

Review of Waste Services in Spelthorne 2015

During 2015 the Waste Services Group which comprised of officers from both Environment Services and Streetscene researched options and opportunities to deliver more adaptable and efficient waste collection services, these included:-

(a) Consider lease v purchase options

Outright purchase appears to be the simplest method of all, but is not necessarily the cheapest or the most efficient option. For many years, this was the funding method of choice for most public sector organisations. However, it requires ready availability of the full capital sums of the purchase price, and puts the vehicle on the 'balance sheet' of the authority, as an asset. In recent years, the extreme pressure on capital expenditure has made this a less useful option. This option is however favoured when purchasing more bespoke vehicles as lease costs for "specialist" vehicles are much higher.

Contract Hire provides a highly outsourced solution to vehicle provision, with a high level of fixed costing and risk transfer to an external supplier. The supplier's economies of scale reduce their costs and subsequently that of the hirer. Most lease companies are large enough to absorb realistic levels of risk transfer across all cost types.

Recommendation: To carry out a procurement exercise through the YPO (Yorkshire Purchasing Organisation) to lease 16 vehicles associated with refuse collection and street cleansing as detailed in 2.1c of the main body of the report. Subject to full Council approval, purchase outright, through the YPO, 3 vehicles associated with separate collection of food waste, WEEE & textiles and 1 multi use vehicle, mainly used for bin deliveries.

(b) Consider collecting food and garden waste co-mingled

Garden waste is now assigned to Surrey County Council for disposal and, therefore, must be collected separately from food waste. This also allows for more sustainable processing as garden waste can be openly composted whereas food needs to be processed using anaerobic digestion.

Recommendation: To continue to collect as now. This charged-for service provides a valuable source of income generation to the Council

(c) Consider collecting materials separately e.g. glass/paper to gain higher value recyclables

It is widely accepted in the waste industry that separating glass from co-mingled collections greatly improves the quality of the recyclable materials. Analysis has been undertaken using WRAP's (Waste & Resources Action Programme) CAT (Computer Assisted Translation) tool to model the effect of collecting glass separately. The model showed that this provided less benefit than collecting co-mingled recycling, due to being more expensive to deliver resulting in the most expensive collection system modelled. The reason it was considered along with other options is that separating glass improves the quality of recyclate, thus allowing the recyclate to attract a higher price. However, to ask residents to now extract glass from the co-mingled materials and require an extra bin to be provided would involve significant resources and so is not currently cost effective

Recommendation: To continue to collect comingled recycling as now, introducing new items as and when improved sorting technology at the MRF (Materials Recycling Facility) is available.

(d) Consider change to collection service frequency (e.g. a 3 weekly basis)

Research shows that some local authorities are considering options for changing collection frequencies in order to cut operational costs. Some authorities in the UK such as Bury, East

Appendix 1

Devon & Powys have recently introduced 3 weekly services where waste is collected every 3 weeks and dry recycling and organic recycling collected in various combinations (weekly, two or three weekly).

Analysis has been undertaken using WRAP's CAT tool to analyse alternative collection frequencies for Spelthorne.

This modelling was based on residual waste being collected every 3 weeks. It shows that this system provides the highest environmental benefit and it is also the cheapest of the systems modelled. However, this is a more complex system and this model is only illustrative of one of many different possible configurations. As this collection frequency has not yet been in operation for long periods in authorities where it has been introduced, it is suggested that additional research and a cost analysis takes place in the future to establish the pros and cons of a reduced collection frequency.

Recommendation: The view of the Waste Board is that we should not currently change from Alternate Weekly Collection. However, in light of the difficult budget situation that Spelthorne faces in future years, this option should be fully researched once more facts are available from areas that already undertake the reduced 3 weekly collection frequency.

(e) Consider double shifting of vehicles

Research by Surrey County Council shows that double shifting of vehicles does not necessarily reduce costs. It would create a need for alternative shift patterns, 4 day weeks, longer hours, 7 day shift rotas and weekend working.

The Head of Streetscene has also researched the pros and cons of double shifting. This research established that whilst this would and does work in larger authorities, mainly in central London with refuse fleets of 30 or more, and where collections are carried out daily, it would not meet the needs of Spelthorne's residents. There is also no evidence to suggest that double shifting would reduce service costs, but it would, within Spelthorne, create service issues and has the potential to increase the risk of service failure and put employees at risk when working in the dark during busy periods of the day.

Recommendation: Considering research undertaken by both Surrey County Council and the Head of Streetscene it is recommended that we do not pursue this option.

(f) Consider collecting food waste separately from rubbish/recycling

Based on our industry research plus our experience since launching the weekly food waste collection service in 2011, we believe that collecting food waste in separate vehicles would provide a more efficient service.

Separate food waste collections, in conjunction with a rerouting exercise, has the potential to reduce costs, require fewer tipping trips and result in a more flexible fleet with optimal vehicle capacity. Work was also undertaken as to the feasibility of an additional collection compartment to collect materials such as textiles, small electrical items (WEEE) and batteries. Other boroughs such as Woking and Guildford have adapted their RCV's to have cages on to take these materials, and Runnymede has adapted their food waste vehicles. As this seemed a straightforward mode of operation, vehicle manufacturers now consider such adaptations feasible and, as a result, vehicles are now available that have the capacity to collect food waste, textiles and WEEE all on one vehicle. This then removes the need to carry out a separate textile & WEEE collection service.

This option also gives us the opportunity to lease standard 26T refuse vehicles (with no food pod) which will help us to ensure that we have the flexibility to adapt to future service changes. In order to maximise opportunities for improving waste collection services it is important the vehicles used have up-to-date in-cab information systems which allow feedback on participation in the services on offer and identification of contamination issues. The former

Appendix 1

is becoming increasingly important to maximise recycling and the latter because of the need to ensure high quality recyclate and, therefore, obtain the best price for recyclables.

Analysis has been undertaken using WRAP's CAT tool to model the effect of collecting food waste separately. Due to the number of vehicles and staff suggested in the model, the results show higher costs. However we have recalculated the potential costs based on the actual vehicle and staffing levels that we believe are required, along with research in other authorities, and the recalculated costs are equivalent to that of our current collection method.

Recommendation: It is recommended that we collect food waste, textiles & WEEE weekly on 1 vehicle and use standard refuse vehicles for both waste and recycling with up to date in-cab technology for monitoring rounds.

(g) Consider partnership arrangement

The Surrey Waste Partnership, with the escalating costs of waste, has started to look at how waste management can be more cost effective and managed more sustainably in the future. The unprecedented financial situation affecting all of Surrey's authorities creates a strong imperative for addressing the barriers to improving waste management across the county. By working more effectively together, significant financial and environmental savings could be made for the Surrey taxpayer. It has been estimated that annual savings of up to **£8 million** could come from:

- Capturing more recycling – **£4 million**
- Getting better value from this material – **£1.4 million**
- Running waste services more efficiently – **£2.6 million**

As a result, both the SWP Members Group and Chief Executives have started to consider the future and the following issues are now being considered in depth:

- The current system of cross-tier financial transfers, including recycling credits, is not effective and will **not be retained**
- All 12 authorities must make a commitment to drive value across the **whole system** to reduce costs and benefit Surrey taxpayers
- The **nature** and **pace** of what could or should be done in collaboration **varies** between the authorities
- Officers should continue to **explore new ways of working** and report back

Given potential changes to the financing of recycling credits it is even more important that we focus the new service and continue to concentrate on communications to increase recycling rates. We are also working across Surrey collaboratively to establish best practice and develop consistent and targeted communications to minimise waste and maximise recycling.

Spelthorne has had discussions with, and explored opportunities with, our neighbouring boroughs and while there are no immediate opportunities for joint working it is evident that collaborative opportunities should be explored further in the future.

There are already small beginnings in developing a partnership with Runnymede, in that Spelthorne have recently carried out a joint agency contract procurement exercise for the provision of operational staff with Runnymede. It is hoped that this new joint contract will help us in the future to further explore other joint working opportunities with Runnymede.

Recommendation: There are no immediate opportunities to operate a joint refuse collection service with our geographic neighbours. However the proposed changes detailed within the review of waste services and vehicle procurement report, together with the Surrey Waste

Appendix 1

Partnership, will allow partnership opportunities to be explored in the future to develop more cost effective methods of working to continue cost reductions and improve recycling rates.

(h) Consider future options for outsourcing refuse collection as part of Surrey wide contract

During 2015, 4 authorities (who have contracted-out services) in Surrey, carried out a joint procurement exercise for the delivery of their waste services. The results of the tender are being evaluated and the results in terms of benefits to each authority will be shared with the Surrey Waste Partnership members during 2016. As these authorities are already contracted out to the private sector, evaluation in terms of savings realised as a result of the tender will be relatively straightforward to evaluate

In the industry there are no clear trends in the direction of contracted-out or in-house service delivery, although there are number of examples where authorities have come together to run one service e.g. Somerset Waste Partnership, East Sussex grouping. A small number of authorities who have run DSOs in the past have recently outsourced, whilst others who have been working with a contractor for many years are bringing their services back in-house or, as with Hounslow, are setting up an arms-length trading company.

For Spelthorne a change from an in-house operation to an outsourced refuse collection service would require a complete evaluation of the services Streetscene currently provide, breaking down the interaction of staff and vehicles. However, as we are seeing our budgets diminish dramatically year on year, it is likely that we will be looking harder than ever for savings on waste collection and this may be one direction of travel to explore along with options within the Surrey Waste Partnership

Recommendation: With the timescales involved, we are not in a position to consider looking at potential options for outsourcing at this stage.

(i) Income generation

Spelthorne sold its Trade Waste collection customers in 2008 to an external contractor and realised a large capital receipt. The sale prohibited the Council from dealing in the trade waste business for a period of 8 years, this timescale has now lapsed and we have the opportunity to carry out a commercial waste review. A review would entail a detailed market analysis, exploring and assessing options for service growth and efficiencies. It would also involve an in-depth assessment of costs and revenues to arrive at a model of the potential service, which would provide a robust baseline against which the likely effect of creating a new trade waste collection service in Spelthorne could be assessed. Given the level of detail and knowledge required for such a review it is anticipated that experts in this field would need to be engaged.

The wheelie bin garden waste service was introduced in 2009 and has gone from strength to strength, starting with 2000 customers and now with over 8000. This charged-for service provides a valuable source of income for the Council and opportunities for increasing its customer base will be explored during 2016/17.

Recommendation: Expansion of the garden waste service will be researched in 2016/17 and consideration will be given to engaging experts to assess trade waste opportunities.

(j) Optimise collection rounds by carrying out a re-routing exercise

Optimising waste collection routes can reduce the number of vehicles needed, the miles they travel and the amount of fuel they use. The technology used by a variety of companies builds accurate models of round design to help manage performance and ensure a fair day's work for all crews, whatever their round, whatever their service. Changes to waste services have a huge impact if things go wrong, and the technology used to carry out round redesign helps to minimise this risk and helps to reassure all involved that changes will work now and in the future.

Review of waste services & vehicle procurement

Appendix 1

Recommendation: A re-routing exercise has been undertaken in 2016 which incorporated known current and future new builds for the next 18/24 months. As a result of this exercise, there will be some amendments to routes and changes to collection days, all of which will be incorporated in the communication plan as part of the waste project. Whilst there is no reduction in vehicle numbers, it is anticipated that some savings will be achieved through this route optimisation.