

**REPORT FROM: CORPORATE DIRECTOR**

**TO: EXECUTIVE**

**DATE: 21<sup>st</sup> SEPTEMBER 2017**

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## **WASTE COLLECTION, RECYCLING and STREET CLEANSING**

### **PURPOSE OF REPORT:**

To consider proposals for the making of significant savings on this service.

### **RECOMMENDATION**

That the proposals below intended to achieve c£300,000 savings per annum be recommended to the Council at its next meeting on 26<sup>th</sup> October.

### **REASON FOR RECOMMENDATION**

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

### **Background**

1. At the meeting on 22<sup>nd</sup> June the Executive requested a further report on a review of the waste management service intended to achieve £300,000 savings per annum.
2. The 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 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 by Management Team but were 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 are again included in the draft 2018/19 budget (see report elsewhere on this agenda). They are over and above the c£300,000 that needs to be saved via the proposals outlined in this report.
6. The Executive will be aware that the County Council has given district councils notice that the Cost Sharing Agreement will terminate on 31<sup>st</sup> March 2018. This will mean that Pendle will no longer receive the annual £760,000 income from the County Council thus exacerbating the difficulty in identifying savings.
7. It is not yet clear whether the Council will receive any income by way of recycling credits or otherwise from the County Council. Any income received will be substantially less than amount received under the Cost Sharing Agreement.

### Alternative levels of service

8. As Members will know the waste collection 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.
9. A review study was carried out by WRAP in 2016 of each Lancashire district's collection arrangements and costs, together with modelling of three alternative collection arrangements and costs. Overall the survey concluded that for most districts even quite radical service re-design to generate savings will not compensate fully for the loss of cost sharing income. This is particularly evident in Pendle's case.
10. Pendle's 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

11. 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
<b>Modelled costs</b>	<b>£'000s p.a.</b>	£1,781	£2,221	£1,691	£1,614
<b>Total 'one off' costs (ex. vehicles)</b>	<b>£'000s</b>	£0	£371	£758	£813
<b>Kerbside Performance</b>	<b>% wt.</b>	34.1%	49.0%	34.1%	37.3%
<b>Score</b>		2.6	3	2.4	1.8
<b>Rank</b>		<b>3</b>	<b>4</b>	<b>2</b>	<b>1</b>

It can be seen that Option 4 scored the highest and Option 3 was the second highest.

12. In terms of ongoing cost savings Option 4 would realise c£193,000 - around 60% of the target. Option 3 would realise c£94,000 – around 30% of the target. In both cases, there would be a need to incur £10,000 on one-off publicity costs. Option 2 cannot be considered as it would cost an additional c £440,000.
13. A move to either a three weekly collection scheme as per Option 4 or a four weekly recyclable collection scheme as per Option 3 would be a major service change in policy terms and logistically. Option 4 with the reduced frequency of residual waste collection would be likely to be the more unpopular. Option 3 is not likely to improve the present recycling rate.
14. With both options other reductions, efficiencies and changes in the wider service provided will have to be made to realise the level of savings required. In summary these are:
- Winter Opt in for Garden Waste Collection ( £13,000)
  - Increase in Garden Waste Subscription to £35 (£35,000)
  - Additional Trade Waste Income (£40,000)
  - Reduction in level of fly tipping/ litter picking work (£43,000)
  - Reduction in manual street cleansing prior to 2018 (£25,000)
  - Staffing restructure (£30,000)
  - Changes to sickness procedures (£15,000)
  - Reduction in non -contractual vehicle repairs (£15,000)
15. These total £216,000. They are more fully set out in the Appendix.
16. Implementing all but the reduction in manual street cleansing option alongside Option 4 (3 weekly residual and recycling collection) would result in savings of £384,710. Implementing all of the above with Option 3 (Two-weekly residual and 4-weekly recycling collection) the savings would be less i.e. £285,900.

## **Discussions with County Council**

17. We have impressed upon the County Council the need to take a joint approach on the collection and treatment of waste throughout the county. As they 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.
18. It is understood from the discussions however that the County Council may well resist on legal grounds any move to co-mingle recycling materials collected through our brown bin, paper and card collection schemes.
19. Discussions are continuing via the Lancashire Waste Partnership and Officer Working Group.

## **Conclusions**

20. The intention would be to start to realise the savings from February 2018. A decision at the Council meeting on 26<sup>th</sup> October would be required to give the necessary lead in time.
21. If the proposals are not acceptable to Members then the remaining option is to tender the service. Members should be aware that undertaking a tendering exercise and awarding a contract will take at least 15 months i.e. to January 2019. Professional consultancy support in the region of £80,000 would be required as the Council lacks the capacity and capability

to undertake such an exercise using existing resources. As will be apparent the level of savings to be achieved from a tendering exercise is uncertain and savings would only start to be realised from a much later date.

## **Conclusion**

22. Members will appreciate that we are in a very difficult position in identifying and implementing acceptable savings. The Waste Management Service has already made commendable changes to become more efficient. The WRAP study referred to above found Pendle's service to be one of the most efficient and cost effective in Lancashire.

23. To realise the level of savings required i.e. £300,000 from 2018/19, the Executive needs to give strategic consideration to the proposals for what are significant changes to this very important service and recommend the Council accordingly.

## **IMPLICATIONS**

**Policy:** The Council's current policy is to provide in house delivery of an alternate weekly collection of recyclable and residual materials. The move to a different collection frequency would be a significant policy change.

**Financial:** The review of the service seeks annual savings of c£300,000 per annum in line with the Medium Term Financial Plan.

**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' needs.