
REPORT TO:	OVERVIEW and SCRUTINY COMMITTEE	AGENDA ITEM: 8
DATE OF MEETING:	8th FEBRUARY 2018	CATEGORY: RECOMMENDED
REPORT FROM:	STRATEGIC DIRECTOR CORPORATE RESOURCES	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (01283 595811) kevin.stackhouse@south-derbys.gov.uk	DOC: u/KS/waste and cleansing/waste collection scrutiny report 8 th Feb 2018
SUBJECT:	WASTE COLLECTION BUDGET and FUTURE GROWTH PROVISION	TERMS OF REFERENCE: 6.03 (a) (i)
WARD(S) AFFECTED:	ALL	

1.0 Recommendations

1.1 That the Committee consider the proposed budget for Waste Collection Services for 2018/19 and make appropriate recommendations (if any) to Policy Committees to support policy and budget development.

2.0 Purpose of Report

2.1 Following the scrutiny of the Council's budget proposals at the last Committee on 17th January 2018, this report provides greater detail regarding the Waste Collection Service, as agreed by the Committee in January.

3.0 Detail

Background

3.1 The number of household refuse collections has grown by approximately 3,400 households since 2014, due to the continuing growth of residential development. This is on top of the steady increase in households over the last 10 years.

3.2 During 2016/17, the Service consisted of 8 full-time refuse collection crews (or rounds) across the District. This was increased from 7 several years ago.

3.3 These crews collect black (general waste) and brown (composting) bins, together with trade waste from local businesses. The trade waste service is undertaken in a competitive market. The green bins (recycling) are collected by an external company, under contract, for the Council.

3.4 Collections are currently made from over 47,000 households/businesses each week. A standard refuse collection vehicle (26 tonnes) with a driver and two

loaders can usually collect from 5,500 properties per week, assuming a 95% presentation rate.

- 3.5 Seven of the current 8 crews are full-time and average over 5,600 properties per week. The remaining crew is part-time typically collecting from 4,300 properties per week. The part-time crew generally service the trade waste customers.
- 3.6 The Service also provides a Saturday Freighter Service and some Bank Holiday collections, although the Bank Holiday collections are not currently provided by the external contractor for the green bins. There is also a separate crew which collects clinical and bulky waste.

Escalating Costs

- 3.7 During 2016 and 2017, the continuing impact of growth started to put additional strain on resources. Although some rounds were reorganised to maintain efficiencies, it meant that agency staff, overtime and hired vehicles were being used to maintain the Service.
- 3.8 Consequently, the cost of the Service escalated during 2016/2017 as reported to the Finance and Management Committee. The additional costs, compared to the Budget, were projected at up to £200,000 in 2017/18.
- 3.9 In response to this, the Environmental and Development Services Committee considered a report in November 2017, which detailed proposals to add a further crew to the Service. This was agreed and following approval for additional budget by the Finance and Management Committee, the extra round is now being implemented.
- 3.10 The Service will now allow for 9 full crews collecting from an average of 5,000 properties per week; consequently, this will allow for some spare capacity.

4.0 Financial Implications

- 4.1 The additional cost of the extra crew is approximately £130,000 per year. This has been financed from the Growth Reserve in the Medium-Term Financial Plan. This Reserve was previously set up to meet the additional demand on the Council's services from residential development and is included within the Base Budget on an on-going basis.
- 4.2 The Budget for Waste Collection for 2018/19 includes these additional resources and the total budgets for 2018/19 are detailed in **Appendix 1**. A summary is provided in the following table.

Waste Collection Budgets	2018/19	2017/18	Variance
	£	£	£
Household Waste Collection	1,151,647	1,017,377	134,271
Trade Waste Collection	-113,771	-98,932	-14,839
Recycling	384,120	318,118	66,002

Total	<u>1,421,997</u>	<u>1,236,563</u>	<u>185,434</u>
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- 4.3 The above figures exclude vehicle costs which are accounted for centrally alongside the cost of all Council vehicles and plant in a Transport Account. For completeness, the Transport Account is detailed in **Appendix 1**.
- 4.4 Clearly, the overall Budget of the Service is increasing between 2017/18 and 2018/19 due to the extra round. In addition, the cost of recycling will increase due to provision in the Contract for indexation.
- 4.5 Besides staffing, the largest service cost is the disposal of waste. To a large extent, this is offset by “credits” received from the County Council for reducing the amount of household waste through recycling.
- 4.6 The above table shows that the direct account for the Trade Waste Service is in surplus. However, after allocating vehicle costs and central overheads, there is a small overall deficit.

The Cost of Purchasing Vehicles

- 4.7 The Council’s Base Budget allows for a contribution each year to an Asset Replacement Reserve. This is used to replace and purchase new vehicles in accordance with a replacement schedule.
- 4.8 Several of the current refuse vehicles are currently being replaced and the fleet will be operating with new vehicles in 2018/19. The cost of maintaining vehicles is contained within the Transport Account.

Continuing Growth

- 4.9 As a growth area, the number of households continues to increase across the District and will do so in accordance with the Local Plan for several years. At some point, it is inevitable that additional resources will again need to be invested in Waste Collection to meet demand.
- 4.10 The Council has a statutory duty to collect and dispose of waste. The recent increase in resources has accommodated historic growth with some spare capacity. The position should be kept under close review as future growth could be quicker than that previously and the Council needs to be prepared to service this additional demand.
- 4.11 There is currently an on-going amount (Growth Reserve) in the Council’s Medium-Term Financial Plan of £1/2m per year to meet future costs associated with growth. This is kept under review and is likely to be increased in future years from additional income. It is anticipated that any additional costs of Waste Collection will largely be met from this Reserve.

5.0 Corporate Implications

- 5.1 None directly

6.0 Community Implications

6.1 As detailed in the report.

7.0 Background Papers

7.1 None

APPENDIX 1: WASTE COLLECTION BUDGETS 2018/19

	2018/19 £	2017/18 £	VARIANCE £	
Household Waste Collection				
Salaries - Basic Pay	755,552	635,970	119,582	Additional crew
Salaries - National Insurance	64,842	57,932	6,910	Additional crew
Salaries - Other Pay	6,552	0	6,552	Vehicle wash down (previously budgeted in overtime)
Salaries - Overtime	23,539	49,043	-25,504	Additional crew results in less overtime
Salaries - Superannuation	108,599	83,930	24,669	Additional crew
Agency Staff	49,062	24,480	24,582	Cover still required but less than £100k per year previously
Enhanced Pension	58,633	69,686	-11,053	
Medical Fees	500	500	0	
Insurance - Employee	5,245	4,302	943	
Training Expenses	400	2,000	-1,600	
Hire of Other Vehicles	15,000	15,000	0	Still required as contingency
Car Allowances	500	1,100	-600	
Essential User Lump Sum	2,202	2,202	0	
Tools and Equipment - Purchase	800	800	0	
Materials - Other Materials	0	87,000	-87,000	See below
Purchase of Bins and Sacks	95,000	0	95,000	District Growth + Bins coming to end of life
Services - Professional Fees	1,308	35,000	-33,692	Bulky Waste service and bin deliveries now all in-house
Telephone	267	258	9	
Public Liability Insurance	13,646	11,841	1,805	
TPP - Recycling Disbursements	630,000	575,300	54,700	Disposal costs based on 16-17 tonnes @ current £ per tonne
Contributions - County Council	-650,000	-612,868	-37,132	Based on 16-17 tonnes @ current £ per tonne
Fees - Extra Refuse Collections	-30,000	-22,000	-8,000	Bulky collection - in line with previous years
Fees - Other	0	-4,100	4,100	Offset by above
Total - Household Waste Collection	1,151,647	1,017,377	134,271	
Trade Waste Collection				
Materials - Other Materials	0	11,000	-11,000	Offset

Purchase of Bins and Sacks	11,000	0	11,000	Offset
Public Liability Insurance	2,729	2,368	361	
TPP - Waste Collection	172,000	162,000	10,000	Disposal costs based on current tonnages
TPP - Recycling Disbursements	2,500	1,700	800	
Recharge - Trade Waste	-13,000	-6,000	-7,000	
Fees - Extra Refuse Collections	-1,000	-2,000	1,000	
Fees - Refuse Collection & Disposal	-288,000	-268,000	-20,000	Based on current customers
Fees - Other	0	0	0	
Total - Trade Waste Collection	-113,771	-98,932	-14,839	
Recycling				
Waste Management	779,620	708,978	70,642	Contract increase in Oct by RPI + 19K leaflet drop.
Printing	0	3,000	-3,000	Offset above
Services - Professional Fees	2,000	2,000	0	Contribution to County road show
TPP - Recycling Disbursements	1,000	1,140	-140	
Contributions - County Council	-395,000	-394,000	-1,000	Based on 16-17 tonnes with current £ per tonne
Fees - Other	-3,500	-3,000	-500	
Total - Recycling	384,120	318,118	66,002	
Vehicle Costs				
Salaries - Basic Pay	47,080	46,511	569	
Salaries - National Insurance	4,866	4,801	65	
Salaries - Overtime	4,500	4,500	0	
Salaries - Superannuation	7,118	6,529	589	
Enhanced Pension	3,554	4,223	-670	
Medical Fees	0	250	-250	
Insurance - Employee	599	492	108	
Training Expenses	0	200	-200	
Petrol	3,500	3,000	500	
Diesel	260,620	246,740	13,880	Based on 16-17 litres with current price + 10% increase
Gas Oil	10,500	8,620	1,880	Based on 16-17 litres with current price + 10% increase
Road Fund Licence	13,000	12,140	860	used 17-18 prices with £5 increase + extra for new fleet
MOT & HGV Tests	4,500	4,500	0	
Oil & Grease	5,000	5,000	0	
Tyres	41,000	41,000	0	
Spare Parts	150,000	150,000	0	

Insurance - Vehicles	71,211	68,822	2,388	
Tools and Equipment - Purchase	1,000	2,000	-1,000	
Tools and Equipment - R & M	1,000	1,000	0	
Materials - Cleaning Materials	1,000	1,000	0	
Materials - Other Materials	1,000	2,500	-1,500	
Laundry Expenses	1,400	1,357	43	
Services - General Licences	0	730	-730	
Subscriptions	730	900	-170	Fleet Transport Association
Public Liability Insurance	6,823	5,921	902	
Inspection Contracts Ins	1,702	1,297	406	
Recharge - Taxi Testing	-10,000	-10,000	0	
Vehicle Recharge	-40,000	-40,000	0	
Total - Vehicle Costs	591,703	574,033	17,670	