

## **Briefing note – Waste Management Savings**

July 2015 – paper for Chief Executives Group and Joint Waste Management Board

This briefing note forms the overview of the current discussion taking place to work towards achieving savings in waste management. This note will be received as a paper for information at both the Chief Executives Group and the Joint Waste Management Board meetings in July 2015, alongside a matrix spreadsheet of all council waste information.

### **Background;**

Discussions on savings arose originally due to the below proposal from Staffordshire County Council (SCC), requiring assistance in achieving financial savings of £1.5million, as set out in their Medium Term Financial Strategy (MTFS).

### **Initial proposal by Staffordshire County Council;**

To work towards savings, SCC proposed initially to Waste Officers (SWOG) and then at April's Joint Waste Management Board (JWMB), a reduction in the financial amount of organic waste recycling credits by 50%. Using 2014/15 figures and recycling credit rate, it is expected that this would save SCC £2.1million (91,300 tonnes at a rate of £23.65 not £47.30, which doesn't take into account any drop in waste tonnages). SCC proposed that the loss of income to councils could be recouped by charging for the collection of organic waste (likely to result in a drop in waste tonnages).

After lengthy discussion at April's JWMB, Members agreed that there is no political appetite at present for any Waste Collection Authority (WCA) to offer a chargeable service. Therefore SCC's proposal was politely declined by the WCAs, however SCC have left the offer open should a WCA wish to start charging in the near future.

### **Other ideas considered;**

Following on from this, in May SWOG discussed other potential options along the same line as SCC's original proposal;

- Freeze on organic recycling credit inflation for 3 years,
- Link organic recycling credit's to CPI indexation,
- Recalculation of organic recycling credits (as the current rate was calculated in 2006).

County are currently undertaking a financial assessment of the impact a freeze would have on all councils involved, for discussion at SWOG on 15<sup>th</sup> July.

### **Request to Staffordshire County Council;**

At the JWMB Sub group, it was requested by Members that SCC write a briefing note to detail *all* options (not limited to organic waste recycling credits) to achieve savings, as the onus to achieve disposal savings lies with the WDA rather than the WCA. In order to fully participate in open and honest discussion, the briefing note will set out each and every way SCC could save waste costs, so that members can discuss these at JWMB and take those

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deemed most palatable forward within their respective collection authorities / councils. SCC's briefing note will be reviewed by SWOG on the 15<sup>th</sup> July, before being presented to Members for discussion at JWMB on the 22<sup>nd</sup> July.

### **Medium to long term ideas for consideration;**

The aforementioned ideas are presently considered to be short term solutions to achieve some initial savings, however it has also been discussed for the need to also focus longer term on holistic waste management savings for the entire partnership, in order to provide cost effective services to the Staffordshire tax payer. With this in mind, below is a list of ideas for consideration which aim to achieve savings over a longer period of time and will take longer to implement. It is planned that key options from this list be worked up to form a full options appraisal for consideration.

### **Joint working**

- Joint communications (already done to some degree, but could be used more often).
- Joint contracts, such as processing / treatment facilities, transfer stations etc.
- Joint procurement of consumables, e.g. bins.
- Joint mandatory collection services (e.g. Tamworth/Lichfield).
- Joint non-mandatory collection services, e.g. bulky waste.
- Joint waste authority (unitary waste powers, e.g. Dorset and Somerset WPs).
- Joint venture with private / third sector organisations.
- Joint provision of HWRCs between SCC and SoTCC – joint contract for consistency.

### **Collection service alterations**

- Reduction in size of residual waste bins (requires procurement of smaller bins – suggestion of County to (part) fund the bins as they will benefit from the reduction in disposal costs as tonnages decrease), offset with increased frequency / capacity for other waste streams.
- Reduction in residual waste collection frequencies (3 or 4 weekly), offset with increased frequency / capacity for other waste streams.
- Remove food from organic waste collection (disposal savings).
- Separate food waste collections (likely to be combined with a reduction of residual waste frequency or capacity).
- Increase / improve commercial waste collection services.
- Standardise colour schemes / containers for consistency.

### **Financial alterations**

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- Scrap recycling credits, with financial support from SCC to develop financial solutions with WCAs for required service alterations to accommodate the change.
- WCAs act as a recycling credit fund manager to invest in new collection infrastructure and buy disposal from SCC.
- Complete county wide investment plan for 10 years for both collection and disposal.
- Transparency exercise to waste costs to the Staffordshire tax payer.

### Additional soft measures / savings per individual council

- Review of current staffing levels / salaries.
- Sharing staff resources.
- Review of HWRC provision.
- Reductions in number of bring banks.
- Joint bring bank contracts.
- Reduction of additional services, e.g. textiles, small WEEE.
- Integrating waste departments with street scene and grounds maintenance services (separate budgets?) or creating joint streets or ground services across a cluster of councils (outside of waste remit?).

### Staffordshire County Council costs

	Population	Households	Cost per WCA
Cannock Chase Council	98119	41980	£1,661,176
East Staffordshire Borough Council	114922	49390	£1,954,394
Lichfield District Council	101768	43610	£1,725,676
Newcastle-under-Lyme Borough Council	125239	54930	£2,173,615
South Staffordshire Council	110295	46030	£1,821,437
Stafford Borough Council	132092	56950	£2,253,548
Staffordshire County Council	857007	368180	N/A
Staffordshire Moorlands District Council	97415	43270	£1,712,222
Stoke-on-Trent City Council	250227	113850	N/A
Tamworth Borough Council	77157	32010	£1,266,656
CIPFA Value for Money toolkit calculation for waste disposal costs <small>(per person)</small>			£17
<b>Total costs</b>			<b>£14,569,119</b>
<b>Total cost per household</b>			<b>£39.57</b>

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### Savings targets

To provide context of all required savings within the Partnership, the below table outlines the savings targets of each council for the next 2 years.

Council	total savings target (£)		savings target for waste (£)	
	2015/16	2016/17	2015/16	2016/17
Cannock Chase District Council	A 3 year budget has been set. No new targets have been set yet as a result of a refresh of the medium term financial plan			
East Staffordshire Borough Council	nil	nil	At East Staffs, the approach is not to allocate savings targets to individual services (i.e. waste management)	
Lichfield and Tamworth Joint Waste Service	Joint Waste Service doesn't have a savings target but there is a collection cost target of £40 per household			
Newcastle-under-Lyme Borough Council	£2 million	£1.2 million (as per Oct 2014)	£35,000	£500,000
South Staffordshire District Council	Annual savings of £2.2 million by 19/20 to eliminate deficient		Council wide efficiency & income scheme currently on going – formal review due in 16/17 (plus yearly informal review)	
Stafford Borough Council	Due to a new council forming post election, as of May 15 no targets have been set yet for the Council as whole or for waste management			
Staffordshire Moorlands District Council	£5 million (HPBC alliance)		£50,000 (SMDC operational services target)	£50,000 (SMDC operational services target)
Staffordshire County Council	£31.07 million	£48.21 million	£0.99 million	£1.79 million
Stoke on Trent City Council	£26.9 million	£25 million	£2.08 Million Across Operational Management Division	£2 million Across Operational Management Division

### Savings options considered / implemented in the last 5 years

To provide further background knowledge of the work already conducted, the below table outlines savings ideas previously considered to achieve savings by councils in the last 5 years. It should be noted that in 2006, consultants were brought in to assess options for savings, resulting in the Gifford report.

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Council	Options considered / implemented	
Cannock Chase District Council	<ul style="list-style-type: none"> <li>○ Shared services (with Stafford Borough and South Staffs) - Not implemented</li> <li>○ Shared services (with Lichfield and Tamworth) - Not implemented</li> <li>○ Staff reductions - Implemented</li> <li>○ Extended use of RCV's – Implemented</li> <li>○ Year on year budget reduction/saving - Implemented</li> <li>○ New MRF Contract – Implemented (Additional cost)</li> <li>○ New Organic Disposal Contract (to be implemented April 2016)</li> <li>○ New Waste Collection Contract [All streams under one contract] (to be implemented April 2016)</li> </ul>	
East Staffordshire Borough Council	Joint working options with South Derbyshire District Council (2010/11).	Efficiencies identified but project not implemented due to concerns regarding cost of new joint depot facility.
	Implementation of data tracking and management system for waste collection efficiencies (Bartec).	Implemented.
	Collection round optimisation (using Routesmart).	Efficiencies identified, implemented ongoing.
	Review of Organic Waste Collection– considered the introduction of a chargeable service and the removal of food from the organic bin.	Members rejected the chargeable service. Removal of food to be considered further this year pending the expiry of the current IVC contract in 2017.
	Review of Waste Collection Efficiencies – review of different working arrangements including double shifting, 4 day working, 4 over 6 day working.	Members resolved to retain current arrangements due to various constraints but consider again in the future.
	Waste Storage and Collection Guidance for New Developments	Policy introduced for the assessment of planning applications, leading to Section 106 contributions for bin provision.
	Review of the Council's Dry Recycling collection service (single stream versus dual stream)	Members resolved to retain current collection arrangements.
	Joint procurement of a contract for the processing of dry recycling.	Contract awarded (Biffa) with a risk sharing mechanism.
	Staff Restructuring 2011 and 2014.	Review of middle management in 2011. Further review of back office/administrative staff in 2014. Both implemented resulting in employee savings.
	Pricing strategy for bulky waste.	Revised pricing structure introduced
Review of the Council's Neighbourhood Recycling Centres (bring sites)	Currently under review.	

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	Reduction in the size of the standard residual bin to 180 litres, with more standardisation in bin provision	Implemented
	Driver efficiency training.	Completed
	Procurement of a contract for the employment of Agency staff (Council wide).	Contract awarded
	Review of collection arrangements for the Council's 'hard to reach' properties.	Currently under review.
	Collection Calendars.	Calendars accessible for all properties via the website. Hard copies only issued to those affected by changes over the Christmas/New Year period, thus reducing printing/delivery costs.
Lichfield and Tamworth Joint Waste Service	<ul style="list-style-type: none"> <li>o Single depot</li> <li>o Single management structure/Shared Director between both authorities</li> <li>o Single back office and customer contact centre</li> <li>o Standardised service and policies</li> <li>o Replaced weekly kerbside sorting with fortnightly comingled collections of recycling</li> <li>o Matched resource to demand - in particular resolved over capacity on winter organic waste service</li> <li>o Invested in new technologies which have improved communications – Bartec System</li> <li>o 9.25 hour day working to maximise vehicle usage</li> <li>o Standardised communications</li> <li>o Collect bulky items using residual waste trucks rather than using a separate additional vehicle.</li> <li>o Joint procurement maximises bulk discounts – fuel etc.</li> <li>o Utilise a robust agency contract to provide staff to cover peak periods</li> <li>o Stopped recycling food waste with garden waste</li> </ul>	
Newcastle-under-Lyme Borough Council	Joint working options with Stafford Borough Council.	Efficiencies identified, however Stafford Borough choose to extend current contract
	Implementation of data tracking and management system for waste collection efficiencies (Muni data / Bartec).	Munidata is currently of most of vehicles. Implemented as this has increase function and links with CRM
	Collection round optimisation (using Routesmart).	Efficiencies identified, implemented.
	Joint working review for North Staffordshire including NULBC, SOTCC, SMDC and SBC at CEO and Leader Level in 2011	Not implemented

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	Removal of uplift in processing and collection contracts	Implemented for green, food and transport contract in full. Partial implemented for collections
	Review of Organic Waste Collection– including part chargeable service.	Households limited to one bin additional bin incur additional charge £36 per year. Currently about 800 customers
	Full review of collection services.	Modelling showed that insourcing service, changing the food waste collection model, moving to weekly recycling aimed a high quality recycling would provide large saving. Currently being implemented for a July 2016 roll out.
	Review of waste services for local housing association and university.	Still in discussion with housing association. Formally tendered for university contract however they decided to remain with current contract.
	Trade Waste	Service reviewed including pricing and operation to improve income options.
	Waste Storage and Collection Guidance for New Developments	A guide was developed in 2010 that supported developer and stronger links with planner developed
	Joint procurement of tyres contract with Stoke	Delivering savings
	Joint procurement of a contract for the processing of dry recycling.	Contract awarded (Biffa) with a risk sharing mechanism.
	Staff Restructuring 2014.	Implemented
	Joint procurement of bulky collection service with SMDC.	Service now a nil cost to Council
	Review of the Council's bin banks	A full review was undertaken in 2010 with a reduction in number and upgrades to remainder. Removal of two further sites in 2014 due to performance.
	Reduction in the size of the standard residual bin to 180 litres, with more standardisation in bin provision	Implemented
	Removal of medical service	Saving both for collection cost and disposal cost for SCC
	Removal of the use of agency staff, internal staff pool	In operation saving money and safer operation.
	Review of collection arrangements for the Council's 'hard to reach' properties.	Currently under review.
	Active management of fuel purchase between companies on a frame work.	
South	Commenced a full service review in 2011 and have been implementing the	

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<p>Staffordshire District Council</p>	<p>requirements over the past four years, looking for service efficiencies and future savings. Total cost of household waste collection has reduced from £53.40 per household in 2010/11 to £45.01 per household in 2014/15, a reduction of 15%. During this time we have secured new long term contracts for all of our material, introduced a new fleet of RCVs, rolled out a new commingled recycling service and increased our recycling rate to 54%.</p> <p><u>Contract changes</u></p> <ul style="list-style-type: none"> <li>○ <a href="#">Re-tendered our garden waste disposal contract</a>; for seven years and nine months to obtain a more competitive gate fee and integrate with the cessation of the waste and recycling collection contract, saving approximately £400,000 over this period. No indexation applies to this contract.</li> <li>○ Tendered a one year waste collection contract to align the waste and recycling contracts which were previously separate. <a href="#">This saved £800,000 as a one off during 2011/12.</a></li> <li>○ Re-tendered our dry recycling disposal contract, which commenced 1<sup>st</sup> April 2015 - the inclusion of appropriate risk/reward mechanism incentivises the delivery of quality material.</li> <li>○ Re-tendered our waste and recycling collection contract following a full service review. The introduction of a commingled recycling service and proposals to rationalise collection routes resulted in savings of £380,000 per annum. This featured as an <a href="#">Ordnance Survey case study</a> and won the <a href="#">Geoplace Citizen and Geoplace Exemplar Awards in October 2013.</a></li> <li>○ Three waste streams can be collected by any RCV in the fleet, delivering efficiencies in the waste collection contract.</li> <li>○ CPI is now used as the method for indexation for the waste and recycling collection contract and the dry recycle disposal contract. RPI was previously applied and the application of CPI instead for the waste and recycling collection contract in 2014/15 equated to a saving of approximately £24,000 for that year alone.</li> </ul> <p><u>Service review and changes</u></p> <ul style="list-style-type: none"> <li>○ The number of mainline RCVs for the collection of garden waste reduces from four to three for six months when yields reduce significantly.</li> <li>○ Removal of the use of a non contracted additional garden waste disposal site near to the south of the district, saving approximately £11,000 per annum;</li> <li>○ Policies to reduce residual waste capacity to encourage maximum diversion of recyclable and compostable material, e.g. 140 litre residual waste bins in exchange for 240 litre residual waste bins free of charge.</li> <li>○ New service uses wheeled bins instead of recycling boxes and bags, saving approximately £12,500 per annum for the purchase of boxes alone.</li> <li>○ Between 2013 and 2015 we have incorporated bespoke scripting within our CRM system, enabling a number of service requests to be raised by the Council's Customer Service Team and forwarded directly to our contractors, Biffa Municipal Ltd, for action. In 2014 over 4,500 service requests have been raised with Biffa Municipal Ltd via system integration which has freed up back office capacity to manage more pro-actively the service.</li> <li>○ Reconfiguration of our CRM system ensured detailed records of new bin</li> </ul>
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	<p>requests (numbers and reasons e.g. new property, stolen bin etc) to inform any potential changes to Council policy regarding charging for containers.</p> <ul style="list-style-type: none"> <li>○ Biennial audit of our assisted collection service, to avoid unnecessary over charging to our contractors for the additional service.</li> <li>○ Reduction in staff to manage waste services, from 4.5 FTE in 2010 to 2 FTE.</li> <li>○ Online waste and recycling collection calendar to channel shift requests for printed copies, receiving ~8,000 hits each year which is reducing number of calls, reduced staff time dealing with calls/queries, reduced back office involvement to free capacity etc.</li> <li>○ Extended the range of material that we collect for recycling at the kerbside to include mixed plastics (primarily pots, tubs and trays) and cartons;</li> <li>○ Policy that no unauthorised residual waste bins are emptied, utilising in-cab PDAs to identify properties that are presenting additional unauthorised bins and take steps to remove them where necessary;</li> <li>○ Discontinued the delivery of 360 litre residual waste bins as part of changes to our policies governing residual waste capacity;</li> <li>○ Collection of small WEEE and batteries at the kerbside.</li> <li>○ Introduction of quick read (QR) codes on communication literature and contamination tags so smart phone users are directed to relevant web pages to ensure continual education.</li> </ul> <p><u>Removal of service</u></p> <ul style="list-style-type: none"> <li>○ Removed recycling banks for cartons and cans.</li> <li>○ Reduction of bring sites from 22 to 16.</li> <li>○ Prior to 2011 we provided a bulky waste ‘amnesty’ service whereby we would collect bulky waste free of charge from households twice a year. The removal of this service saved ~£55,000 per annum and contributed to a reduction in residual waste arisings therefore boosting our NI192 out-turn.</li> </ul> <p><u>Shared service and procurement</u></p> <ul style="list-style-type: none"> <li>○ In 2011 South Staffordshire Council worked closely with Stafford BC to determine the potential for waste collection savings, should a shared service arrangement be pursued. Extensive modelling concluded that the level of savings would not be greater under a shared service arrangement and that if each LA re-configured their collection schedules the individual savings would be of equal significance. South Staffordshire Council have since introduced a full re-route of the district and, combined with the introduction of a commingled recycling service, this resulted in the removal of one mainline refuse collection vehicle.</li> <li>○ East Staffordshire BC, Cannock Chase DC, Newcastle-under-Lyme BC, Stafford BC and South Staffordshire Council have collectively procured the licence and support for Routesmart route optimisation system. This includes shared licences, training and developments.</li> <li>○ Procurement of wheeled bins and refuse sacks via a framework.</li> <li>○ Staffordshire County Council and all WCAs worked together to reduce the cost of collecting and disposing of clinical waste across the County. The original project focused on the north of the county and involved collaboration with the Primary Care Trust (PCT). Collection savings in the north of the County alone</li> </ul>
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	<p>amounted to £35,515 per annum with disposal savings of £64,000 per annum. The project has now been extended to the south of the County and a toolkit has been developed and shared as best practice across the industry. In 2014 South Staffordshire Council utilised the toolkit and reduced the cost of clinical waste collection by approximately £4,000 per annum;</p> <ul style="list-style-type: none"> <li>○ Staffordshire County Council, working with Warwickshire County Council, have secured capacity at a dedicated street sweepings reprocessing plant in Wolverhampton. This has successfully diverted from landfill over 800 tonnes of waste from street sweepings operations; and</li> <li>○ The Staffordshire Waste Partnership now employs a full time permanent officer to co-ordinate cross boundary initiatives and this has proved very successful over the past two years.</li> </ul> <p><u>Income generation</u></p> <ul style="list-style-type: none"> <li>○ Working as part of a small group within the Staffordshire Waste Partnership we have developed the first draft of a policy to charge developers for the cost of the initial supply of wheeled bins.</li> <li>○ South Staffordshire Council have been providing support to a number of LAs regarding the integration of CRM and contractor in-cab/back office software to generate service efficiencies. This includes Stratford-on-Avon DC, Central Bedfordshire Council and Cannock Chase DC. We are also currently providing technical support to Cannock Chase DC for the re-tendering of their waste and recycling collection contract and organic waste disposal contract.</li> <li>○ South Staffordshire Council, as part of a small group within the Staffordshire Waste Partnership, developed the template for the rWFD Route Map. This led to the delivery of two workshops, endorsed by CIWM, and the sale of the template to other LAs, resulting in income for Staffordshire Waste Partnership.</li> <li>○ Charge of a one off fee for additional garden waste bins and an annual ‘hire charge’ for additional residual waste containers when requested.</li> <li>○ Developed new training courses with APSE and hope to host further events at South Staffordshire Council offices.</li> </ul>
<p>Stafford Borough Council</p>	<ul style="list-style-type: none"> <li>○ Joint service with South Staffordshire. Not implemented because no savings could be identified.</li> <li>○ Joint service with Newcastle under Lyme. Not implemented political decision.</li> </ul>
<p>Staffordshire Moorlands District Council</p>	<ul style="list-style-type: none"> <li>○ 2011 service review conducted as a result of a need to remove cardboard from the organic waste stream, review assessed 21 different collection options for the Council, concluded that a round review was required and that cardboard would be collected alongside the comingled stream (best financial option). This was introduced in early 2012. Savings estimated at approx. £100k pa but recycle income values have since fallen.</li> <li>○ Annual suspension of organic waste collection for fortnight over Christmas period – saving approx. £20k pa (overtime)</li> <li>○ Early termination of unnecessary fleet - saving approx. £20k pa</li> <li>○ Procurement savings refuse sacks, organic waste sacks – saving approx. £9k pa</li> <li>○ Review of waste transfer operations – from May 2014 SMDC started to use SCC/FCC facility in Leek – saving £40k pa</li> </ul>

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	<ul style="list-style-type: none"> <li>○ Small round reviews are ongoing to drive through efficiency, these are occurring mainly on the rural collection rounds with the aim of reducing our very rural collection round (caged van) to a one man crew working on reduced days – savings estimated to achieve £12.5k pa</li> <li>○ Proposal submitted to remove bring sites across the district as contract expires in October 2015– savings estimated at £10k pa decision not yet taken proposed as part of wider service review.</li> <li>○ Review of the assisted collection policy removing age as a criterion, eligibility is not determined of physical ability only, reviewed assisted collection list and removed approx. 1000 addresses.</li> <li>○ Review of distribution of annual service calendars, moved from posting calendars to utilising collection crews – savings approx. £12k pa</li> <li>○ Contract awards to Vital Earth for organic waste treatment – savings achieved of approx. £55k pa</li> <li>○ Contract awards for the reprocessing of DRM( paper, textiles and comingled recyclables) – financial costs estimated at £100k pa</li> </ul>
Staffordshire County Council	<ul style="list-style-type: none"> <li>○ Rationalisation of the HWRCs, which has been discounted on at least two occasions due to political reasons.</li> <li>○ Schedule 2 waste charging.</li> <li>○ Charges for non-household waste at HWRCs.</li> </ul>
Stoke on Trent City Council	<p>Implemented;</p> <ul style="list-style-type: none"> <li>○ Re-grading of all collection staff employees (a reduction in pay)</li> <li>○ A route optimisation exercise (lost 3 crews)</li> <li>○ Organic waste collections reduced to 7 months of the year</li> <li>○ 2 x CA sites – reduction in opening times</li> <li>○ Disposal contract negotiations</li> <li>○ Renewal of waste collection fleet</li> </ul> <p>Charging for organic collections was previously considered but not implemented.</p>

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