DECISION

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO COMMUNITY SERVICES COMMITTEE

Agenda Item No.

meeting date: 13 JANUARY 2015
title: REVIEW OF LANCASHIRE WASTE COLLECTION SERVICES
submitted by: DIRECTOR OF COMMUNITY SERVICES
principal author: PETER McGEORGE

1 PURPOSE

1.1 To seek a decision from Members on whether this authority should take part in a Lancashire County Council funded review of Lancashire district collection services.

1.2 Relevance to the Council's ambitions and priorities:

- Community Objectives – To increase the recycling of waste material.
- Corporate Priorities – To be a well managed Council providing efficient services based on identified customer needs.
- Other Considerations – To protect and enhance the environmental quality of our area.

2 BACKGROUND

2.1 In 2013, we received notification from the County Council that they had taken the decision to withdraw recycling credit payment from 1st April 2014 although this was deferred until 1st April 2015 due to the lateness of advising districts. Similarly, notification was given to all districts that the Cost sharing payment would not be extended past April 2018.

2.2 Discussions continue to be held at both Member and Officer level about the financial impact that the cessation of recycling credit and cost sharing payment will have on districts for which a separate report is included on this agenda.

2.3 In April of this year, in response to concerns expressed by the districts at the prospects of severe reductions in compensatory recycling payments, County Councillor Jennifer Mein, Leader of the County Council wrote to all District Council Leaders and Chief Executives offering to work with district councils to explore how waste collection costs in Lancashire can be reduced to meet the future reduction in resources. She has proposed that the County Council fund the cost of an independent review of waste collection services with the brief to make recommendations as to how costs could be reduced.

2.4 Although the County Council is seeking a formal commitment by the districts to be part of the proposed review, we have not yet responded due to a number of concerns shared by the Lancashire district officers. These concerns also include the refusal of the County Council to include or accept that the waste disposal authority cost base and treatment arrangements are fundamental to the review.

2.5 At an earlier meeting of Lancashire local authority Leaders, the Leader of Burnley Borough Council volunteered his authority to work with the County Council to develop a draft scope for the review of the collection services.

3 ISSUES

3.1 In October 2014, the draft scope was sent to all Lancashire district Chief Executives by Jo Turton, Chief Executive, Lancashire County Council. It should be noted that following completion of the draft by Burnley districts have been advised that it was subsequently altered by the County Council.

3.2 The draft scope states that "the fundamental aim of the review will be to provide options and recommendations that, if implemented, will reduce the overall cost base of waste collection services in Lancashire". It is at this point that I would remind Members that this authority is the only district in Lancashire providing a weekly collection of residual / general waste. Therefore it would come as no surprise to be advised that a reduction in service levels would result in the biggest savings.

3.3 It is anticipated that the review will be undertaken by Consultants and that the scope will develop as the different arrangements and practices of each authority are reviewed. In agreeing to the review districts will have to share commercially sensitive information and as a minimum will be asked for the following:

- Fleet provision and costs
- Maintenance costs
- Management costs
- Employee costs
- Contract costs
- Overheads
- Vehicle types, crewing and routing
- Procurement arrangements

This would be a sizable task to gather such information.

3.4 It has been proposed that the in depth examination of options will concentrate on reducing a county wide waste collection cost base and as a minimum will include:

- An assessment of Lancashire collection services against current national best practice and legislative requirements.
- An assessment of minimum statutory collection levels against a single Lancashire model.
- Options for different collection models based on cost, efficiency and performance.
- Options for introduction of charging schemes.
- Commercial waste services provision.
- Options for partnerships, joint working and shared services.
- Consideration of the requirements of, and impacts upon , the Lancashire Municipal Waste Management Strategy

I would remind Members at this point that whilst this authority was the first to adopt the targets and objectives of the Strategy we have always refused to accept the delivery mechanism that it sought to standardise service delivery.

I should also remind Members that Ribble Valley even by providing a weekly collection of residual / general waste has one of the lowest collection costs per

household in Lancashire for which we have been recognised by the Secretary of State as an authority of best practice.

3.5 It should be noted that County Officers appear to believe Leaders and Chief Executive Officers of the districts had agreed to a review of waste collection authorities even when challenged by the majority of district officers.

3.6 Districts officers have already provided examples where they have explored joint working etc using the same Consultants that the County Council is proposing for the review. They have also explained that the potential cost savings were not sufficient to warrant changes to their collection frequencies / systems.

3.7 There are also concerns that this is an attempt by the County Council to revive their earlier proposal for a single collection and disposal contract for Lancashire which they submitted in their first Outline Business Case for PFI funding and was dismissed by the Secretary of State.

3.8 Ribble Valley hosted a meeting of the district waste officers on the 17 December 2014, to discuss a range of issues relating to the proposed waste collection review. The meeting concluded that it is non-sensical for disposal not to be included in the review when the total collection costs for Lancashire is around £30 million per annum whilst the waste disposal authority costs are around £120 million, 80% of the total annual costs.

3.9 The following list of concerns were raised by officers and are not in any order of priority or importance:

- Commercial Confidentiality
- Will authorities be compared on a like for like basis?
- Collection budgets are far smaller than the disposal budget but there is little appetite by the County Council to include within the review
- No link to changes with the PFI facilities that could increase performance and / or provide financial benefits
- How will existing collection contracts be aligned?
- How will emerging legislation such as TEEP and MRF regulations impact on collections?
- Is there a political / local appetite to change systems?
- There are different back office set ups.
- Should an East Lancashire treatment solution be resolved first?
- How will change affect public satisfaction levels?
- Who will pay for the cost of introducing recommendations?
- What will be the effect on changes to other services?
- Will changes affect policy decisions?
- Limited management capacity to spend gathering information.

3.10 From the meeting, it does appear that the majority of districts may agree to take part in the review, although it must be said that their acceptance was subject to a number of provisions being included as part of the arrangement. The outcome of the meeting was that West Lancs would submit a report to the next meeting of Leaders and Chief Executives, highlighting the following summary of the concerns addressed in 3.9 that districts should raise when responding to the County Council`s offer letter:

- **Disposal Needs to be Included in the Review**
  The cost of collection for Lancashire WCAs is around £30m per year, LCC's costs as a WDA are around £120m. It seems non-sensical for disposal not to be included in the review when it makes up 80% of the costs.
- **Different Disposal Arrangements Across the County**
  Future disposal arrangements for East Lancashire WCAs have yet to be decided. Until these arrangements are know it will be impossible to design a collection service to take into account what could include a significant change to infrastructure and delivery points.
- **Contractual Commitments**
  For those WCA who contract out the collection service it will be difficult to provide detailed accurate information on costs as much of this information is commercially sensitive. For all WCAs compiling of this data will be time consuming and there is limited management capacity to spend gathering it. Some Authorities have signed up to the Living Wage Commitment and the cost of retaining this Commitment will need to be assessed. The costs of terminating existing contracts should also be included to give an accurate cost of service changes, as well as a risk assessment of extending any contracts to co-terminate with others.
- **Overall Impact on Services**
  Waste collection is a universal service provided to all Council Tax payers. The review needs to address the impact on other Council services if changes are introduced. Some Authorities are prepared to spend more on their service and others account for their back office set ups differently. It will be difficult to compare data with any confidence. It will be challenging to provide a universal service across the County that take into account variations in demographics and housing types as well as the aspirations of the public and Elected Members.
- **Performance**
  The national recycling target for 2020 is 50%. Currently Lancashire recycles 43% of its waste. The review needs to address how this gap will be bridged as there is potential for EU fines for not meeting this target to be passed down to Local Authorities. Any changes to collection services will need to be compliant with Waste Regulations that come into force on 1 January 2015 requiring materials to be collected separately unless it can be demonstrated that it is not technically, environmentally or economically practicable (TEEP).

3.11 Since the report has been drafted, the letter attached in Appendix A has been received from the Chief Executive of the County Council. It would appear that this precludes any chance of the concerns above being recognised in the review process.

4 CONCLUSION

4.1 County Council Officers have made no secret of the fact that they believe 12 different refuse collection services across the 12 different districts cannot be the most efficient or effective way of collecting refuse.

4.2 The County Council paying for a review of District Council services also raises an interesting principle.

5 RISK ASSESSMENT

5.1 The approval of this report may have the following implications:

- Resources – The gathering of information for the review would demand a significant amount of officer time.

- Technical, Environmental and Legal – None at this stage although there is a concern on the detailed information required for the review.

- Political – The danger is that the County Council develop an argument for a single collection and disposal contract for Lancashire

- Reputation – None at this stage

- Equality & Diversity – eg No implications identified.

6 **RECOMMENDED THAT COMMITTEE**

6.1 Note the report, and:

6.2 Consider whether to accept the County Council`s offer for this authority to be included within the waste collection review subject to the inclusion of the areas listed in 3.10.

PETER McGEORGE
WASTE MANAGEMENT OFFICER

JOHN HEAP
DIRECTOR OF COMMUNITY SERVICES

BACKGROUND PAPERS

Review of Lancashire Waste Collection Services - Draft Scope

Waste Management Files

For further information please ask for Peter McGeorge, extension 4467.

REF: Author/typist/committee/date

APPENDIX A

Lancashire County Council

Marshal Scott
Sent via email:
Lynne.calver@ribblevalley.gov.uk

Phone: 01772 536260
Email: jo.turton@lancashire.gov.uk
Your ref:
Our ref: JT/MO
Date: 23 December 2014

Dear Mr Scott

Review of Lancashire Waste Collection Services

Further to my letter of the 22 October 2014 providing the draft scope I write with an update on the current position in respect of the proposed review of waste collection services.

To date I have received positive responses from Burnley, Wyre and Lancaster who have all confirmed their intention to be part of the proposed review.

I have received a response from colleagues at West Lancashire who suggested that the Waste Officer Implementation Group prepare a report for Lancashire Chief Executives on 23 January 2015. However, I do not consider that this would be beneficial to the process at this stage. As detailed in my referenced letter the County Council has incorporated authority's preferences and comments where it has been able to do so without undermining the initial premise of the review that the Council is willing to fund. Any further discussion at this stage would merely re-open the debate and cause delays which may ultimately result in the opportunity for authorities to put timely financial strategies in place being lost.

I would like to commence the review with the willing participants in the New Year and as such would be extremely grateful if those who have not yet confirmed their intention to take part would respond one way or the other by the 23 January 2015.

Yours sincerely

Jo Turton
Chief Executive