

**Decision Maker:** Environment Portfolio Holder

**Date:** 18th February 2015

**Decision Type:** Non-Urgent Executive Key

**Title:** REVISION TO KERBSIDE PAPER COLLECTION SERVICE

**Contact Officer:** John Woodruff, Head of Waste Services  
Tel: 020 8313 4910 E-mail: john.woodruff@bromley.gov.uk

**Chief Officer:** Nigel Davies, Executive Director of Environment & Community Services

**Ward:** All

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**1. Reason for report**

This report recommends that approval be given to revise the frequency of the kerbside paper collection service, in order to achieve a substantive saving whilst reflecting the changes in the tonnages of material being collected. This report outlines the savings achievable from such a change, along with the projected implementation costs.

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**2. RECOMMENDATION**

**2.1 That the Environment Portfolio Holder agrees to the revision of the frequency of kerbside paper collections and associated operational changes, based on either Option 1 or Option 2.**

**2.2 That should the Portfolio Holder agree Option 1, the Executive be asked to approve an allocation of £558k from capital receipts for the purchase of three split bodied vehicles and to add the scheme to the Capital Programme.**

## Corporate Policy

1. Policy Status: Existing Policy
  2. BBB Priority: Quality Environment
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## Financial

1. Cost of proposal: Implementation costs of £298k and capital costs of £558k for Option 1 and £345k for Option 2.
  2. Ongoing costs: Recurring Cost: Potential annual savings of £143k for 2015/16 and £500k from 2016/17 for Option 1 and £96k for 2015/16 and £380k for 2016/17 for Option 2.
  3. Budget head/performance centre: Waste Services and Capital Receipts
  4. Total current budget for this head: £17.5 m
  5. Source of funding: Existing revenue budget 2014/15
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## Staff

1. Number of staff (current and additional): 4 staff. Four temporary Waste Advisors will be appointed for a 6 month period to assist with the implementation of the changes.
  2. If from existing staff resources, number of staff hours:
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## Legal

1. Legal Requirement: Statutory Requirement: Any proposed service revisions will be compliant with the Environmental Protection Act 1990, Controlled Waste Regulations 2012, Household Waste Recycling Act 2003 and the Waste (England and Wales) (Amendments) Regulations 2012
  2. Call-in: Applicable
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## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): All residents of street-level properties.
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## Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments: N/A

### 3. COMMENTARY

- 3.1 The current methodology for kerbside collection of refuse and recyclables from street-level properties (i.e. excluding flats) was introduced in October 2010. At that point the food waste collection service was added to the existing collections for refuse, paper and Green Box (glass/cans/plastics, or GCP). This revision of the collection service was driven by 5 factors: practicality; waste reduction; increased recycling; financial savings; and acceptability to residents.
- 3.2 The previous service offered residents 4 collections over each 2 week period: 2 for residual waste; 1 for paper; and 1 for glass/cans/plastics (GCP).
- 3.3 The current service offers 6: 2 for food; 2 for paper; 1 for GCP; and 1 for residual waste.
- 3.4 This has been achieved by using split-bodied vehicles (SBVs) to co-collect food and paper. In reality, residents still only receive 4 visits by vehicles over each two week period, but the design of the vehicles has facilitated food and paper collections on the same visit.
- 3.5 In 2009/10, the last full year before the revised service was launched, tonnages were:

	<u>Tonnes</u>
Kerbside Residual waste	66,468
Kerbside Paper	15,131
GCP	9,778
<b>Total</b>	<b>91,377</b>

- 3.6 The SBVs have overcome the issue of cost effectively collecting relatively low food waste tonnages. At an average load of only 3 tonnes of food waste per round per day, food-only collections using a single vehicle and crew would be inefficient. However, SBVs have a 'spare' compartment available to collect one other material each week. The vehicles do not have sufficient capacity to co-collect residual waste, so the options available are GCP or paper. When the revised service was introduced in 2010, the option of collecting these on alternating weeks (as is now proposed) was not seen as possible. The capacity of the vehicles would have meant putting on a higher number of SBV rounds and this would have negated the overall savings of the scheme.
- 3.7 Paper was chosen as the weekly collection material for three key reasons. Firstly, it represented the highest tonnage. Combined with its relatively low compaction ratio (compared to GCP), and the waste industry's perception of a safety risk in overloading one side of the SBVs with GCP, this was felt to be the most practical solution. Secondly, paper brings in a healthy income and experience from the trials had indicated that tonnages would increase with the move to a weekly collection. Finally, the higher tonnage of paper collected suggested that the more frequent collections would make the service more convenient for residents by reducing the weight and number of boxes they had to deal with. This would also reduce the workload of the collection crews, a concern which had previously been raised.
- 3.8 The decision to combine food and paper collections in a single visit achieved its intended effects of reducing residual waste tonnages, diverting food waste from landfill, boosting the recycling rate and achieving the projected savings, whilst being acceptable to residents.

3.9 However, the anticipated increase in paper tonnages has not transpired. In fact paper tonnages have fallen, in line with emerging national trends (see paragraph 3.20 below). The tonnage figures for 2013/14 were:

	<b>2013/14</b>	<b>2009/10</b>	<b>Variance</b>	<b>% Variance</b>
	<b>Tonnes</b>	<b>Tonnes</b>	<b>Tonnes</b>	
Kerbside residual waste	49,253	66,468	-17,215	-25.90%
Kerbside paper	13,075	15,131	-2,056	-13.59%
Green Box (GCP)	11,510	9,778	1,732	17.71%
Food waste	10,975	0	10,975	
<b>Total</b>	<b>84,813</b>	<b>91,377</b>	<b>-6,564</b>	<b>-7.18%</b>

3.10 When the scheme was launched, the practical choice was to collect 15,131 tonnes of paper or 9,778 tonnes of GCP. The decision to collect paper rather than GCP was therefore clearly the most efficient solution.

### Future Options

3.11 The options for paper collection in future are now more closely balanced. Only 13,075 tonnes of paper were collected last year, compared to 11,510 tonnes of GCP. For 2014/15 the paper tonnage is projected to fall further to 12,540 tonnes.

3.12 Officers have therefore held discussions with Veolia, the Council's Waste Management contractor, to explore options for further savings from the waste collection service. Due to the change in tonnages, the option of changing the paper collection service from weekly to every other week is now seen as a practical option.

3.13 The revised business case assumes that three additional SBVs would be required to provide sufficient capacity for paper to be collected every other week. This would ensure that paper tonnages per collection are such that the SBVs could cope with the weight disparity between the materials (food waste and paper). The number and weight of collections would also be within the collection crews' capability.

#### Option 1

3.14 The estimated cost of this type of specialist vehicle is £186k per vehicle, a total of £558k for the three vehicles. A request would be made to the Executive to agree the use of capital receipts to fund this purchase, should this option be approved.

3.15 The vehicles are expected to be delivered approximately 22 weeks after placing the order and therefore it will be necessary to use hire vehicles during the interim period to ensure that the service changes can be introduced at the start of June. It is estimated that the hire costs will be £53k.

3.16 The three vehicles would have a minimum life of 8 years. With the current contract expiring in approximately 4 years, these vehicles would have a residual value which could either release the remaining capital of the vehicles or be transferred as part of the new contract consultations.

#### Option 2

3.17 An alternative option would be to hire the three vehicles for the period from June to the end of the current contract, March 2019. This would remove the need for capital expenditure but would reduce the annual revenue savings by approximately £120k. There would also be no residual value of the vehicles when this arrangement ends.

- 3.18 By moving paper collection to every other week, residents would receive 5 collections over each 2 week period - 2 for food, 1 for paper, 1 for GCP and 1 for residual waste. Whilst fewer than now, this is still more collections than were made prior to 2010.
- 3.19 The proposed service revision would allow us to reduce the fleet by 2 vehicles. The estimated savings would be £530k per annum. There would be one-off costs of £100k payable to the contractor in the first year to cover costs for missed bins and the implementation of the revised service.
- 3.20 The change in service would need to be communicated to residents to ensure they are aware of the changes. This would involve utilising Environment Matters (the costs of which are covered by Veolia), and a dedicated letter explaining the changes which would include revised collection calendars. Four additional Waste Advisors would be employed for a 6 month period to enable resident queries and issues to be dealt with quickly and efficiently. In addition, an estimated £25k has been set aside for potential additional call volumes. One-off costs of £115k would be required for the first year to implement these changes.
- 3.21 If the frequency of paper collection is reduced, it is likely that some residents will request additional recycling boxes to store their paper between collections. In 2013, residents requested 10,962 additional/replacement recycling containers. If the service changes are implemented it is assumed that this number would increase by 50% each year, at an estimated cost of £30k per annum.
- 3.22 The reduction in collection vehicles, and thus staffing numbers, employed by the contractor may have led to redundancies being made, and the cost of this would have fallen on the council. However, the contractor has recently confirmed that no redundancy costs will be passed to the council.

#### **4. POLICY IMPLICATIONS**

- 4.1 This Report explores the operational and financial implications of revising Bromley's policies on the collection of household waste, in particular paper.
- 4.2 The Environment Portfolio Plan 2014/17 includes the key aims "Increasing the proportion of waste recycled and composted" and "Reducing the amount of waste sent to landfill".

#### **5. FINANCIAL IMPLICATIONS**

- 5.1 The savings which would be achieved by the service change, agreed between officers and Veolia is £530k. In the first year there will be additional implementation costs of £100k from the contractor to cover implementation of the service revision.
- 5.2 In addition there would be one-off costs of £115k to implement the service change. These would mostly involve communicating the change to residents, and ensuring staffing levels are sufficient to deal effectively with customer concerns during the change-over period.
- 5.3 Veolia have confirmed that there will be no redundancies as a result of these service changes.
- 5.4 It is anticipated that there will be increased pressure on the number of replacement/additional recycling boxes for paper and an additional £30k cost for the provision of these containers has been included.
- 5.5 In order to roll out the revised collection service across the borough, 3 extra split-bodied vehicles will be needed.

- 5.6 One option would be to purchase the vehicles outright for a total cost of £558k. This would also require the interim hire of three vehicles to cover the period until the delivery of the new vehicles, at an estimated cost of £53k.
- 5.7 The table below summarises the overall savings if the additional three vehicles were purchased (Option 1):

**Option 1**

<b>Capital</b>	<b>£'000</b>	
One-off cost of purchasing 3 split-bodied vehicles	558	
<b>Total Capital costs</b>	<b>558</b>	
<b>Revenue</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>
<b>Estimated revenue savings from proposal</b>		
Estimated annual savings	-441	-530
One-off contractor costs for implementation	100	0
Hire costs of 3 split bodied vehicles for up to 16 weeks	53	0
Additional waste advisors for 6 months	50	0
Communications to residents	40	0
Additional call-handling staff/costs	25	0
Provision for additional recycling boxes	30	30
<b>Net cumulative operational savings</b>	<b>-143</b>	<b>-500</b>
Savings built into the 2015/16 budget	-250	-250
<b>Shortfall/additional savings</b>	<b>107</b>	<b>-250</b>

- 5.8 An alternative option would be to lease the three additional vehicles until the end of the contract which would reduce the annual savings by approximately £120k. The table below summarises the financial position of Option 2: -

**Option 2**

<b>Revenue</b>	<b>2015/16 £'000</b>	<b>2016/17 £'000</b>
<b>Estimated revenue savings from proposal</b>		
Estimated annual savings	-441	-530
One-off contractor costs for implementation	100	0
Cost of leasing 3 split bodied vehicles	100	120
Additional waste advisors for 6 months	50	0
Communications to residents	40	0
Additional call-handling staff/costs	25	0
Provision for additional recycling boxes	30	30
<b>Net cumulative operational savings</b>	<b>-96</b>	<b>-380</b>
Savings built into the 2015/16 budget	-250	-250
<b>Shortfall/additional savings</b>	<b>154</b>	<b>-130</b>

- 5.9 In summary, there is a potential net saving of between £96k and £143k in 2015/16 and a net annual saving of between £380k and £500k from 2016/17 onwards.
- 5.10 It should be noted that savings of £250k have been built into the waste service budget for 2015/16. However, as the tables above show, after taking account of the estimated one-off implementation costs, the actual savings expected to be delivered during 2015/16 will be below target by between £107k and £154k. Officers will endeavour to identify alternative savings in

order to balance the budget during the course of the year. In subsequent years, the savings target will be exceeded by between £130k and £250k per annum, depending on which option is approved.

## 6. LEGAL IMPLICATIONS

- 6.1 All proposals will be compliant with the Environmental Protection Act 1990, Controlled Waste Regulations 2012, Household Waste Recycling Act 2003 and the Waste (England and Wales) (Amendments) Regulations 2012, which specify the council's statutory and non-statutory duties with regard to household waste.

## 7. PERSONNEL IMPLICATIONS

- 7.1 None are identified at present. Should the negotiations be successful, any costs for additional staffing and resources to ensure smooth implementation of the revised service will be included in a further report to Members.

<b>Non-Applicable Sections:</b>	None
Background Documents: (Access via Contact Officer)	Report ES 10122 - RECYCLING AND COMPOSTING FOR ALL: PHASE 2 BUSINESS CASE to Executive, 1 <sup>st</sup> September 2010