

BROMSGROVE DISTRICT

COMMITTEE: CABINET

Date 27 February 2019

REPORT TITLE: Environmental Services Business Cases for investment in the Domestic Waste Service, Commercial Waste Services, and Place Teams

Relevant Portfolio Holder	Cllr Margaret Sherrey
Portfolio Holder Consulted	Yes
Relevant Head of Service	Guy Revans
Ward(s) Affected	District Wide
Ward Councillor(s) Consulted	
Key Decision / Non-Key Decision	Key Decision
Appendix 4 to this report contains exempt information as defined in Paragraph(s) 3 of Part I of Schedule 12A to the Local Government Act 1972, as amended	

1. SUMMARY OF PROPOSALS

- 1.1 Three Business Cases have been drawn up to show the current pressures on Environmental Services across Bromsgrove District, and consider a number of options to secure the service areas for the future.
- 1.2 Commercial Services are experiencing pressure as a result of successful growth of their operations and the generation of significant additional income for the Council.
- 1.3 The Domestic Waste Collection Service and Place Team have seen an increase in demand on their services generated by increased housing growth and limited capacity to provide the service in full and cover sickness and annual leave when they overlap.
- 1.4 Although each service area has had an individual Business Case, it has been determined that it is appropriate to present a combined covering report, as together they represent the wider picture of Environmental Services, and crucially how the successful growth of Commercial Services supports increased investment in the services, and minimises the financial impact for the Council Tax Payer in the short term, and will support costs in the future as the Commercial Services expand and generate additional income.
- 1.5 The Business Cases set out a number of recommendations to address the challenges faced by each service area, and although the changes recommended for the Place Team and Commercial Services will provide support for the services, the Domestic Waste recommendation is intended as a shorter term solution to secure the service whilst a wider service review is carried out over the next 2 years to consider the most sustainable model for delivering the service and accommodate the continuing growth of the District and changes to our statutory duties expected to be brought in by Central Government from 2023.
- 1.6 The recommendations relating to Domestic Waste Collection and Commercial Services are based on full implementation in the 2019/20 Financial Year, as

there is a high risk of service failure if additional resources are not implemented.

- 1.7 The recommended option for changes to the Place Team is necessary to secure the service, although implementation can be phased to spread the financial impact on Council Budgets.
- 1.8 Future income generation of the Commercial Services team will offset the impact of this phased introduction, if the recommendations for the expansion of the team are approved.
- 1.9 The recommendations collectively work to secure a greater resilience for our services; supporting both our staff and the work they do across the District to support our Strategic Purposes.

2. RECOMMENDATIONS

- 2.1 Members agree the recommendation from the Domestic Waste Collection Business Case, and allocate £156,646 revenue funding to Environmental Services to fund 3 members of staff, vehicle maintenance costs, and running costs to support the service.
 - 2.1.1 If Members agree the additional revenue funding for the Domestic Waste Service, then they are also asked to agree Capital Investment of £137,000 for 1 new Collection Vehicle, which will also incur annual borrowing costs of £21,823 from 2020/21 on the corporate financing revenue account.
- 2.2 Members agree the recommended option from the Commercial Waste Business Case, and allocate £184,558 additional revenue funding to Environmental Services to fund 6 additional members of staff, vehicle maintenance and running costs to support the service and the generation of additional income for the Council.
 - 2.2.1 If Members agree the additional revenue funding for the Commercial Waste Service, then they are also asked to approve Capital Investment of £340,000 for 2 new Collection Vehicles, which will also incur annual borrowing costs of £54,162 from 2020/21 on the corporate financing revenue account.
- 2.3 Members agree the recommendation from the Future Delivery of Place Team Working Business Case, and allocate £166,697 additional revenue funding to Environmental Services to fund 6 additional members of staff to support the service on a phased implementation over the next 3 years:

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	Staff Increase over 2018/19 levels	Additional Revenue Cost over 2018/19 Budget
2019/20	+2	£66,299
2020/21	+4	£119,161
2021/22	+6	£166,697

3. KEY ISSUES

Financial Implications

- 3.1 Across the three service areas, we have incurred additional costs for several years now as a result of shortfalls in staffing due to sickness, and increasing workloads.
- 3.2 This has incurred significant expenditure through both temporary contracts and use of Agency Staff, which has not been budgeted for.
- 3.3 The growing success of our Commercial Services Team has offset much of this overspend in recent years, but does not support good management of the service, and has created a high risk of service disruption through over reliance on temporary arrangements to support core services.
- 3.4 Although the 3 Business Cases put forward for Environmental Services require a significant financial investment, they are being put forward with a combined covering report so that the benefits of investing in our Commercial Services to create additional income can be seen as supporting the wider Council responsibilities and strategic purposes in a financially sustainable way.
- 3.5 Below is a table summarising the expenses and forecast income associated with these three Business Cases, to show the Nett Revenue impact on the Council.

	2019/20	2020/21	2021/22
Nett Revenue (Staff, Operating Costs)	£407,503	£460,365	£507,901
Capital Expenditure	£477,000		
Income (Revenue)	-£376,580	-£454,870	-£526,515
Total Yearly Revenue Impact (Env Services Budgets - Excluding Borrowing Costs)	£30,923	£5,495	-£18,614
Total Yearly Revenue Impact (Borrowing Costs - Corporate Financing)		£75,985	£75,985
Combined Revenue Impact	£30,923	£81,480	£57,371

- 3.6 Each Business Case requires additional vehicles to achieve the benefits of the extra staffing, but a review of existing Capital Replacement programmes has allowed us to change how we manage our fleets, and make changes to the specifications in order to fund £190,000 of Vehicle Purchases with existing funds and avoid additional Borrowing Costs, whilst still maintaining the rest of our Capital Re-placement programme.
- 3.7 The remaining Capital funding is primarily to support our Commercial Services Team through the purchase of two Collection Vehicles, which will be generating additional income and is forecast to be cost neutral after 3 years, and subsidising costs in other areas of Environmental Services.
- 3.8 In addition to the direct costs detailed above, the investment in this additional staffing will reduce the risk of ongoing overspend on Agency Staff and Temporary Staff to provide core services, which will benefit the Council by removing the risk of this additional unplanned expenditure in 2019/20, which is forecast to be approximately £100,000 in the 2018/19 financial year.

Legal Implications

- 3.9 The Domestic Waste Service is a statutory responsibility, under the Environmental Protection Act 1990, although the legislation gives Council's control over how they supply this service.
- 3.10 The Current Business Case does not make any significant changes to how the service is provided, but the Service Review planned to start in the 2019/20 financial year will review the wider service and may have legal implications if there are any changes to staffing, or proposed changes to working patterns that would require contract amendments.

Service / Operational Implications

- 3.11 **Domestic Waste Service**
- 3.12 August/September 2018 saw significant service disruption in the delivery of our Domestic Waste Collections, which highlighted the impact incremental growth in housing, and changes to service delivery within existing resources, has had on the service's wider resilience to sickness and annual leave.
- 3.13 It has been determined that there is a risk of further service failure, or budgetary overspend, in 2019 if measures are not taken to increase the resilience of the Domestic Waste Service.
- 3.14 The Domestic Waste Business Case is intended as a first response to this service disruption, in which approximately 20,000 households experienced disruption in the collection of their waste, and a quarter of our households

did not have their recycling collected on the normal 2 week cycle in order to ensure that everyone received their full grey bin service across the District.

- 3.15 The recommended option will provide the numbers required to reflect annual leave requirements of the service, and give resilience to support the service based on its current sickness rate and expected workload over the next two years.
- 3.16 This will considerably reduce the risk of disruption to the service for residents, whilst we review how we deliver the service in future, and consider options to secure the service in the most sustainable and cost effective way.
- 3.17 The service review will need to pull together accurate information relating to our existing collection arrangements, in order to give a bench mark for mapping alternative models of service delivery.
- 3.18 Stabilising the existing model is a key step to allow us to document accurate information on what our service currently achieves and where the system might not be meeting our needs. We can then map our costs and efficiency levels to ensure that any changes considered are supporting the service to achieve the greatest efficiencies to support reduced costs and improved service for residents.
- 3.19 **Commercial Waste Service**
- 3.20 The Commercial services have seen significant growth in the last two years as a result of a change in focus and greater drive to grow the service.
- 3.21 In 2018/19 the service is forecast to achieve £230,000 additional income over our original budgeted income for this year. Although this incurred £60,000 in additional costs on disposal of waste, this still highlights how significant the growth of both major national brands and smaller local businesses has been for the service and the number of new customers who trust us to manage their waste collection.
- 3.22 This growth has exceeded the capacity currently in the service, and temporary staffing arrangements have been put in place to support this expansion during 2018. This leaves a higher risk of failure for the service, and in the commercial services sector, the potential impacts of service disruption would be significant both for our customers viability to operate, and our future retention of customers and ability to generate income.
- 3.23 Investing in the service will create capacity for continued growth and income generation, as well as increasing the resilience of the service to protect future income generation, which is forecast to grow by £130,000 over the next 12 months if the recommended option is approved, and grow by a further £80,000 a year until 2021/22.
- 3.24 Our existing Commercial Services are nearing maximum capacity in its current form, and the expansion of a dedicated recycling service for

businesses, alongside increased capacity for the collection of residual waste, supports a number of our Strategic Purposes by supporting local businesses and keeping our Place Safe and Looking Good through responsible waste management.

3.25 Place Teams

3.26 The Place Teams were created to allow ownership by our skilled staff for the work needed across the District, and use their knowledge and experience to focus resources where and when they are needed in a proactive manner.

3.27 However, the team are facing similar pressures to our other services, with new housing in and around our District, increased traffic on our roads, and more people generating waste, which has increased the amount of resource needed to maintain many of our roads that are used as commuter routes, especially along our northern borders with Birmingham which sees a high volume of traffic and is also at higher risk from fly tippers due to the rural nature of these areas with good access from the M5, M42 and the urban fringe of Birmingham City.

3.28 Despite increased efficiencies in how the work is carried out, this increased workload has resulted in a more reactive model of working that prioritises resources to maintain a basic standard, and the true Place concept has been difficult to achieve.

3.29 The staffing increase identified will allow the service to catch up on work required in our more rural areas across the District, and then allow us to realise the proactive model of working that the Transformation Process identified in 2015.

3.30 If Members approve the staffing increase over the next three years, this will allow for incremental improvement of the service and support a noticeable improvement in how we provide our services for grass cutting and general cleanliness to support our Strategic Purpose over the next 3 years.

3.31 As well as supporting future standards for the benefit of our residents, and the wider environment, the increased staffing will also benefit the wider resilience of the service against sickness and other demand arising from extreme weather events such as the flooding experienced in early 2018 in Wythall and Hollywood.

Customer / Equalities and Diversity Implications

3.32 There are no negative implications arising from the recommended option, as they seek to improve our existing working model and do not introduce any new systems of work.

4. RISK MANAGEMENT

- 4.1 As part of the business case, long list options were identified, and the risks and benefits associated with each possible option considered.
- 4.2 Each service area has been identified as requiring action to avoid service failure, and this has driven the Business Case process. Doing nothing has been classed as a high risk to the Authority, and does not meet any of the desired evaluation criteria.
- 4.3 The recommended options were classed as the most viable, as they best meet the evaluation criteria identified and are deemed to best support delivery of the services to reduce the risk to the Authority of future service disruption.
- 4.4 Although sickness is managed as thoroughly as possible, some of the risk identified to the service is linked to the variable nature of sickness levels and the wider impact on our services.
- 4.5 It has been determined that in-house staff are a more viable means to protect service delivery, as Agency Staff take time to find and get up to the necessary skill level to support the service, and do not give the flexibility to support service delivery in a proactive way when shortfalls occur.
- 4.6 Although intended to support specific teams, the additional staffing capacity identified in each business case will also be available to support the wider Environmental Services in periods of disruption, and training of new staff will highlight the flexible nature of each role, and the wider business need when required.

5. APPENDICES

Appendix 1 - Domestic Waste Business Case
Appendix 2 - Commercial Waste Business Case
Appendix 3 - Place Team Business Case
Appendix 4 - Exempt Information from Appendix 2

6. BACKGROUND PAPERS

None

7. KEY

None

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