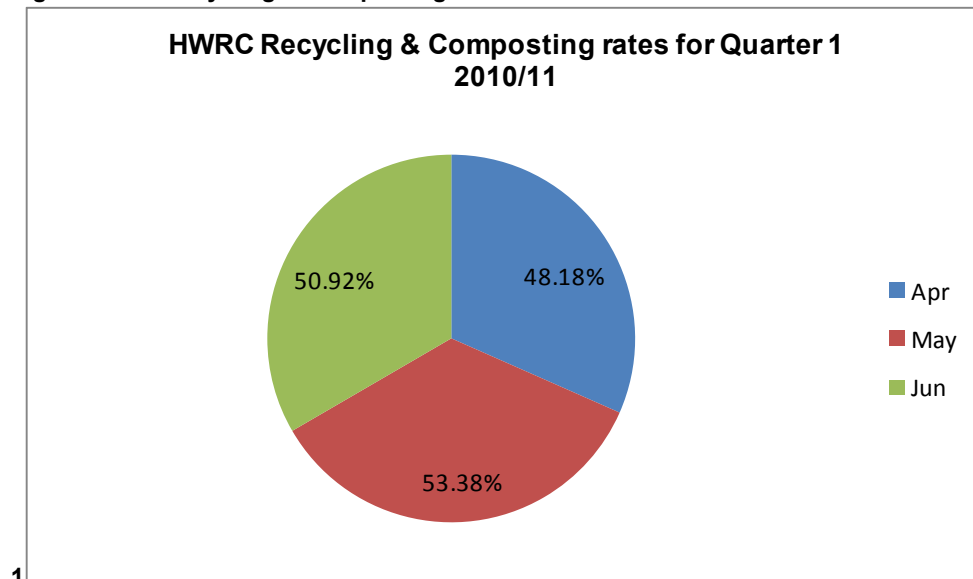
To deliver the performance targets specified in the Authority's waste contracts as a minimum

Fig 1: Household Waste Recycling Centres (HWRC's) Recycling & Composting rates for Quarter 1



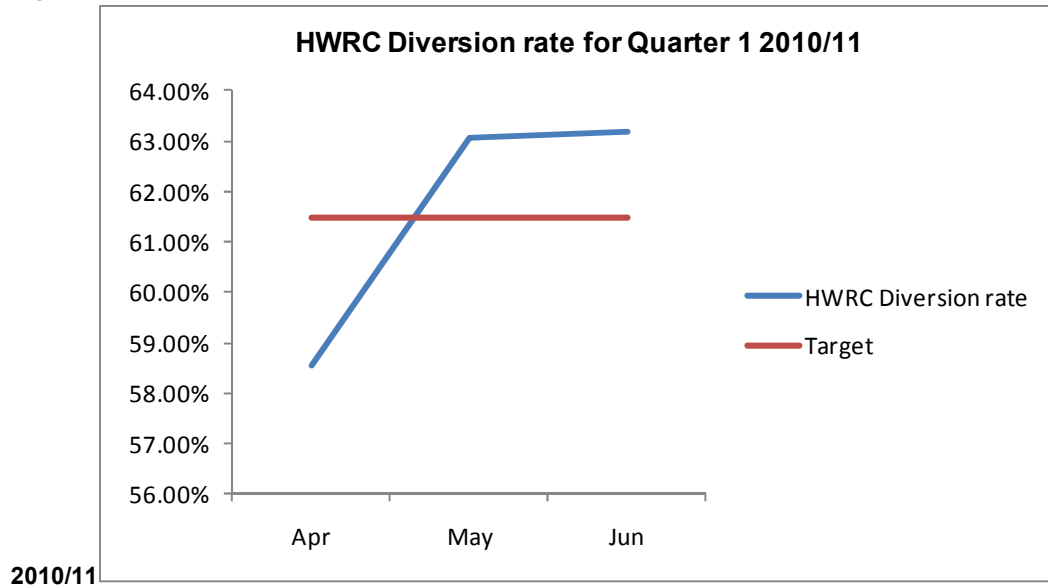
- The above graph shows that the HWRC's did not meet their target for recycling & composting of waste for April and June however did exceed the target for waste in May. *(The figures for Quarter 1 are unverified)*

Fig 2: HWRC Recycling & Composting rates for Quarter



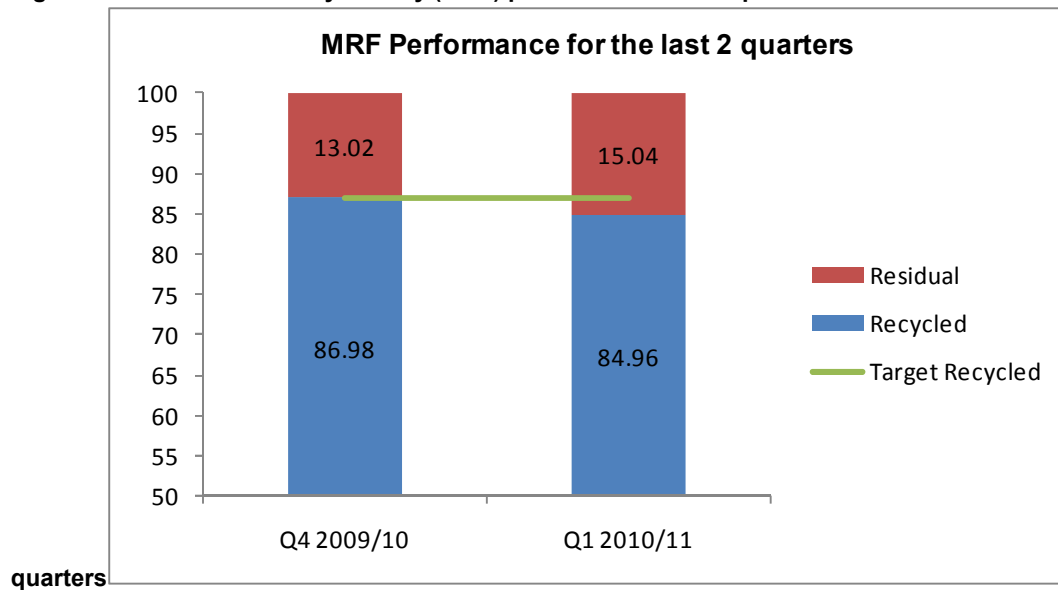
- The above chart shows the percentage of waste recycled & composted at the HWRC's per month from April 2010 to June 2010 (Quarter 1). The target for recycling & composting for 2010/11 is 51.21%.

Figure 3: HWRC Diversion rates for Quarter 1



- The above graph shows the amount of waste at the HWRC's that was diverted from landfill and is compared against the target for the year.
- The graph shows that the HWRC's did not meet the target for April but exceeded the target for May and June diverting around 63% of waste from landfill. (The figures for Quarter 1 are unverified)

Figure 4: Materials Recovery Facility (MRF) performance for the past 2



- The above chart shows that the amount of waste recycled at the MRF has decreased slightly in Quarter 1 2010/11 to 84.96% which falls below the target of 87%. The amount of residual waste for Quarter 1 was 15.04% which increased from 13.02% in Quarter 4 2009/10. (The MRF figures for Quarter 1 are unverified)

2. Corporate Aim 2 – Resources

To manage sickness absence to within the top quartile of local authorities by 2010.

Table 1: Percentage of days lost through sickness

	Quarter 1
Percentage of days lost through sickness	5.73%
Percentage of days lost through sickness exc long term (28+ days)	1.52%

- The above table shows that the percentage of days lost through sickness for Quarter 1 was 5.73%; however when the long term sickness figures are excluded the statistic is reduced to 1.52%.

To manage the Authority's adaptation to climate change and achieve Level 2 of NI188 by undertaking a risk assessment and developing prioritised actions by March 2012

- The target work is currently in progress. A climate change risk assessment was undertaken as part of the development of the Business Continuity Plan.

To deliver educational opportunities to visitors to MWDA facilities in 2010/11

Table 2: Breakdown of visits at MWDA sites

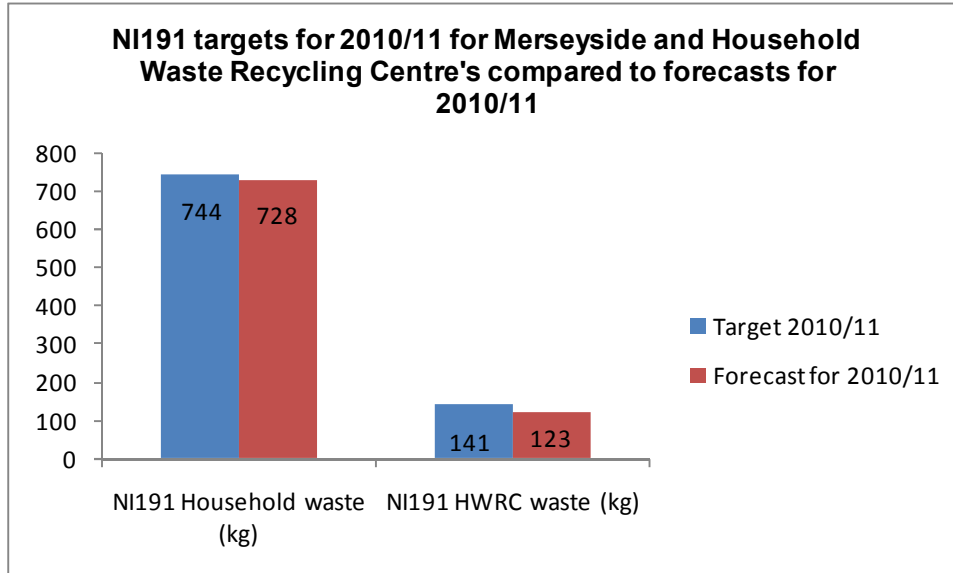
	No of School/childrens visits HWRC	No of Community visits to MRF	Staff Training	Officer visits to Community groups	Total for KPI
April	0	2	0	3	5
May	2	1	0	0	3
June	1	0	0	0	1
Total	3	3	0	3	9

- The above table shows the number of visits to MWDA sites during the first quarter of 2010/11. There were 6 visits to the facilities which totalled 118 people and a further 3 visits by MWDA officers which totalled a further 159 people, in total there were 277 people that visited the facilities during quarter 1 of 2010/11.
- Currently the visit scheme is not on target to achieve 2575 visitors for 2010/11, however it is hoped that when the Bidston Recycling Discovery Centre opens in September there will be an increase in visitor numbers and therefore the target should be more achievable.

3. Corporate Aim 3 Partnership

To reduce residual waste across Merseyside to 744kg per household (NI191) and 141kg at Household Waste Recycling Centres (HWRCs) by 2011.

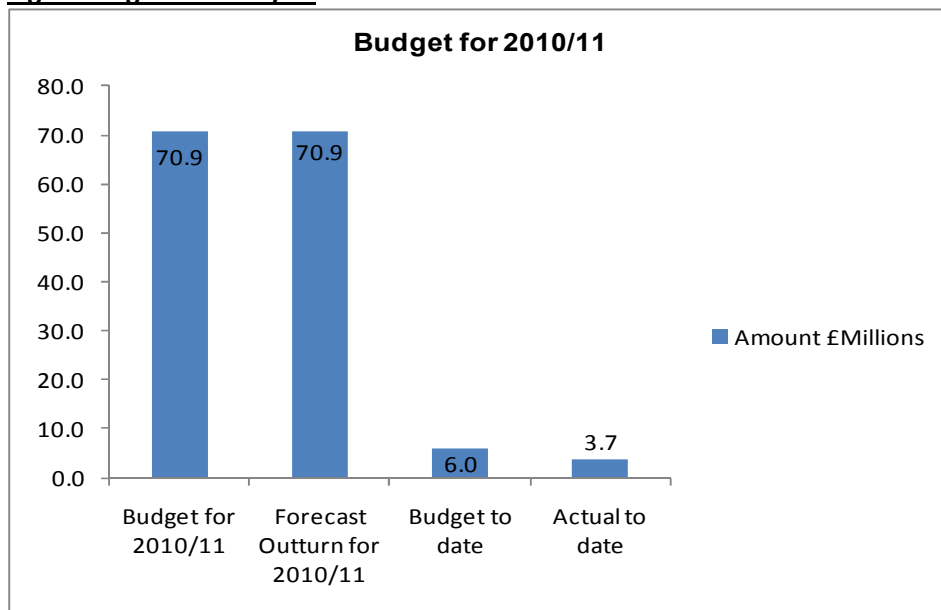
Fig 5: NI191 Targets compared to forecasts for 2010/11



- The above graph shows that the 2010/11 NI191 target for Merseyside is 744kg of residual waste per household. Based on the forecast it would seem that the target will be achieved as the projected NI191 is 728kg of residual waste per household.
- The Household Waste Recycling Centre's look to be on target for 2010/11 with the forecasted NI191 at 123kg compared to the target of 141kg.

Financial Information

Fig 6: Budget for 2010/11



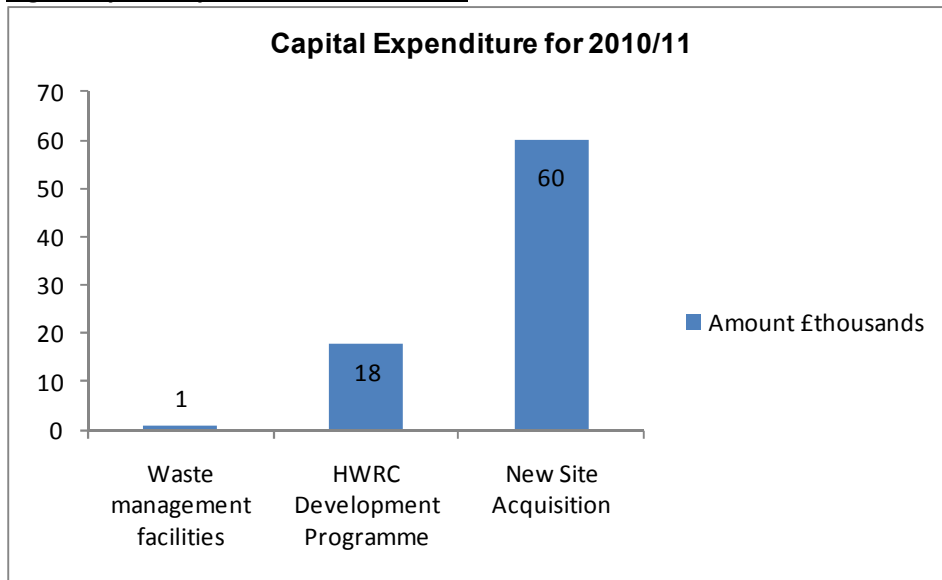
- The above graph shows the Budget and forecast outturn for 2010/11.
- The actual spend to date is £3.7m.

Table 3: Approved Capital Programme for 2010/11

Approved programme for 2010/11	£'s
Waste Management Facilities	4,912,000
Closed Landfill Sites	732,000
New Site Acquisition	82,231,000
Total	87,875,000

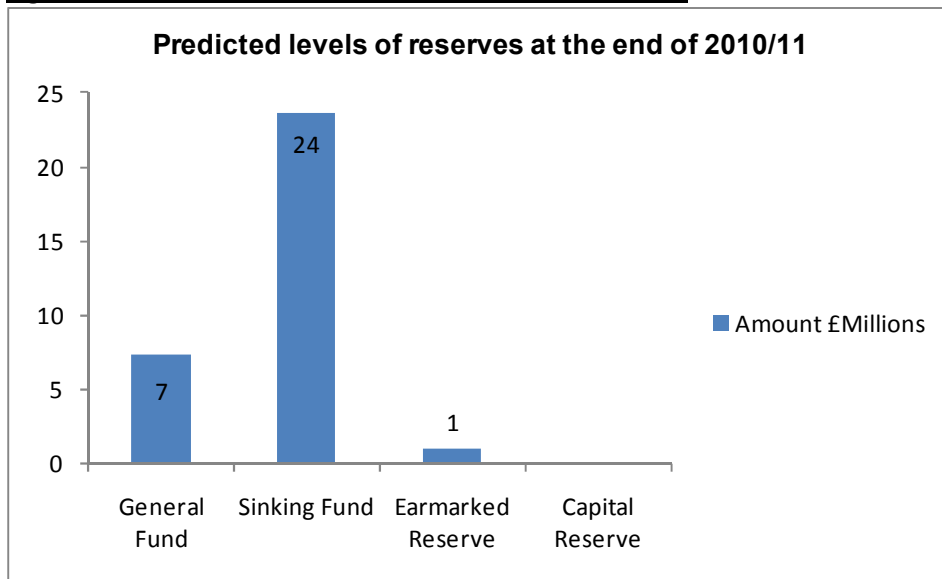
- An amount of £82.1m was included on the programme which was largely to support the RRC procurement through the acquisition of a new site at a particular location. The intended site has been acquired by a third party and while the Authority may still procure a site or sites the costs are very unlikely to be on the scale they would have been had the Authority procured the site in question.

Fig 7: Capital Expenditure for 2010/11



- The above reflects the capital expenditure so far for 2010/11.

Fig 8: Predicted levels of Reserves at the end of 2010/11



- The above graph shows the predicted levels of reserves at the end of 2010/11

Section 4 – Special Focus Report

REVIEW OF THE FIRST CONTRACT YEAR OF THE WASTE MANAGEMENT AND RECYCLING CONTRACT (WMRC) 1ST JUNE 2009- 31ST MARCH 2010

Introduction

The following report aims to provide a performance summary of the first year of the WMRC (1st June 2009 to 31st March 2010).

Overall Summary

The first WMRC Contract year required Veolia's transition in to the existing service. This undertaking required a significant effort from Veolia and the Authority, and has resulted in a successful mobilisation of the WMRC.

This Report will describe the key services and activities undertaken by Veolia during the year, and will demonstrate both successes and shortfalls in the pursuit of recycling and diversion targets. The service has experienced change to its traditional elements and the introduction of new elements, in particular the Permit Scheme, for the benefit of Districts and the residents of Merseyside.

Veolia have delivered overall improvements to recycling and diversion levels from recent years, and have provided details of how they intend to build on this improvement towards exceeding contract targets in the years ahead.

Background

During April 2009 in accordance with the Waste Management and Recycling Contract (WMRC) procurement process the Authority selected Veolia Environmental Services Ltd (Veolia) as its preferred contractor for the provision of waste management services under this Contract.

The WMRC is a major 20 year waste management contract, it commenced on 1st June 2009. The WMRC incorporates significant investment and development of services during the life of the Contract, and signifies the Authorities commitment to provide quality waste management services and facilities for the benefit of Merseyside and Halton's residents.

Essentially the WMRC requires Veolia to provide an efficient waste management service capable of receiving, transporting, recycling and treating waste in an environmentally and sustainably economic way. The Contract is also performance and target driven and requires Veolia to demonstrate continuous improvement. Annual recycling and diversion targets increase during the contract period, with

actual performance being determined at the end of each contract year. Targets and actual performance levels achieved by Veolia during the first year are considered later in this Report.

The WMRC financially incentivises Veolia to achieve contract targets. If contract targets are exceeded Veolia receive a financial bonus against each additional tonne diverted from landfill. In the event that targets are not met, the same principal is applied to deduct monies from sums due to Veolia.

Description of services provided and performance achieved by Veolia

During the first contract year the following key services and activities were undertaken:

Operation of 4 Transfer Stations

Veolia accepted approximately 324,000 tonnes of waste from the five Merseyside Districts (and Halton at certain times). This waste was bulked and transported to landfill via Veolia's own bulk haulage fleet.

In addition the transfer stations accepted mechanical sweeper vehicle waste and fridges/freezers. These items were delivered to external markets and recycled.

In this area Veolia has provided an efficient service, particularly during the period of adverse weather over the Christmas period, when they brought in significant additional resources to deal with District deliveries.

Operation of Bidston Materials Recovery Facility

This facility accepts comingled waste from certain Districts and recovers recyclates from the waste stream, which are then delivered to end markets for recycling. Veolia accepted approximately 64,000 tonnes of comingled waste from Districts and exceed the diversion target set by the WMRC.

Operation of Household Waste Recycling Centres (HWRC's)

There are 14 HWRC's on Merseyside and 2 in Halton. During the period approximately 152,000 tonnes of waste was delivered to the HWRC's by site users. Veolia did not meet the WMRC recycling and diversion targets for HWRC's, however they did increase performance from previous years.

Veolia successfully implemented the operational requirements of the pilot phase of the Commercial Vehicle Permit Scheme at the three HWRC's on the Wirral.

Commencement of construction of the new Gillmoss MRF

Following completion of design phase and award of planning permission Veolia commenced construction works of this new facility which will accept comingled waste from Districts. Construction and fitting out is programmed to finish at the

end of Summer 2011 with commissioning of the plant and processing of waste planned for during the third quarter of 2011.

Kitchen Waste processing

Veolia accepted approximately 2,300 tonnes of Kitchen Waste from two Districts. This waste was processed at an external composting facility. A new local delivery point was introduced by Veolia during the period. Veolia exceeded the diversion target set by the WMRC.

Operation of Haddocks Wood Composting facility

This facility accepted approximately 3,700 tonnes of garden waste from the Halton area. Veolia developed the composting process at the facility and has achieved BSI PAS 100 in recognition of the quality of compost produced at the site.

Education and Community Integration

Through its services Veolia are required to provide effective waste awareness and education to the public and promote the involvement of community sector organisations and community stakeholders. Although some progress has been made in these areas, such progress has not yet fulfilled Veolia's plans and commitments to date.

Implementation of the Works Development Plan

This Plan details the improvement works Veolia are committed to carry out at facilities to improve the services and performance. All works are due to be completed by the end of December 2010. Works (and design phase) underway or completed include:

- Loading bay adjustments at three transfer stations
- HWRC design
- New signage design and erection at certain sites

Contract targets, achieved performance and finances

Under the WMRC Veolia's performance is measured against a variety of contract targets and Key Performance Indicators (KPI's).

The following table demonstrates the areas of performance, target and actual performance achieved in the first contract year:

Area of Performance	2009/10 WMRC Annual Target	Actual performance achieved
HWRC Recycling and Composting	50.15%	45.23%
HWRC total Diversion	60.63%	54.41%
Co mingled Diversion (MRF recovery)	85.7% (as per Contract mechanism adjustment)	86.18%
Organic Waste Diversion (Kitchen Waste)	96.46% (as per Contract mechanism adjustment)	99.90%

HWRC Recycling and Composting

Veolia's performance has resulted in a 4.92% shortfall against the target. Pursuant to the WMRC a financial deduction of approximately £335,428 will be deducted from monies due to Veolia.

HWRC Total Diversion

Veolia's performance has resulted in a 6.22% shortfall against the target. Pursuant to the WMRC the financial deduction is provided within the sum to be deducted in respect of failure to achieve the HWRC Recycling and Composting target as above.

Although both of the above actual performance levels are below targets it should be noted that targets were set during the procurement process on the assumption that the Commercial Vehicle Permit Scheme would be in place at all 16 HWRC's at the start of the contract. Veolia consider that the Permit Scheme would have had a beneficial effect on achieved recycling and diversion performance.

Co mingled Diversion (MRF recovery)

Veolia's performance has resulted in the target being exceeded by 0.48%. Pursuant to the WMRC the financial bonus to be provided to Veolia is approximately £8,300.

Organic Waste Diversion (Kitchen Waste)

Veolia's performance has resulted in the target being exceeded by 3.44%. Pursuant to the WMRC the financial bonus to be provided to Veolia is approximately £21,600.

Key Performance Indicators (KPI's)

Veolia's standard of service is measured against a variety of KPI's. These KPI's cover operations, level of service, data management and reporting. Any shortfall to meet the required standards may result in Veolia incurring Performance Failure Points. These Performance Failure Points are applied on a monthly basis and translate to a financial deduction from Veolia's monthly contract payment.

Approximately £6,500 is expected to be deducted from payments due to Veolia following KPI shortfalls during the year. The majority of these deductions resulted from failures at HWRC's, primarily for the unavailability of required containers.

Comments and Complaints

Complaints received by the Authority relating to WMRC services must be investigated and responded to by Veolia in accordance with the detailed procedure set out in the WMRC. The procedure requires Veolia to carry out an investigation in a thorough manner and respond to the Authority within a certain time period. Veolia must provide a full response to the Authority and, where appropriate, detail preventative measures and timescales for implementation of these measures. Veolia must handle complaints received directly by them in the same manner.

The Authority received 66 complaints and 1 compliment in relation to WMRC services during the first contract year. The vast majority of these complaints related to HWRC's.

Health, Safety and Welfare

Veolia are required to report a variety of health, safety and welfare information to the Authority including any incidents involving its own employees, members of the public or third parties. Any incidents which require reporting to the Health and Safety Executive under the Reporting of injuries, Diseases and Dangerous Occurrences Regulations 1995 (RIDDOR) must be reported to the Authority.

Veolia reported 7 RIDDOR incidents during the first contract year. 2 RIDDOR incidents involved members of the public. Both incidents occurred on HWRC's and involved a member of the public falling and fracturing a limb.

The remaining 5 RIDDOR incidents involved Veolia employees. 1 RIDDOR incident resulted from gross misconduct on the employee's behalf. 4 RIDDOR incidents resulted from cuts, falls and dropped items. All incidents were preventable. Where possible, following investigation, mitigation measures have been introduced.

WMRC Cost 1st June 2009 - 31st March 2010

The Authority has certified for payment the sum of £14,285,491 during first contract year (this includes payments on behalf of Halton BC which have been recharged).

Provisional outstanding year end financial adjustments are as follows;

£29,900	Performance bonus
(£ 335,428)	Performance deduction
(£ 166,080)	Annual income revenue payment
£ 250,000	Outstanding payment in relation to TUPE transfer

Estimated WMRC costs for the first contract year, 1st June 2009 to 31st March 2010, equates to approximately £ 14,063,883. This sum is within the Authority approved WMRC budget for 2009/10.

Veolia Service and Performance Improvement Plan

Veolia are required under the WMRC to demonstrate continuous improvement, year on year, and achieve (and if possible exceed) contract targets. This report has demonstrated that targets have either suffered a shortfall or been exceeded.

The following are headline actions identified by Veolia to increase performance:

- Completion of Gillmoss MRF
- Reorganisation of Veolia Management Structure
- Introduction of new methods of working at HWRC's
- Continued roll out of reuse schemes including furniture.
- Completion of all items on the Works Delivery Plan by December

2010 including new signage.

- Trial allowing secondary processing of HWRC residual waste to increase recycling performance at HWRC's
- Trial allowing secondary processing of MRF residual waste to increase diversion of comingled waste

In addition, on 25th June 2010 the Authority approved the continued roll-out of the commercial vehicle permit scheme across the whole of Merseyside in a phased approach. The commercial vehicle permit scheme was introduced at HWRC's in Sefton and Liverpool on 1st July 2010. It will be introduced to the remaining HWRC on Merseyside, in Knowsley and St. Helens, on 1st January 2011. Veolia consider that the commercial vehicle permit scheme will have a beneficial effect on recycling and diversion performance at HWRC's.

**For further information or to provide feedback please contact:
Jane Nolan on 0151 255 2537
or email jane.nolan@merseysidewda.gov.uk**