

REPORT FROM: CORPORATE DIRECTOR

TO: EXECUTIVE

DATE: 22nd JUNE 2017

Report Author: Philip Mousdale/David Walker
Tel. No: 01282 661634
E-mail: Philip.mousdale@pendle.gov.uk

WASTE COLLECTION, RECYCLING and STREET CLEANSING

PURPOSE OF REPORT:

To consider the issues involved in the making of significant savings on this service.

RECOMMENDATIONS

- (1) That a further report be submitted as soon as possible on the review of the service intended to achieve £300,000 savings per annum.
- (2) That the County Council be urged to provide the Council as soon as possible full information on recycling credits, the possibility of co-mingling and transportation and disposal arrangements to enable the review to be completed.
- (3) That Lancashire districts be informed of resolution (2) above and their support be sought.

REASON FOR RECOMMENDATIONS

To reduce the net cost of the service and help achieve a balanced budget.

Background

1. The Council's Strategic Plan contains Strategic Objective 1: Strong Services and the 2017/18 refresh contains the following key priority:
Develop further options to reduce the net cost of Council Services and to achieve a balanced budget using the Financial Strategy's 'Grow, Charge, Save, Stop' principles
2. The Waste Management Service, comprising waste collection, recycling and street cleansing, has been identified as one of the Council's four main areas of cost in which significant reductions need to be found in 2018/19 onwards.
3. The projected total cost of the Service in 2017/18 is £4.1 million with £2.6 million spent on the cleansing activities.

4. The following savings in the Service in 2017/18 were approved by the Council – Vehicle Changes (£25k), Removal of Bring Sites (£4.5k), Review of Flyer (£25k).
5. The following savings in the Service in 2017/18 were identified but not agreed by the Council - Charging for Bulky Household Waste (£90k), Administrative Charge for Replacement Wheeled Bins (£45k) and Reduction in Mechanical Sweeping (£81,820). These savings will be included in the draft 2018/19 budget. They are over and above what needs to be saved from the further review of the service now being undertaken.
6. The Financial Manager's report on the Update of the Medium Term Financial Plan 2018/21 to the Executive meeting on 25th May referred to the need to review the costs of the Service including consideration of alternative service delivery models.
7. A savings target of £300,000 is proposed.

Cost sharing

8. The Budget Working Group has received several reports on the uncertainty and difficulty presented by the end of Cost Sharing, the most recent being in December 2016.
9. The Executive will be aware that the County Council has given district councils notice that the Cost Sharing Agreement will terminate on 31st March 2018. This will mean Pendle will no longer receive the annual £760,000 income from the County Council thus exacerbating the difficulty in identifying savings.
10. The Cost Sharing Agreement replaced the statutory system of recycling credits payable by the County Council to districts intended to reflect savings in costs in respect of recyclable waste retained by the County Council as the Waste Disposal Authority. Once the Agreement ends the statutory recycling credits system will apply again.
11. The County Council has promised an indication of what recycling credits it will pay to offset the loss of cost sharing but this is still awaited. Without this it is impossible to work out the precise financial impact of the end of cost sharing but there is no doubt it will be considerably less than the present payment.
12. The ending of Cost Sharing has been raised at various countywide meetings but as things stand there is no reason to think that the County Council will change its position.
13. The savings target of £300,000 proposed is in addition to any income which may come from recycling credits.

Alternative levels of service

14. As members will know the Council service currently comprises alternate weekly collection of recyclable materials and residual waste. Food waste is not separately collected. A charge is made for the collection of garden waste.
15. As was reported at the August 2016 meeting of the Budget Working Group the County Council paid for a review study by WRAP of each district's collection arrangements and costs, together with modelling of three alternative collection arrangements and costs.
16. In Pendle's case the options were:
 - **Option 1** - The present service i.e alternate weekly collection, chargeable garden waste and no separate food collection

- **Option 2** - 4 weekly residual refuse collection, fortnightly recyclable waste collection, chargeable garden waste and separate weekly food collection
- **Option 3** – fortnightly residual refuse collection, 4 weekly recyclable waste collection, chargeable garden waste, no separate food collection
- **Option 4** – 3 weekly residual collection, 3 weekly recyclable collection, chargeable garden waste and no separate food collection

17. The options scored as follows:-

	Option ref	Pendle 1	Pendle 2	Pendle 3	Pendle 4
	Option name	Baseline service	Four weekly refuse + weekly food	Four weekly dry	Three weekly cycle
Modelled costs	£'000s p.a.	£1,781	£2,221	£1,691	£1,614
Total 'one off' costs (ex. vehicles)	£'000s	£0	£371	£758	£813
Kerbside Performance	% wt.	34.1%	49.0%	34.1%	37.3%
Score		2.6	3	2.4	1.8
Rank		3	4	2	1

As can be seen Option 4 was the highest ranked, taking together kerbside recycling performance and cost savings.

18. The survey concluded that for most districts even quite radical service re-design to generate savings is unlikely to compensate for the loss of cost sharing income. This is particularly evident in Pendle's case. A move to three weekly collection as per Option 4 would be a major service change logistically, would be likely to be unpopular and would produce only c£167,000 saving which represents only 22% of Pendle's current cost sharing income.
19. Nevertheless it is inevitable that reductions and other changes in the service provided will have to be made in order to realise the level of savings required.
20. County Council officers are undertaking a series of meetings with districts. The prime purpose is to obtain information on possible alternative solutions for the transportation of waste materials and the provision of waste facilities. These will be needed following the ending of the County Council's current contractual arrangements for waste disposal in 2018 and 2020.
21. We have impressed upon the County the need to take a joint approach for the collection and treatment of waste throughout the county. As County officers have so far been unable to give any indication on any incentives available for reducing landfill or the bulking and treatment of Pendle's waste, we have advised them that we shall be considering reduction in collection frequencies and/or comingling of dry recyclable materials.
22. It is understood from the discussions however that the County Council may well resist on legal grounds any move to co-mingling materials.
23. Further discussions are to be held with County officers but whatever might be agreed it is unlikely this alone will lead to the level of savings the Council needs.

24. In recent years the Service has made commendable changes to become more efficient. The WRAP study referred to above found Pendle's refuse and recycling service to be one of the most efficient and cost effective in Lancashire.
25. Nevertheless further work to identify further savings in the region of £300,000 is now being undertaken and a report on this will be submitted to the Executive as soon as possible.
26. The following table is a breakdown of the staffing, vehicles and spend on the service :

	Staff	Vehicles	Gross Spend	Income	Net Spend
Household waste and Recycling	28	11	1,224,080 1,539,470	66,050 793,110	1,158,030 746,360
Trade Waste	2	1	542,470	677,500	-134,030
Garden Waste	6	2		260,400	
Street Cleansing	22	13	1,182,410	90,920	1,091,490
Management & Other	5 including depot op.	4 inc loading shovel			
TOTAL	63	30			

27. The intention would be to start to realise savings from April 2018.
28. If it is not possible to identify and deliver acceptable savings of the order required the Council may be forced to consider the option of outsourcing the service. Members should be aware that undertaking a tendering exercise and having a contractor in place will take at least 15 months.

Conclusion

29. Members will appreciate that we are still in a very difficult and uncertain position. Firm and full information from the County Council on recycling credits, the possibility of co-mingling and transportation and disposal arrangements is essential to get a clear picture. Even then to identify and realise the level of savings the Council requires, the Executive needs to give early, strategic consideration to the substantial changes to be made in this very important service.

IMPLICATIONS

- Policy:** The Council's current policy is to provide in house delivery of an alternate weekly collection of recyclable and residual materials.
- Financial:** The review of the service will aim to put forward annual savings of c£300,000.
- Legal:** No implications arising directly from the report.

Risk Management: No implications arising directly from the report

Health and Safety: No implications arising directly from the report

Sustainability: No implications arising directly from the report

Community Safety: No implications arising directly from the report

Equality and Diversity: Equality impact assessments will be needed as part of the service review to ensure the services are sympathetic to all residents.