

BROMSGROVE DISTRICT COUNCIL

CABINET

2nd JULY 2008

REVIEW OF THE REFUSE COLLECTION AND RECYLING OPERATION.

Responsible Portfolio Holder	Margaret Sherrey
Responsible Head of Service	Michael Bell
Key Decision	

1. SUMMARY

- 1.1 To consider options for replacement of the existing refuse collection vehicle fleet due to the serious reliability problems that we are currently experiencing.

2. RECOMMENDATION

- 2.1 That officers continue to pursue an improvement in vehicle reliability through negotiation and discussion with the manufacturer.
- 2.2 That officers continue to pursue an alternative method of refuse collection using a standard type of refuse collection vehicle and seek part payment of some of the new fleet from the manufacturer through a compensation claim.
- 2.3 That officers continue to discuss future disposal options for collected waste with the County Council and their Contractors Severn Waste or to modify the existing transfer station to be suitable for a standard type of vehicle.
- 2.4 That changes to the recycling service are co-ordinated with the opening of the New Material Reclamation Facility in November 2009.
- 2.5 That the completely revised service becomes operational from April 2010 assuming that the new MRF is available from late 2009.
- 2.6 That this revised service will link residual waste with recycling materials on an alternating week basis. That the green waste will be collected independently of the other materials on an at request basis.

3. BACKGROUND

- 3.1 The Depot Strategy document produced and presented to Members in September 2005, referred to changes to the service due to the introduction of a co-mingled disposal facility being built in Worcestershire. This site known as a Material Reclamation Facility or

MRF was intended to be operational from 2006 however for various reasons will now not be ready until Autumn 2009.

- 3.2 The benefit of such a site is that recycling teams will no longer need to sort the recyclable materials into the 3 hoppers on the side of the vehicle at the kerbside. All materials will be tipped into a single compartment, transferred to the MRF and then sorted electronically, mechanically and with a small degree of manual input. The material produced will be high quality and re-saleable on the open market.
- 3.3 The benefit to the District Council is the reduction in cost of the recycling collection because of the need to employ less staff because of the increased speed of the operation.
- 3.4 The original intention was to change the refuse and recycling service completely. Instead of residual waste and green waste being collected on an alternating week basis, residual waste would be alternated with recycling materials and the green waste operated as a separate service.
- 3.5 This would also allow the variable nature of the green waste service to be managed more effectively through the year with additional resources employed during the peak growing season and reduced resources during the slower growing season.
- 3.6 By ceasing the green waste during the winter months and proposing a charge for its collection from April 2009 we have partially moved down this route. However we will only release part of the saving that we could deliver if we operated the green waste as an entirely independent service. We cannot however do this until the MRF is available for our dry recycling materials.
- 3.7 The original Strategy also proposed the purchase of additional side arm vehicles to facilitate this change and to then have a standard fleet of vehicles collecting residual waste, recyclable materials and green waste. The existing recycling vehicles would be disposed of.
- 3.8 This principle is still the same. Once the MRF is available we can standardise the fleet to a single type of vehicle with the obvious benefits of cross use of vehicles between different aspects of the service and the benefit of needing fewer spare vehicles.
- 3.9 The major stumbling block is now the reliability of the current side arm vehicles. Despite increasing efforts by the manufacturers to improve the reliability of the vehicles we still cannot guarantee on any day that we will have sufficient vehicles to carry out the refuse collection service correctly. They are far better than they were but in comparison with a standard refuse collection vehicle are extremely unreliable.
- 3.10 This results in severe difficulties for the managers involved, because of the need to continually monitor changes to routes and vehicles and has a

detrimental affect on users because we cannot always guarantee that we will collect refuse on the prescribed day. In short managers are spending too much time managing the vehicles and not enough time on improving customer service and inter reacting with our customers.

- 3.11 There is also a concern that eventually the manufacturer will advise us that there is no more they can do to further improve reliability and it is thought we are close to that point now. Managers of the department believe that it is unlikely that vehicle reliability will improve further.
- 3.12 The existing vehicle fleet is due for replacement in 2011/12 and funds are within the capital programme to carryout a phased replacement over a 2 year period from that date. Discussion has already commenced with the current manufacturer and alternative vehicle providers to ascertain the most cost affective method of replacement. This may include outright purchase (as at present) contract hire, operational lease, outsourcing of the vehicle fleet or a combination of these options.
- 3.13 We also need to consider what type of vehicle would be most suitable for the fleet to cover the future co-mingled recycling collection, green waste and residual waste. A single type of vehicle should be suitable for each aspect of the service.
- 3.14 We also need to consider whether we need to change the existing vehicle fleet of side arm vehicles and revert back to a standard type of refuse collection vehicle. This is primarily because we cannot guarantee reliability of the existing type of vehicle and we have no confidence that even a new version of the same system can provide us with that reliability. Our other concern is that we are unable to locate spare vehicles anywhere within Europe that might assist us when our fleet has broken down. This is obviously unsustainable in both the long and short term because it cannot provide us with a satisfactory method of good service delivery.
- 3.15 Until we can obtain a reliable vehicle fleet we will be unable to further improve the customer perception of the service, reduce the cost of the service or introduce the changes we think necessary in terms of changing manning levels and increasing productivity of the service. All essential if we as an organisation are to improve our CPA rating and show continuous improvement.
- 3.16 Neither are we in a position to discuss partnership working with our neighbours which ultimately could produce further efficiency gains for the service as a whole until we operate a similar system to others within the area.
- 3.17 Another important factor to be considered is the current disposal route for all of our waste. This is currently the transfer station adjacent to the depot operated by Severn Waste Services on behalf of the County Council.

- 3.18 This site was designed and built specifically for our current side arm fleet of vehicles. All waste, other than recyclate, must be in containers. The site does not have a licence to accept loose waste. Neither does it have the equipment to load loose waste into containers.
- 3.19 If we change the existing refuse vehicle fleet, the County Council will need to carry out extensive modifications to the transfer station. They will need to install waste compaction equipment and to build a split level into the site to allow vehicles to tip directly into containers. Our most recent estimate received from the County is that this cost may exceed £2,000,000 and that they would expect the District Council to cover this cost. They are also advising that their current vehicle fleet would need changing and that they would expect that also to be covered by the District Council because the existing vehicles have not yet reached the end of their natural depreciated period. There are some concerns that the Environment Agency may not approve any changes to the site specifically because it is built on an old landfill and any excavation works may generate pollution issues with unknown materials. Their final comment has been that any changes would only deal with residual waste and co-mingled recyclate materials and not green waste. This is therefore potentially a very expensive option to deal with only 2/3 rds of the problem. It is therefore unlikely to be viable.
- 3.20 The option current suggested by the County is for Bromsgrove to take some of its waste direct to the Redditch transfer Station because this has spare capacity due to the success of the Redditch recycling scheme. They are currently assessing how many of our vehicles could haul direct to Redditch. It is anticipated that 2 of our vehicles could haul direct to Redditch almost immediately. Once this is confirmed we would purchase 2 standard refuse collection vehicles for this purpose (or acquire vehicles from the current manufacturer on a compensation basis at a very considerable price reduction). This would in effect release 2 of the side arm vehicles and allow them to be used as spares in case of breakdowns. By doing this we have a more robust service delivery option.
- 3.21 Longer term the County are looking for other sites that we could direct haul to and as soon as that options are available we could further purchase Standard RCV's to replace the side arm vehicles until we were in a position to completely replace the side arm fleet. This is likely to be a phased process and directly linked to the availability of the MRF over the next 18 months, but each time we replace a vehicle we would improve the level of service to the residents of Bromsgrove. The reason we need to link to the MRF opening is because this will require a major routing change of the current service due to the change to the way that recyclable materials will be collected in the future. It is sensible to carryout vehicle and routing changes at the same time but in a phased manner. It will also mean that the residual waste and recycling materials will be linked and collected on an alternating week basis and that the

green waste will be operated as a separate service independent of the residual/recycling service.

- 3.21 These negotiations are ongoing and will cover the long term changes together with interim arrangements that will be necessary to facilitate the change but also allow the service to continue operating in a more robust manner than at present.

4. FINANCIAL IMPLICATIONS

- 4.1 The current system of collection was designed to reduce the cost of the service by reducing the number of operatives working on each vehicle from 3 down to 2. Some of this reduction would be offset by the increased capital cost of the new vehicles but it was anticipated that the revenue costs would reduce.
- 4.2 During the past year 6 of the 8 existing fleet have had their operative numbers reduced to 2 with the consequential saving. However the unreliability of the vehicles has meant that we regularly have to bring in an alternative vehicle. This vehicle is a standard refuse collection vehicle. It therefore needs to have 3 operatives and consequently increased cost. This vehicle will then need to travel further to dispose of its load because the Bromsgrove transfer station cannot accept non containerized waste. It is therefore very unproductive.
- 4.3 Capital funds are detailed within the 10 year capital programme for replacing the existing fleet. These funds are not currently available until 2011/12 an amount of £1,690,000. There is also a sum in 2009/10 of £260,000. These funds are for replacing the existing side arm fleet and 2 standard refuse collection vehicles.
- 4.4 In addition staff have negotiated a compensation payment from the current manufacturer for the bins that were lost by the vehicles in the first 2 years of operation of the service. This would be payment in kind rather than cash and would involve the manufacturer providing us with the equivalent sum in vehicles.
- 4.5 Once the MRF is available and we can modify the method of collection of recyclable materials we will see a reduction in cost of this service. Crews will reduce from the current 7 to 5 with the consequential saving in cost. In addition changing the way that we will collect green waste in the future and by introducing a small charge will make this service far more efficient and cost effective because we can modify the resource input according to the fluctuating need as dictated by the growing season, resulting in an overall saving.

5. LEGAL IMPLICATIONS

- 5.1 It would now be very difficult in law to pursue a claim against the manufacturer for failing to provide a vehicle fit for purpose. It would also create a serious failing of our current relationship with the manufacturer and this is something we need to maintain primarily because they are still providing comprehensive assistance with spares and repairs when the vehicles break down. Although the vehicles are unreliable, they are all we currently have, and we need to keep them running. We can only do this with the support of the manufacturer.
- 5.2 However because of the problems we are experiencing we will be able to use this if we commence negotiation with the current manufacturer for a different vehicle product.

6. COUNCIL OBJECTIVES

- 6.1 These changes will impact on both 'Improvement' and 'Environment' in the Council Objectives.

7. RISK MANAGEMENT

- 7.1 The main risks associated with the details included in this report are:
- The timescale for delivery of the changes and the continuing reliability of the existing fleet. (Risk Register 1.8)
 - Delay in opening of the MRF
- 7.2 These risks are being managed as follows:
- As soon as the changes commence, usage of a standard type of vehicle, even for part of the service will provide an immediate service improvement.
 - Delays in opening the new site will mean the changes to the recycling service will be delayed. The existing service will continue in its existing format if this happens but cost savings will be delayed.

8. CUSTOMER IMPLICATIONS

- 8.1 Residents should see a more consistent level of service in both the short and long term.

9. EQUALITIES AND DIVERSITY IMPLICATIONS

- 9.1 Modifications to the existing fleet will not have any E&Q implications on either the service or the service user in the short term
- 9.2 However it could be argued that reverting to a standard refuse collection vehicle fleet with a 3 man team on each vehicle will improve the departments capacity to deal with the increasing number of assisted collections as result of the ageing population of the area. We are aware

that the age profile within the District is moving towards an older population, this move would therefore future proof the service against the need to make changes in the long term.

10. VFM IMPLICATIONS

- 10.1 Savings for the service will be generated by changing the system to co-mingled collections. But this will not become effective before November 2009 when the new plant is scheduled for opening.
- 10.2 Income will be generated once green waste charging is introduced in April 2009.
- 10.3 Changing the system to a standard operation will improve reliability and therefore consistency of service to residents. Longer term we will generate savings due to the greater reliability of equipment.
- 10.4 Having a standard service similar to neighbouring Authorities will enable greater opportunity for partnership working resulting in efficiency gains. It will also allow more accurate benchmarking.
- 10.5 A co-mingled collection service will allow us to use some smaller vehicles with the result that a greater number of households will be suitable for the collection. It is anticipated that we will be able to increase coverage to 98% of the properties from the current 94%

11. OTHER IMPLICATIONS

Procurement Issues:	Yes. Potential EEC.
Personnel Implications:	Yes. Change in JD of staff.
Governance/ Performance Management:	Yes long term improvement.
Community Safety including Section 17 of Crime and Disorder Act 1998:	None
Policy:	None
Environmental:	Improved PI's

12. OTHERS CONSULTED ON THE REPORT

Portfolio Holder	Yes
Chief Executive	Yes
Corporate Director (Services)	Yes
Assistant Chief Executive	Yes
Head of Service)	Yes
Head of Financial Services	Yes
Head of Legal, Equalities & Democratic Services	Yes
Head of Organisational Development & HR	Yes
Corporate Procurement Team	Yes

13. APPENDICES

None

14. BACKGROUND PAPERS

Depot Strategy Document Cabinet Report November 2005

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