

EAST LONDON WASTE AUTHORITY

7 FEBRUARY 2011

HEAD OF OPERATION'S REPORT

CONTRACT MONITORING TO NOVEMBER 2010	FOR INFORMATION
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1 Purpose

- 1.1 To provide an update on the monitoring, outcomes and actions taken with regards to the management of the Integrated Wastes Management Strategy (IWMS) contract for the period to November 2010.

2 Monitoring by ELWA and Borough staff

- 2.1 The high level of site monitoring in the first half of the year was repeated in the third quarter. Almost a 100% inspection rate against targets was recorded for Borough and ELWA Officers.

3 Notifications received from Shanks

- 3.1 Generally the Reuse and Recycling Centres are very reliable and never have cause to close the gates to the public. However in November the Frizlands Lane RRC site had to be closed for a couple of hours as a result of a chemical spillage in the LBBDD main depot adjacent to the site.
- 3.2 The optibag units at Jenkins Lane are by far the most unreliable aspect of ELWAs facilities. A number of breakdowns were experienced in November in relation to this facility and strengthens the decision by Newham to introduce separate collections of dry recyclates from residual waste and begin the closure of these units at Jenkins Lane. Work is continuing on collection of recycling from flats which will allow the second and final optibag line to be closed.

4 Issues arising out of monitoring

- 4.1 The year to date contractual recycling performance is 25.6% which is 1.4% below the contract target. As previously reported to Members it is usual for more than 50% of the contract recycling to originate in the first 6 months of the contract year. Officers have carried out an analysis of data and trends and have forecast that the end of year recycling performance is likely to be in the region of 24.6%.
- 4.2 Towards the latter part of the calendar year Shanks experienced a high turnover of key staff including the loss of the general manager, Frog Island site manager, Frog Island BioMRF manager, the IRC supervisor and the maintenance manager. Shanks have filled the two key positions of Frog Island and Jenkins Lane site managers and also the BioMRF manager at Frog Island. Officers have increased their engagement with Shanks management as a result of this to ensure continuity of service and to ensure that there is no erosion in the provision of information or the failure to follow contractual procedures.

4.3 Remedial actions following Monitoring.

- (a) Financial penalties continue to be applied to the contractor for contractual non conformances. An additional line has been added at the top of Appendix C to show the value of financial penalties levied against the contractor.

5 Update on contract negotiations

5.1 In exchange for the Authority giving it's approval to Shanks Waste Management for the sale of its equity share in ELWA Ltd, Members approved a strategy to increase the contractual targets for diversion from landfill and a penalty structure for failing to achieve contractual targets for both diversion and recycling.

5.2 These new performance targets and penalties were agreed between the Authority and ELWA Ltd but are subject to ELWA Ltd funders approval. At a recent ELWA Ltd meeting Shanks Directors provided an update as follows.

- (a) Shanks Directors have had several meetings with their Technical Bank, Curry and Brown, to provide an evidence base to assure the funders that the targets are achievable and therefore do not place the funders in a position of increased risk.
- (b) In order to satisfy the Technical bank that this is the case they wanted to see additional security over the market for Solid Recovered Fuel (SRF). Shanks Directors advised that they will enter into a contract at the beginning of March which should satisfy the funders in relation to this issue.
- (c) Shanks Directors remain confident that the funders will give approval to this formal amendment to the contract between the Authority and ELWA Ltd.

6 Update for December

6.1 The severe weather conditions in December resulted in an inability for Shanks to service all the Bring Sites in line with contractual requirements particularly where bring sites are located in schools which were closed or in car parks that had not been gritted. However in the majority of cases the contractor responded to this issue as soon as was practical to clear up the backlog.

6.2 All RRC sites remained open and were fully functional during December despite the long period of bad weather.

6.3 There were some issues with icy access roads to the key facilities. Shanks have an agreement with LBB and LBN to grit Frog Island and Jenkins Lane respectively but it is understood that pressures elsewhere delayed this from taking place.

6.4 The collection authorities within ELWA made alternative arrangements to catch up with the missed collections. Unfortunately each Borough decided on a different plan which put pressure on Shanks to provide facilities for extended working days and Bank Holidays when they would otherwise have been closed. However the Authority received the full cooperation of Shanks to accommodate all of the collection authorities' requirements including extended working hours over the Christmas period.

- 6.5 An officer group has been tasked with coordinating the collection arrangements for the next and subsequent public holiday periods.
- 6.6 At the time of writing this report a detailed analysis of December's performance had not been completed, however Members will be updated via the monthly bulletin report.

7 Recommendations

7.1 Members are recommended to:-

- (a) receive and note this report for information.

Mark Ash
HEAD OF OPERATIONS

Appendices	
A	Facility Monitoring indicators
B	Recycling, composting and diversion indicators
C	Contract monitoring and performance deduction indicators
Background Papers	
None	