

Environment Policy Development Group – 16 September 2009**ENVIRONMENT SERVICES BUDGET REVIEW****Report of Head of Environment Services**

Statutory Powers: Environment Protection Act 1990, Public Health Act 1936 Section 87 and 88.

Financial Implications: None arising directly from this report although a number of potential budget reductions for 2010/11 are identified.

Additional income potential of £153,100 per annum against a target of £160,670 for the specific services outlined in this report. It must be noted that £95,000 has already been offered up for the rest of Environment Services against a target of £41,280.

Purpose

To provide Members with a detailed budget analysis of Household Waste collection, Trade Waste, Recycling, Street Cleansing, Beach Cleaning and Public Conveniences. in order that Members have an opportunity to make relevant observations.

Priorities and Targets

CP2: Create the conditions for the growth and maintenance of quality economic activity.

CP5: Working with others to improve access to key services.

CP6: Improve core service performance in a cost effective way.

RECOMMENDATIONS

That Environment Policy Development Group RESOLVES to comment on the report and identifies any observations that it wishes to be considered by the Executive during the 2010/11 budget setting process.

Background

1. During consideration of the 2009/10 budget, Members felt that in order to ascertain a greater understanding of the individual services within the Council, it was important for Members to receive service and budget reports from the appropriate Head of Service. Whilst considering such reports it was anticipated that members would gain a better understanding of the priorities of each service, to assist the 2010/11 budget setting process. This report provides this opportunity in relation to Household Waste collection, Trade Waste, Recycling, Street Cleansing, Beach Cleaning and Public Conveniences all of which are managed under Environment Services.

Key Functions, Objectives and overview.

2. The key functions, objectives and overview of the above service is as follows:
 - To put in place arrangements to manage waste in a safe efficient and cost effective manner.
 - To keep public land clear of litter and refuse as far as practicable.
 - To meet the requirements of the landfill directive and other associated targets placed onto the Council.
 - To advise both the Council and members of public of the obligations in relation to waste.
 - To clean toilets that is under the control of the Council.
 - To ensure all of our services are accessible to all members of society.
 - That the services are responsive to customers' needs.

The Management of Household Waste and Recycling.

3. The council has a statutory obligation to manage the collection of household and commercial waste. Various arrangements are in place so that the duties are discharged correctly.
4. The service has previously been the subject of a competitive tendering process and has been delivered in house for a number of years. This is no longer a requirement but best practice commands that we benchmark the service.
5. During 2004 a major review was undertaken to resolve some significant issues concerning existing practices and targets that needed to be achieved.
 - The existing system of "backdoor collection, no container supplied" had some significant health and safety issues associated with it. Staff were incurring manual handling issues such as back injuries and cuts from lifting black sacks.
 - Some of the properties that staff had to enter to collect waste required the negotiation of paths, steps and other obstacles. It was felt that the council would not be discharging its duty of care to its staff if the existing practice continued..
 - Waste in black sacks was being ripped open by vermin and causing litter.
 - The Landfill Directive targets required councils to divert biodegradable waste from landfill. The existing arrangements were not capable of achieving the targets.
6. New arrangements were implemented in 2004 which included introducing an alternate weekly collection for waste utilising wheeled bins to those properties that could accommodate them. On the first week organic waste is collected and on the second week residual waste. The number of properties that can accommodate wheeled bins within the district is in excess of 80% of households. In addition the existing dry recycling collection scheme was offered to 100% of the households.
7. The council received DEFRA grants of £2 million for the capital costs of vehicles and containers.
8. In July 2004 the Executive also agreed to additional revenue costs of £219,000 for 2005/06 and £283,000 for subsequent years (Minute E29.04).

9. In addition to kerbside collection of waste the council also provides the following range of services.
- A full and comprehensive range of recycling banks are located throughout the district. The emptying of the banks is undertaken by an external contactor.
 - Collection of domestic clinical waste from any household who request the service.
 - Collection of bulky household items including white goods such as fridges and freezers.
 - Collection of fly tipped waste and dead animals.

The management of Trade Waste

10. The Council is required to offer a service for trade waste. It does not have to collect the waste itself but nominate a service provider. However by default if there are no other service providers the responsibility does fall back on the Council.
11. The Council supports a policy of being able to offer a trade waste service to all businesses. Unlike other service providers we do not have the luxury of being able to cherry pick who we do or do not collect from. We therefore have a broad range of customers including some who are located in rural locations. Charges for the service are based on zones. That is, the further a business is located from a depot/process facility/main highway then the greater the charge. It must be recognised that the profitability of the service is vulnerable as any competitor will always pick the customers who are the most economical to serve leaving behind the most expensive customers for the Council.
12. In addition to the collections of residual waste the collection of cardboard and glass has also been introduced and is starting to become popular.
13. The last two years have seen a downturn in the amount of income generated from the service. There could be a number reasons for this including the economic climate, weather and competition.
14. A new software system has been recently purchased that will streamline the administrative processes and free staff time which will be diverted to a more vigorous promotion of the trade waste service with the intention of increasing income.

Street and beach cleaning

15. The Council is a designated litter authority and has a statutory obligation to keep the highway and any other areas maintainable at public expense reasonably clear of litter. We discharge this duty by a variety of arrangements. The amount of litter generated in certain areas will determine the amount of resource applied to it. Typically a main town in South Hams may have up to two fulltime manual sweepers serving the main town roads and one sweeper dealing with the residential areas. Complementing this service will be a mechanical sweeper that will visit every ten to twelve weeks. In addition to the main town street sweepers there are also staff who service the secondary towns and villages.
16. Members have agreed to fund a second mechanical sweeper. This should be on the road by September. It is proposed that a review be undertaken of the service that will enable a greater input by Town and Parish Clerks. The outcome being that they will have the ability to influence where resource is used.
17. Further initiatives will be to investigate the viability of electric urban waste vacuum cleaners. The investigation will consider the effectiveness of the technology and how the equipment could be funded.

18. In addition to sweeping the highway there are also a number of litter and dog bins located throughout the district. There is an ever increasing pressure on the service to provide more litter bins. In principle litter bins are always treated as the last resort when litter cannot be managed by sweeping or enforcement. History has shown that the more litter bins that are provided, the greater the amount of waste generated.
19. The Council is also required to clear litter from amenity beaches which are under our direct control. These beaches are normally cleaned at varying frequencies between the months of March and October. A major review was undertaken six years ago after which the responsibility for keeping privately owned beaches clean was returned to the owners of the land.

Public Conveniences

20. The Council has 50 public conveniences throughout the district. Some are owned outright by the council, some have leases attached to them. The toilets are cleaned on a regular basis by the in house team. Frequency of cleaning can vary depending on the time of year.
21. There is a planned maintenance and refurbishment programme in place. In addition responsive repairs are also undertaken.. The premises related costs equate to 47% of spend.

Service budgets

22. The following budget heads combine to deliver the service objectives and functions for 2009/10

	Cost Code	Expenditure £	Income £	Net expenditure £
Household Waste Collection	CH	2,339,800	(199,800)	2,140,000
Recycling	CX	1,222,900	(595,900)	627,000
Trade Waste	CW	787,000	(794,000)	(7,000)
Street Cleaning	CY	824,100	(3,500)	820,600
Beach Cleaning	CV	38,200	(0)	38,200
Pub Cons	CT	810,800	(0)	810,800

23. The budget estimated and detail for 2009/10 are identified in Appendix 1

Staffing levels and Structures

24. The staffing structure for the whole of Environment services are identified in Appendix 2

Service Performance and Potential Savings

25. A brief history of savings achieved in previous years are listed below

		H\hold Waste	Recycling	Beach Cleaning	Street Cleansing	Pub cons
03/04	Savings on beaches in council control CNL82/02			-£10,000		
	Efficiency saving CNCL82/02				-£15,000	
	Closure of pub cons CNL82/02					-£3,000
04/05	Savings on beaches in council control CNL81/03			-£10,000		
	Efficiency savings mechanical sweeping CNL81/03				-£15,000	
	Review of efficiency of sweeping arrangements CNCL81/03				-£50,000	
05/06	Net savings following review of refuse rounds E29/04	-£201,000				
	Reduction re winter service E91/04			-£3,100		
	Review of Street Cleansing E28/04				-£147,000	
	Contract reduction(internal agreement)					-£5,300
	Closure of Dartmouth Yacht compound E91/04				-£7,500	
06/07	Savings year 2 of composting scheme	-£93,000				
07/08	Reduction following restructuring CNCL87/06	-£35,000				
	Rescheduling the emptying of litter bins outside main town centres				-£20,300	
	Closure of Yealmpton toilets and cessation of Vennford.					-£5,200
08/09	Income from DCC for Torr Quarry	-£50,000				
	Kerbside dry recyclables savings re new sack supplier E96/07 CNCL84/07		-£29,500			
	Budget saving re collection of abandoned vehicles E96/07 CNCL84/07				-£16,000	
	Restructuring of Pub cons cleansing rounds E96/07 CNCL84/07					-£27,000
TOTAL		-£379,000	-£29,500	-£23,100	-£270,800	-£40,500

26. For the matter of completeness the following is a list of Gershon targets that have to be achieved for 2010/2011.

SERVICE	Controllable budget	Total Efficiency Target
Car Parks	279,800	17,970
Pannier Markets	100	480
Dartmouth Ferry	593,400	22,830
Household Waste	43,300	6,580*
Recycling	142,200	8,420*
Street Cleansing	23,700	3,500*
Beach Cleaning	38,200	1,380*
Refuse Collection	1,765,100	63,720*
Recycling	499,600	18,040*
Trade Waste	284,800	10,280*
Street Cleansing	691,200	24,950*
Public Conveniences	346,200	12,500*
Non CL Services	0	11,300*
		£201,950

* The table above shows the total savings for the whole of Environmental Services. The emboldened figures are specific to this report.

27. In June 2007 the service was predicted to be on course for a £540,000 overspend. During the year a number of initiatives were put in place. By March 2008 the revised overspend was estimated to be £311,000. The Executive consequently agreed to a supplementary budget of £290,000 per annum for the service and this was incorporated thereafter into the Council's base budget.(Minute E.123/07).
28. The service delivers statutory and essential services that are high profile and highly visible. It has recently been through an enormous amount of change which has included implementing changes to the type of service that the public receive. In addition there has been a major management restructure including appointing a new Head of Service in 2008. This has culminated in a service which it is believed to be more effective and lean.
29. Year on year it is becoming increasingly difficult to achieve the budget reductions. Our corporate approach to identifying savings is first to consider if a reduction in resource can be achieved that will maintain the same outcomes ie an efficiency saving. It is believed we have reached a point where we are at the margin of being able to continue to achieve this. The second step is to see if the service level can be reduced. Again it is believed that this is not a realistic option as the majority are statutory or essential services. The last option is to look for income potential. This can be forthcoming from various areas including renegotiating contract prices, securing additional funding from third parties or securing better markets for materials that we collect.

Budget Savings and Income potential for 2010/11

30. The collection of dry recyclable material from households requires the use of plastic sacks. The market has been tested three times to ensure that we are achieving the best value for the Council. Latest prices received have revealed a potential saving of £6,000 per annum.
31. The District Council sweeps the highway utilising mechanical sweepers. The collected material is recycled at a local processor and the Council receives a recycling credit from DCC. During the autumn months only 65% of the recycling credit is paid as DCC state they will not recognise the water contained in the material. DEFRA have confirmed that all the material collected is material diverted from landfill thus 100% of the material collected should attract a recycling credit. The matter has been referred to District\DCC members for a suitable resolution. Estimated potential additional income £11,500 per annum.
32. The Council has to transport organic material collected from households in the North and West directly to the in vessel composting plant at Heathfield. An agreement has been reached whereby DCC pay the district £8,100 per annum as a contribution to the transport cost.
33. A rate for processing street sweepings has been renegotiated with the local processor. The new rate will show a saving of £12,000 per annum.
34. All paper that is collected from recycling banks is taken to Plymouth and is then bulked up and transported to the main processor. A new rate for this material has been negotiated showing an additional £2,500 income per annum.
35. There is a Devon wide contract for the placement of textile banks. Each district receives the income for any material collected. For 2010/11 the income rate payable to SHDC will increase. This will show a £11,000 per annum additional income stream.
36. West Devon Borough Council are at present in the process of securing new contracts for their waste, recycling, street sweeping and toilet cleaning services. Environment Services have submitted a bid to operate the services. Within our submission we have included a sum of £82,000 as a contribution towards fixed costs associated with support from various services within the Council.
37. The Environment Services have been restructured. During the last year it has been found that the service can operate with less resource then was originally envisaged. This will manifest into a £20,000 saving per annum.

Risk Assessment

38. The following are significant risks and opportunities identified:

Risk	Mitigation
The services are not operated in a cost effective manner.	The service would have to be effective by the Head of Service.
The services do not meet their Gershon financial targets	The Council would have to fund the service from other means.
The services are cost effective but can not achieve Gershon Targets	The Council reduces the level of service.
The Council reduces the level of service to a level that is not acceptable to all stakeholders.	Any reduction in the level of service should be at a level that is acceptable to the majority of stakeholders.

Conclusion

39. This report outlines the budget allocation and expenditure to the services of Household Waste collection, Trade Waste, Recycling, Street Cleansing, Beach Cleaning and Public Conveniences. Members have an opportunity to review the budget and the outcomes provided by the service and make observations as part of the budget process. The majority of the functions are a statutory obligation. The service strives to be effective in all that it manages. Therefore any reduction in resource used to deliver the services may produce an outcome of a reduction in income or service.

Chris Lucas
Head of Environment Services

Environment Policy Development Group
16 September 2009

Background Documents:
Environment Services Service Plan
Budget Book 2009-10