

Joint Waste Service Fit For Future Review - Approach

Cabinet Member for Recycling & Leisure

Date: 25th September 2019

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Key Decision? **NO**

Local Ward Members All Ward Members affected



**Leisure, Parks and
Waste Management
(Overview and
Scrutiny) Committee**

1. Executive Summary

- 1.1 A fundamental review of the Joint Waste Service which the authority delivers in partnership with Tamworth Borough Council commenced in April 2019 as part of the Fit for the Future Programme. This follows a fast service review which was completed in October 2018.
- 1.2 A brief was prepared and proposals sought from suitably qualified organisations to help inform the future approach of the councils towards delivering better and more cost efficient waste collection services.
- 1.3 The key elements of the review included Service Delivery Benchmarking, SWOT Analysis, Service Delivery Options Assessment and Service Change Options. The consultants have also undertaken an assessment/observation of bin collection operations to assess productivity and compliance with health and safety standards.
- 1.4 The councils identified four Service Delivery Options to be considered by the review including: In-house, Local Authority Trading Company, Local Authority Trading Company Joint Venture and Outsourcing.
- 1.5 The Service Change Options included the introduction of food waste collections, reductions in residual bin capacity and twin stream recycling (mixed dry and paper/cardboard).
- 1.6 The Councils also identified a number of issues which needed to be considered by the review including the impact of the proposals contained in the Governments Resource and Waste Strategy which was published before Christmas last year.
- 1.7 Three tenders were received and following their evaluation a contract was awarded to Frith Resource Management.
- 1.8 A Project Board with terms of reference was established and it meets every two months. A representative from Tamworth Borough Council sits on the Project Board and the Consultants attend the meetings.
- 1.9 Key milestones and deadlines have been drawn up for the review which is due for completion by December 2019.
- 1.10 A workshop which involved elected members was held in June to review the collection observations and benchmarking, identify and agree service options for modelling and identify and agree the evaluation criteria for options.

- 1.11 The project has subsequently been expanded to include a review of Lichfield's trade waste services. The purpose of this review is to ascertain whether there are opportunities for the trade services to expand by competing directly with private operators in order to increase market share and deliver a surplus.
- 1.12 The consultants are due to complete their assessment work in early October.
- 1.13 A report that considers the consultants findings will be presented to a special meeting of the Overview and Scrutiny Committee on 18th November. Cabinet will then be presented with the final version of the report and recommendations in December. Tamworth Borough Council will adopt a similar approach.

2. Recommendations

- 2.1 That Committee note the approach that has been taken for the fundamental reviews of the Joint Waste Service and Lichfield's trade services.

3. Background

- 3.1 The Fit for the Future programme has created two distinct but related reviews that it uses as part of its approach for delivering transformational change across Lichfield District Council. The first of these is a fundamental service review, where the entire service area will be considered at a strategic level to determine how best to deliver the service in the medium to long term. The review will take several weeks to undertake and may take much longer to implement, as it will ask fundamental questions how the service is currently being delivered and how best to deliver it in the future. The second is a fast service review which is more focused on quickly delivering improvements to processes, systems or structures.
- 3.2 The waste service has been delivered in partnership with Tamworth Borough Council since 2010 and therefore it was only right and proper to invite our partners to participate in the review. A detailed brief for the review was prepared on the basis that both councils want to understand more clearly what we do, why we do it, the experience and expectation of our customers and whether we could achieve our required outcomes in a more cost effective and customer friendly manner.
- 3.3 Specifically, the councils want to understand the current performance of the service, in terms of operational and financial performance compared with similar councils that operate using a similar or alternative operating models. There is an expectation that the review would deliver a clear and reasoned recommendation as to the most advantageous operating model for the service in the future. In particular the councils were seeking insight into the following questions:
- How does the current operational and financial performance of the service compare when measured against similar sized Authorities using a similar delivery model?
 - How does the current operational and financial performance of the service compare when measured against similar sized Councils using alternative delivery models.
 - What are the main explanations for any differences between the Council's existing performance and the benchmarking findings?
 - Based on an assessment of options what is the optimal delivery option for the Council?
 - What are the key steps and timescales in adopting the optimal delivery model?
 - What are the estimated financial implications in adopting the recommended delivery model?
 - What is the likely impact on the customer experience of the recommended delivery model?

3.4 Details for the key elements of the review are as follows:

Service Delivery Benchmarking

The benchmarking of the councils’ waste collection services against other authorities for delivery and performance was undertaken prior to any modelling. This was done by identifying local authorities in England which provide joint waste services through three alternative delivery models: in – house, Local Authority Trading Company (LATC) (Teckal-exempt) and outsourced. The following factors were benchmarked:

- Waste arisings
- Recycling rate
- Collection performance
- Missed collections
- Resources – Vehicles, staffing
- Service cost

SWOT Analysis

The consultants undertook a strengths weaknesses, opportunities and threats (SWOT) analysis which was presented at the June 2019 workshop. The SWOT analysis sought to identify items and then allocate them to *more important, important and less important* categories for the evaluation of the four service delivery options. The SWOT analysis then sought to rank and evaluate the service delivery options excluding costs.

Table 1: SWOT analysis item categorisation

More Important
• Direct control
• Flexibility for service/legislative change
• Cost control
• Opportunities for service change cost savings/income
• All risks, including financial and service risks with councils
• Competitive costing
• Funding for recruitment and career development, driver pay rates
Important
• Trust of the public
• Direct line management
• Procurement time and cost
• Costs transparent to the Council
• No exit limitations and costs
• Flexibility for property growth
• Lower cost for borrowing capital
• Commercial waste services development
• Opportunity to integrate other services e.g. street cleansing
• Recruitment and retention of staff, LGV 2 driver pay rates
• Buying power for service change and new infrastructure
• LGPS requirements for labour
• Provision of staff for service management
• Knowledge to innovate
• Funding for public awareness and education
• Funding for new depot and transfer station
• Potential for service provision with other authorities
• Mobilisation for service change

- Provision of maintenance of plant and equipment

Less Important
• Risk of company bankruptcy
• Responsiveness to public
• Union management
• Lack of direct service expertise
• Lack of service health & safety experience and resources
• Member (political) influence and control
• Potential profit margin

Service Delivery Options Assessment

The four service delivery options (In-house, Local Authority Trading Company, Local Authority Trading Company Joint Venture and Outsourcing) have been evaluated according to the following criteria:

- Cost (50%)
- Flexibility to change (25%)
- Service control (25%)

The flexibility and control criteria were split into sub criteria and weighted according to their relative level of importance.

Table 2: Flexibility and Control sub criteria

Flexibility	Control
• Service Change	• Service control
• Legislative change	• Cost control
• Personnel recruitment	• Personnel management
• Personnel employment	• Transparency
• Capital investment	• Financial risks
• Competitive pricing	• Service provision risks
• Property growth	• Commercial services control
• Commercial services development	
• Other service integration	
• Authority partnership	

Service Change Options

Four service change options were modelled and assessments made of comparative costs and anticipated performance. The four options were:

- Option 1 – Existing service plus improvements
- Option 2 – Existing service plus food waste collections
- Option 3 – Reduced residual bin capacity plus food waste collections
- Option 4 – Twin stream recycling plus reduced residual bin capacity and food waste collections

3.5 The following issues were identified for inclusion in the review:

- The Government's Resources and Waste Strategy for England could have a significant impact on the future delivery of the service. In particular its proposals include mandatory food waste collections, deposit return schemes for drinks containers, standardisation of recycling collections and the removal of the power to charge for garden waste collections.
- There is a lack of local reprocessing infrastructure to serve the current method of collecting dry recycle (single stream comingled). The current disposal contractor is now having to bulk up and

send all our material to a MRF in the North East of England for processing because their local facility does not have the capability to sort materials to the specification required by the markets. In addition the service does not have the benefit of a transfer station under its control so there is a real risk the costs for the processing of dry recyclate will significantly increase when the contract expires in 2022.

- The Chinese ban on waste exports has increased the pressure on local councils to improve the quality of dry recyclate collected from the kerbside which is a difficult task bearing in mind the service is provided to 77,000 properties.
- The service experienced a drop in bin collection productivity when the task and finish working methodology was replaced by fixed hour working in 2013.
- There is a national shortage of qualified LGV Category 2 drivers and the service is struggling to recruit and retain staff for this role.
- The current job grading structure is a barrier to recruiting Team Leaders for the waste crews. There is no pay differential between the Team Leader post and an LGV driver. The absence of Team Leaders does have a negative impact on supervising the crews.
- The service is currently having to rely very heavily on agency support. This is because of difficulties in recruiting staff and a high sickness level. The over reliance on agency staff can cause service delivery problems.
- The location of the Burntwood Depot is not ideal. It is closer to Cannock than it is to the main population centres located in Tamworth and Lichfield. The depot is operating near to capacity with no options to expand on the existing site.
- There are a lot of new housing developments either under construction or with the benefit of planning approval in both boroughs. This is putting pressure on the collection infrastructure.

3.6 The additional brief for the review of Lichfield’s Trade Waste Services seeks to establish:

- Whether there is an opportunity for the service to compete directly with private sector providers in order to increase market share and deliver a surplus. This should include any opportunities that may arise from the proposals contained within the Government's Resources and Waste Strategy for England.
- The current performance of the service, in terms of operational and financial performance and what steps would need to be taken to enable the service to compete with other providers including any requirements for investment.

The key output of the review will be the preparation of a business case for consideration by the relevant committees should the study identify a viable opportunity to commercialise the Trade Waste Services.

Alternative Options	1. The review is being carried out in accordance with Lichfield’s Fit for the Future Programme therefore no alternative options were considered.
Consultation	1. Tamworth Borough Council. Members of Lichfield’s Overview and Scrutiny Committee attended the June workshop.
Financial Implications	1. The cost of employing the consultants for the review of the Joint Waste Service is £24,925 and this is being funded from the Fit for Future programme budget. The cost of the consultants undertaking the review of Lichfield’s waste services is £14,575 and this is being funded from savings in the Joint Waste Services budget.
Contribution to the Delivery of the	1. The provision of the Joint Waste Service plays a key role in assuring we have a clean, green and welcoming place.

Strategic Plan	
Equality, Diversity and Human Rights Implications	1. There are no equality, diversity and human right implications associated with the review.
Crime & Safety Issues	1. The review will not have an impact on any crime and safety issues.
GDPR/Privacy Impact Assessment	1. A Privacy Impact Assessment has not been undertaken because the review has not involved the handling of any personal data.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	The modelling and assumptions used in the review are inaccurate and lead to the wrong conclusions being drawn.	Employing professional consultants with experience of undertaking waste reviews. Use of Project Board to oversee the review.	Green.
B	Delays to the review.	Establish programme and milestones. Monitoring of progress by the Project Board.	Green
C	The two councils have different views on the outcome of the review and the recommendations.	Identify potential issues at an early stage. Political engagement at both Councils. Representation of both Councils on the Project Board.	Yellow
D	There is unlikely to be any further direction from the Government regarding the proposals contained in its Waste Strategy until early 2020 which could make it difficult for the Council to make a decision on the future direction of the service.	Keep monitoring the Governments proposals.	Yellow
E			

Background documents

Relevant web links