

**28 October 2015**

**ITEM: 11**

**Council**

## **Cabinet Member Report - Environment**

**Report of:** Councillor Gerard Rice, Portfolio Holder for Environment

This report is public.

### **Introduction**

The Environment Portfolio is unique in the Council, in that the services it represents are the only Council services that are provided to all residents in the Borough every week. Waste collections are made from every household as an active interaction and more passively the levels of street cleanliness and the state of our parks, open spaces and verges have impact on all residents and visitors to the Borough as they go about their daily business.

The core services covered by the portfolio and delivered by the Environment Directorate, are:

- Waste collection and disposal
- Street Services which incorporates street cleansing and parks and open spaces (including Country Parks, cemeteries, and sports pitches).
- Operational aspects of Highway Repair and Maintenance
- Fleet Management and Maintenance

This report has been prepared to provide an overview of those services. Details of each service are provided below with an overview of current performance against key performance indicators and benchmark comparators where possible. Some of the challenges and opportunities for the service are explored.

### **Service Overview:**

#### Waste Collection and Disposal

The current Waste Collection regime has been run by an in-house team since 2010. The service provides a weekly collection of residual waste, dry recycling and kitchen and garden waste.

Thurrock currently operates six recycling and treatment contracts to manage the disposal of the various materials in the three bin system, our streets waste, and operation and disposal of landfill and compost from our civic amenity site.

The current waste treatment contract was terminated early in order to obtain best value in terms of the prices that we pay per tonne, and a new contract commenced on 7 September 2015 and runs until 31 March 2024. By tendering this contract early,

Thurrock Council will save around £800,000 per year.

All other contracts will expire between 31 March and 14 April 2017 and have no extension provisions. The overall value of these contract lots will be in the region of £3 million per annum.

Over the course of a year the collection teams empty 10 million wheeled bins, disposing of 69,000 tonnes of household waste. A key measure of success for the service is the proportion of collections made on time. In 2013/14 the team achieved on time collection of 97%, and the year to date figure for 2014/15 is 99%. The cost of the collection service per household currently stands at £1.58 per household per week, whilst disposal costs are an additional £1.75 per household per week.

The three bin system supports the Council's objectives relating to recycling and despite a dip in the recycling rate over the past two years, our performance continues in line with the National Average for English authorities with an outturn of 40% in 2014/15. The target for the current year is to achieve a recycling and re-use rate of 45%. Recycling rates are important not only for the environmental benefits, but also from a cost perspective, as the cost of disposal for recycling is significantly lower than via Energy From Waste (EFW) or landfill methods (currently £55 per tonne compared to £96 per tonne).

Improvements to the Household Waste & Recycling Centre (Civic Amenity Site) at Linford have seen a wider range of materials accepted for recycling, a higher proportion of materials handled being recycled, and a reduction in the amount of trade waste illegally entering the site.

Significant changes are planned for the service in 2015/16 with the re-tendering of some disposal contracts, and the re-routing of all rounds as we move to 'sweep' collection methodology, which will optimise operational productivity across the collection team. The re-routing exercise is nearing completion, and expected to be fully implemented over the next 3 months, following a full programme of communication with residents to inform them of changes in collection days. These changes are being implemented to enable the Directorate to operate with the reduced financial envelope available due to Council-wide savings targets.

Our waste disposal operation has been impacted by major difficulties with our dry recycling (blue bin) contract arrangements, following closure of the plant used in Tilbury requiring us to source alternative facilities in Bow in east London. As well as the logistical issues associated with transporting collected waste 13 miles outside the borough, the interim disposal arrangements are significantly more expensive than our contracted rates.

Levels of contamination and poor segregation of recyclates in domestic waste bins has increased steadily in recent years, resulting in default penalties from our disposal contractors and increased disposal/treatment costs due to the much higher unit rates associated with EFW/Landfill disposal methods compared with those for recycling of waste.

These issues are currently being addressed through a programme of resident engagement, both via a range of communication initiatives and, in the worst instances,

withdrawal of recycling bins. This is helping to improve resident participation, although the full impact will only emerge as we interpret cost and tonnage results over the coming months.

A further development facing the Waste Management Service is the introduction of TEEP regulations. From January 2015 all waste collectors are required to collect paper, metal, plastic and glass separately. These conditions apply where it is:

- a) Necessary to meet the quality standards for the relevant recycling sectors; and
- b) Technically, Environmentally and Economically Practicable (TEEP).

A review in February 2015 demonstrated that in both necessity and technical, environmental and economic terms; the current collection system is unlikely to comply with the regulation.

Whilst it is not feasible to make any immediate changes to the collection methodology or contracts, a clear route towards compliance needs to be identified. In July 2015 the Cleaning, Greening and Safer Overview & Scrutiny Committee gave permission for the service to undertake an options appraisal to identify an optimum way of complying with this legislation. This work is currently underway, and results from the appraisal will be available in December 2015. The extent of the changes and associated costs are yet to be determined, however, an initial report has suggested that a change in collection methodology may prove to be more efficient and have a positive impact on the level of recycling across the Borough.

### Street Services - Cleansing

In 2014/15 the standard of street cleanliness in Borough showed a further year on year improvement with levels of cleanliness significantly better than the national average performance standard. It is important to note that the improvement in cleanliness has been achieved whilst the cost of the service per head has remained amongst the lowest amongst authorities having a similar profile. The 2013/14 APSE (Association for Public Service Excellence) performance indicator standings report indicates that our annual cost of street cleansing per head was £9.84; this is £0.04 lower than the previous year and £1.54 less than the comparator group average.

The full year effect of cleansing-related savings introduced during the last financial year equate to around £600,000 in 2015/16, mostly achieved by reductions in frontline capacity. Where possible, high profile areas and functions have been prioritised, but service levels and quality have inevitably been compromised across the borough.

### Street Services - Parks & Open Spaces and Grounds Maintenance

Parks amenities across the borough have continued to be maintained to a high level, and the quality of play and sports facilities has been enhanced. The department continues to support the highly regarded Thurrock in Bloom event. £1.2 million was secured from Heritage Lottery and the Veolia North Thames Trust to further restore the Coalhouse Fort site, with the installation of new toilets, visitor centre and a café now completed. A proportion of the income from the café will be ring-fenced to fund future restoration work on site. An Education Officer post and a Community Development

Officer post have been grant funded for a three year period to support the work of the existing ranger.

The service is responsible for the maintenance of green spaces on Housing land. The Service Level Agreement that has now been in place for 5 years has delivered improved maintenance in housing areas, and the annual SLA charge to Housing was reduced in 2014/15 by £130,000 to reflect efficiencies achieved within the service.

Operational capacity within our Street Services functions generally was reduced in 2015/16 by around a third in order to deliver corporate savings. The budgetary impact of this within our Grounds Maintenance and Parks & Open Spaces functions equates to £990,000.

The scale of reduction across our frontline service functions meant that it was no longer effective or efficient for us to maintain discrete Cleansing and Greening teams. The restructure we have now embedded replaces distinct functional splits with multi-skilled, area-based teams. Operating in areas allows the frontline teams to respond quickly to issues as they arise as well as developing more in-depth knowledge of their respective areas and the 'hotspots' to focus on.

### Operational Highways Maintenance and Repair

Although not responsible for the strategic aspects of the Highways Network, the Environment portfolio includes the service that carries out the on-street work such as maintaining footpaths, verges and sightlines, repairing potholes and winter gritting, as well as a number of minor capital projects across the borough. The team also carried out the infrastructure work for the Coastal Pathway project. The past (2014/15) winter was notable in that it was fairly mild, however our gritting operations were mobilised on 48 occasions, the last of which was as late as the end of March.

Winter Gritting crews have been retrained and are on standby for the coming winter season. Salt levels remain high, and further supplies are accessible if required. Provision of our usual high-quality response to winter conditions remains a high priority.

Our Highways team is one of the few Council services still operating within a 'client/contractor' model, with the majority of its work other than winter gritting being received as works orders from the central Highways & Transportation team. A review of the processes and procedures underpinning this arrangement identified several areas where there is scope to improve both the effectiveness and efficiency of the overall function, and our 2015/16 budget reflects the £220,000 saving we could derive by improving workflow and billing arrangements and optimising inspection activities.

Some progress has been made on improving communication processes and systems, and we hope to accelerate a joint focus on other aspects of the working relationship over the coming weeks and months.

### Fleet Management and Facilities

The creation of the workshop at St Clements Way has been a positive development for the department. Repair and maintenance for the Council's fleet of vehicles is now

completed in-house, reducing dependence on expensive external providers. Additionally the service has assumed responsibility for the safety inspections for Taxis and private hire vehicles in the Borough and has recently been approved as a VOSA MoT Centre.

Recent reviews of the fleet have allowed us to reduce some of our equipment levels and lower service overhead costs as a consequence.

The reduced operational and management / back office capacity now in place as a result of the budget savings and the move to an area-based frontline configuration have made it possible for us to consolidate all of our operations within our Oliver Close / St Clements site in West Thurrock. The Curzon Drive depot will be vacated as a consequence and the teams currently based there will relocate in January 2016 to the redeveloped West Thurrock site. Additional facilities at the site will include a rationalised stores building, a storage barn for equipment, and a dedicated Salt Barn, which will improve our winter maintenance effectiveness and efficiency.

### **Key Challenges for 2015/16:**

As with many of the Services delivered by the Council the key challenge faced by the Environment Portfolio is the depth of the savings required to enable the Council to operate within budget constraints.

The reduced operational capacity necessary to deliver the scale of savings required has resulted in a lower level of service in many areas, and the team is continuing to refine proposals to minimise this impact wherever possible.

An in-depth review of internal communication methods and systems has taken place to enhance our frontline responsiveness to public and member service requests and complaints, reduce dependence on cumbersome paper-based processes, and improve the quality and effectiveness of our performance monitoring and management across our functional teams.

The Waste TEEP regulations now in force (see Waste Collection & Disposal overview) place several obligations on the Council that require us to review our waste collection and disposal processes and procedures. Compliance with the regulations may result in changes to our methodologies and give rise to further budgetary pressures.

Financially, the reduced breadth and scale of operations leaves us with very little contingency to meet unexpected pressures, for example a harsh winter. We are therefore strengthening our financial controls and financial forecasting methods to provide early warning of problems, allowing mitigating actions to be planned in advance.

Whilst we aim for continuous improvement in efficiency, the scope for significant cost reductions are limited if we are to protect service levels. A priority for the department therefore remains a focus on identifying and developing external domestic, commercial and public sector markets for our core services in order to exploit the economies of scale offered by a broader level of output and reduce the unit costs of our in-house services.

## Key Service Outputs

Service Area	Function	Annual Output	Weekly Cost per Household
<b>Waste Management</b>	No. of domestic bin collections per year	10,210,044	Collection £1.58  Disposal £1.75
	Annual domestic tonnage collected and disposed of	72,390 tonnes	
	% of domestic bins collected on time	98.6%	
<b>Street Cleansing</b>	Annual cleansing miles of highways.	15,672 miles	£0.41
	Number of Litter Bins emptied	587 No.	
	Tonnage of Street Cleansing waste collected	3,136 tonnes	
<b>Greening</b> (incl Parks & Open Spaces, Country Parks, Burial Grounds, Outdoor Sports etc)	No. of Playgrounds maintained	71 No.	£0.73
	Overall grassed areas maintained	518 hectares	
	No. of Urban Parks maintained	72 No.	
<b>Winter Maintenance</b> (2014/15 season)	Tonnage of salt used	1,680 tonnes of salt used (on average 35 tonnes per run)	£0.06
	No. of Gritting runs completed	48 runs	
	Length of Gritting run	266 miles per run	
	Total miles gritted	12,768 miles	

## Summary

The Environment Portfolio is operating both effectively and efficiently with no major areas of significant weakness. The strategic and operational management within the Department continues to be strong, demonstrating robust financial management and continuous improvement in the delivery of high quality services across the Borough.

## Financial Information

### Budget Savings 2014/15 - 2015/16

	2014/15 Savings £000	2015/16 Savings £000	Total £000
Unachieved Serco and T&Cs savings	-	219	219
Generation of Income	38	113	150
Environment Management Changes	23	116	139
Depot Relocation	50	150	200
Waste Collection & Disposal	-	1,012	1,012
Grounds Maintenance Functions	-	990	990
Street Cleansing Functions	172	416	588
Highways Team – Review Working Arrangements	55	165	220
	<b>338</b>	<b>3,181</b>	<b>3,518</b>

### Environment - Annual Budget and Forecast Outturn

Service	Activity	Last Year Outturn	2015/16 Budget	Forecast Spend	Forecast Variance
Street Services	Highways / Emergency Response	396.1	215.3	215.3	-
	Street Cleansing Services	1,856.9	1,383.6	1,473.0	89.4
<b>Street Services Total</b>		<b>2,253.1</b>	<b>1,598.9</b>	<b>1,688.3</b>	<b>89.4</b>
Waste Management	Waste In-House Services	5,476.1	5,348.6	5,465.7	117.1
	Waste Contracted Services	6,490.7	5,434.1	6,576.9	1,142.8
<b>Waste Management Total</b>		<b>11,966.8</b>	<b>10,782.7</b>	<b>12,042.6</b>	<b>1,259.9</b>
Greening Services	Parks & Open Spaces, Grounds Maintenance etc	1,920.1	2,145.9	2,100.5	45.4cr
	Horticulture & Arboriculture	330.8	27.7	7.7	20.0cr
	Cemeteries, Allots. & Memorials	287.9	15.2	15.2	-
	Grays Beach	222.8	32.3	17.3	15.0cr
	Country Parks	308.3	269.4	269.4	-
<b>Greening Services Total</b>		<b>3,069.9</b>	<b>2,490.4</b>	<b>2,410.0</b>	<b>80.4cr</b>
<b>Grand Total</b>		<b>17,289.8</b>	<b>14,872.1</b>	<b>16,141.0</b>	<b>1,268.9</b>

### Financial Implications

Approved by Mike Jones, Management Accountant, Corporate Finance

The financial table within the report demonstrates that there is a projected adverse variance within the portfolio of £1.268m. This is largely as a result of the cessation

of the dry recycling MRF contract and the decision not to charge for the garden waste facility.

Directors' Board and officers are actively seeking and taking action in order to mitigate these pressures in order to deliver a balanced financial position at the end of the financial year. These will be reported in more detail as part of the Shaping the Council reports to Cabinet in November.