

BRIEFING NOTE

TO: Cabinet Member – Public Realm

Sack Delivery System - Alternative Measure Analysis



Background

The Waste Strategy Financial Implications June 2017 (<https://milton-keynes.cmis.uk.com/milton-keynes/Calendar/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/5628/Committee/1172/Default.aspx>) proposed to remove the provision of recycling sacks via outlets and migrate to an online ordering system. On 31 July 2018 several waste operational policies were approved including the introduction of a general limit of 180 recycling sacks (circa 4 a week) free to each household with the introduction of an option for householders to purchase additional or larger bags/containers.

Referral from Other Bodies (Cabinet 20 February) Provision of Recycling Bags

At Cabinet on the 20 February a referral was made for the following:

(a) That the Cabinet be asked to analyse which measures, or suitable alternative measures for the provision of Recycling Bags would have the greatest impact on performance and implement as soon as possible

This report constitutes the information for Cabinet to analyse according. Should more information be required then this can be made available accordingly.

Savings Profiled

The base budget saving put forward was £120k (full year) inclusive of £4k for change to clear sacks, £86k stopping sacks to flats with Eurobins and £30k changes to delivery system. Despite the implementation of the van delivery service, additional delivery resource due to demand and delivery of 40 sacks per order over Xmas the Authority is still expect to exceed this saving with an annualised saving in the region of 200k expected (NB. delivery service did not go live until August).

Table 1 – Savings Profiled

Year	Annual Properties	Annual Roll Size	Annual Sacks	Annual Sack Costs (inc. delivery)	Outlets Sacks	Outlets Costs	Delivery Sacks	Delivery Sacks Costs	Delivery Costs	Total Sacks	Total Costs	Difference
2017/18	111,000	80	8,880,000	£601,842	5,700,000	£350,550	0	£0	£0	14,580,000	£952,392	
2018/19 Projected	100,000	60	6,000,000	£437,400	2,530,000	£155,595	1,100,000 ¹	£57,640	£150,000 ²	9,630,000	£800,635	£151,757
2019/20 Projected	101,000	60	6,060,000	£441,774	0	£0	2,160,000 ³	£113,184	£180,000 ⁴	8,220,000	£734,958	£217,434

Business as Usual

Currently, Serco are delivering all of the orders that they receive and they are being processed and delivered within the five working day turnaround target. Delivery resource is being flexed to ensure that the turnaround time is met and the number of open orders does not become unmanageable. We currently receive 400-500 new orders per day and Serco are working Saturday (and Sunday) to ensure demand is managed accordingly.

We will introduce the following business as usual key performance indicators.

Requests Over 5 Working Days – As suggested this is the number of sack order requests which are not completed or cancelled (e.g. duplicate, business premises etc.) within 5 working days. The target to be achieved is 0 (zero) requests over 5 working days.

Delivery Failure Rate – This is the percentage of orders which are not completed or cancelled by Serco. We are looking to work with Serco on a KPI of around 1% Delivery Failure Rate to the property.

Non Received Sacks Rate - A 'non-receipt of sacks' is where; despite saying that we have delivered the sacks the customer is saying they not received them. Despite demand growing over November in December, the non-received sacks rate reduced over this period. The Non Received Sacks Rate is derived from the proportion of Missed Sack Delivery Requests as a percentage of the total number of requests.

¹ Assumes 30k to Early January and then 9k order per month to end March 2019.

² Assumes 75k payment for collection crew delivery and 75k for van delivery service December to end March.

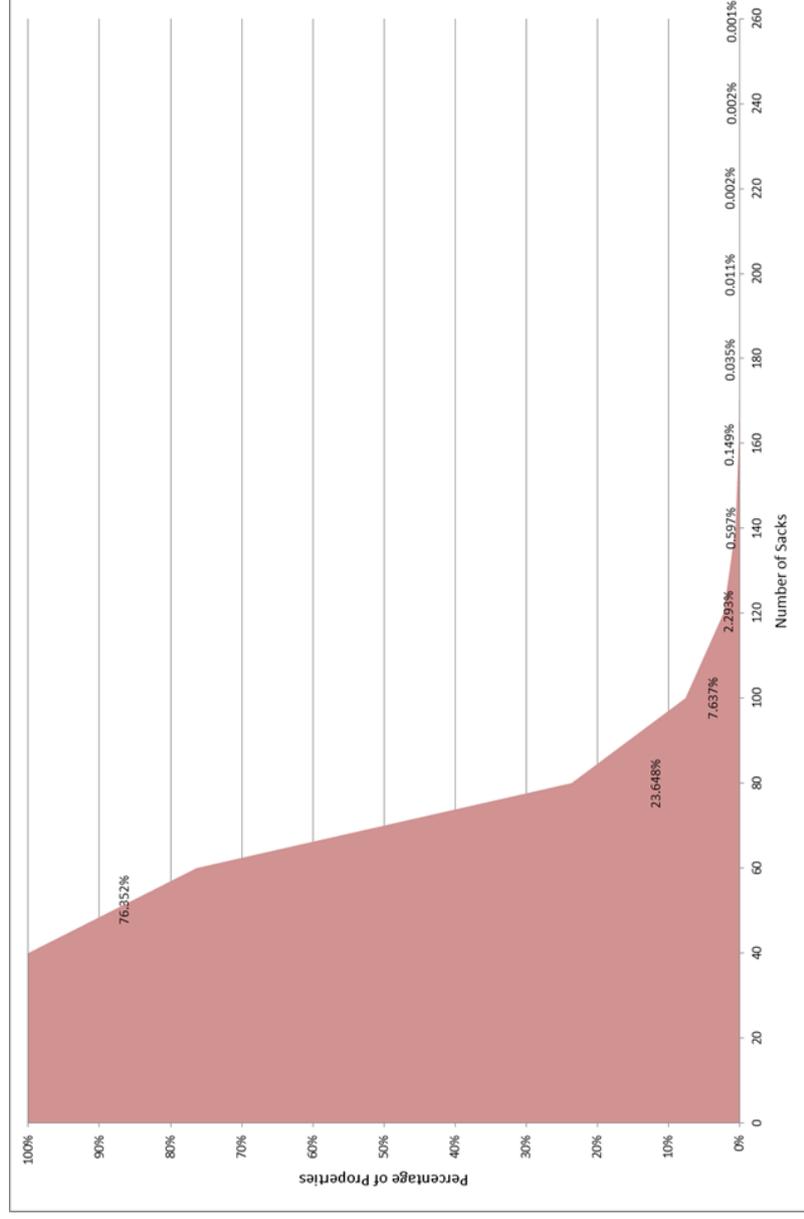
³ Assumes 9k orders per month pro-rata over 12 months.

⁴ Projected costs to provide 3 van delivery crews working 6 days per week for 40 hours per week each deliver 150 per day (140k orders per year).

Customer Services have indicated that a 5% non-received sacks rate is what we should be aiming for (we are currently at around 10%). In addition to the rate derived from Missed Sack Delivery Requests, we will undertake a 'mystery shopper' check of c10 deliveries per day and ascertain whether the sacks have been delivered. This will corroborate the perception of missed sack deliveries.

Repeated Sack Deliveries Not Received – All Missed Sack Delivery Requests will have a photo taken on delivery and upload the image to the customer relations management system. The Customer Services Team will have visibility of the images and can liaise with customers to prevent the perception of 'double failure'. This will reduce the number of repeated missed sack deliveries as any delivery with an appropriate record of delivery (photo) should not be raised as a missed sack delivery.

Usage:



The graph above demonstrates a distribution of orders based on data up to 1 Feb 2019. It is not a standard distribution bell curve as everyone gets 60 sacks to start. Less than 25% of props so far have required more sacks than the annual 60.

Sack Delivery Options

The decision to implement the general sack limit and delivery service was made subject to annual review by the Head of Service in consultation with the responsible Cabinet Member. This review has been brought forward to look at alternative options and enhancements for the sack delivery service.

In 2017/18 we distributed approximately 14.6M sacks. This was made up of an annual roll of 80 to all properties and 5.7M sacks via the outlets. This year we predict that we will distribute around 9.6M sacks including 6M from the annual delivery to all properties which do not have access to Eurobins, 2.5M via outlets (part year) and 1.1M through the delivery service (part year). The total number of sacks expected to be distributed during 2019/20 is 8.3M (6.1M through the annual delivery and 2.2 through the delivery service).

Options to be considered include:

1. Annual Delivery with Outlets (1A outlets as 2017/18, 1B outlets excluding flats with EBs and 1C outlets excluding Civic)
2. Annual Delivery with Collection Crews (2A annual delivery of 60, 2B annual delivery of 80, 2C annual delivery of 100 and 2D annual delivery of 120).
3. Annual Delivery with van deliver service (3A insource, 3B outsource self-employed and 3C Serco)
4. Postal Delivery (Royal Mail 2nd Class £2.95 per delivery)
5. No Top Ups (5A annual delivery of 80 twice per year, 5B single annual delivery of 180 and 5C annual delivery of 60 three times per year).

Another variant to consider for each of the options is the size of the standard top up role from 20 to 40 or 60. This would be to reduce the number of orders to be processed but would also potentially require a longer block on reordering to prevent runaway demand and excessive sack usage.

To date approximately 21,000 individual properties have ordered sacks (<20%) and therefore the annual delivery of 60 appears to be serving the needs of most residents. Providing more than 60 sacks as the annual delivery is likely to result in excess sacks for the majority of residents and therefore wasted resources and costs. A further review in August will inform the decision whether 60 is the optimal number for the annual sack delivery.

Figure 1 and 2 below shows the indicative costs and number of sacks distributed for the various scenarios highlighted above. Some scenarios are inherently more risky than others e.g. we have demonstrated that the collection crew distributing sacks has resulted in a high Non Received Sacks Rate, the option to outsource (self-employed) has a risk with the potential lack of contractual controls and any options which does not make use of Serco will have additional administrative and storage risk factors.

Figure 1 – Sack Delivery Costs (Indicative)

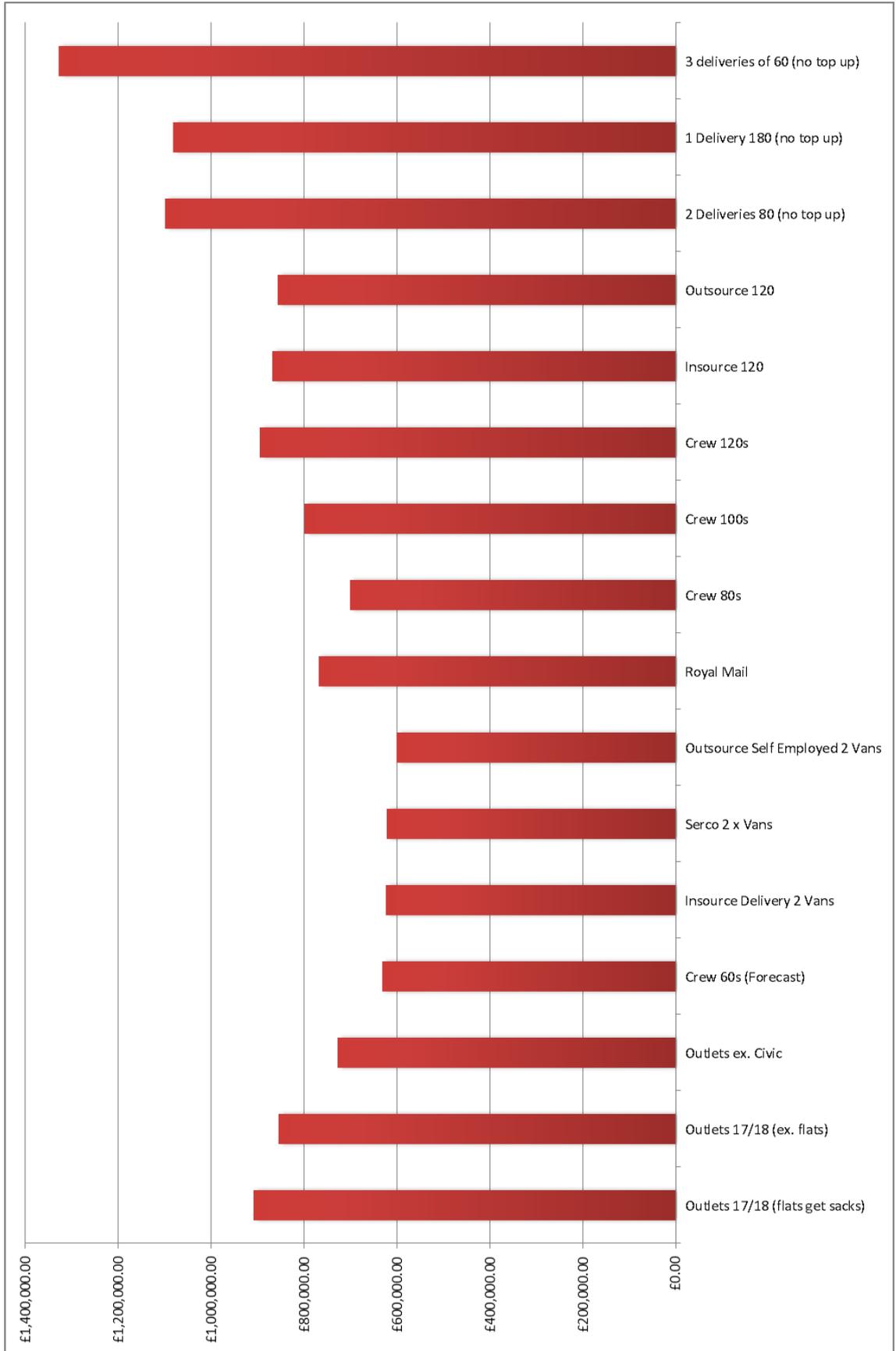


Figure 2 – Sacks Delivered (Indicative)

