

TO: JOINT WASTE DISPOSAL BOARD
24th February 2010

JOINT WASTE DISPOSAL BOARD – SHARED SERVICES
Report by the Project Director

1. INTRODUCTION

- 1.1 The purpose of this report is to provide a broad briefing for the Joint Waste Disposal Board on the potential for a shared waste collection service for the re3 councils. In addition the report informs Members of work which could be undertaken to assess the business case for sharing of waste services between the re3 councils.

2. RECOMMENDATIONS

2.1 That Members endorse the suggested approach to investigating the potential for shared collection services.

2.2 That Members approve the engagement of consultants to undertake the investigation.

3. SUPPORTING INFORMATION

Background

- 3.1 The re3 councils have a track record of sharing within waste services. Since July 2003 the councils have shared a Joint Municipal Waste Strategy and since 2006, the councils have been party to a shared PFI contract. The councils have also undertaken shared communication and education campaigns for residents and to assist local businesses.
- 3.2 The PFI contract is clearly the most significant of these because it has brought new facilities and transferred some significant areas of risk away from the councils.
- 3.3 The PFI could also be significant because of what it makes possible. By sharing the points of delivery, as the re3 councils now do, the logistics of a shared collection service are simpler than they have previously been. The location to which waste, once collected from residents, is delivered can have an impact on the overall efficiency of the daily schedule for each collection crew. Proximity of the depot and point of disposal can save time in the working day which can translate to additional capacity.
- 3.4 The wider service area of waste management, both PFI and collection, represents a significant cost. Given the prevailing economic situation, it's possible that the councils may wish to identify savings within the waste area.
- 3.5 The re3 joint waste PFI, if it follows the path outlined in the councils' outline business case, is due to deliver significant savings. Efforts should continue to ensure that those savings are delivered and increased where possible.
- 3.6 The collection services also represent a significant cost to the councils. As high profile services, the councils will clearly want to carefully consider any changes but equally there is likely to be scope for savings.
- 3.7 One reason for looking at sharing is that it is questionable that significant savings can be achieved in the existing collection services if they remain as individual services or along specifically similar lines to the current configurations.

- 3.8 It may prove to be beneficial to investigate the potential for sharing now, if any of the councils wishes to investigate savings in these services in the short to medium term.
- 3.9 Savings are not the only reason for examining sharing of the services. By working more closely together, councils may be able to realise some business continuity and communication improvements.
- 3.10 Bracknell Forest Borough Council (BFBC) is in the latter stages of preparing to procure a new collection contract. The existing contract runs until August 2011. Wokingham Borough Council (WBC) is in a similar position with their existing contract running until April 2012.
- 3.11 The Joint Waste Disposal Board recommended to the individual councils a Joint Municipal Waste Management Strategy (JMWMS) on March 19th 2008. The individual councils each adopted the JMWMS later that year. Within the JMWMS is an action plan which contains an objective committing the re3 councils to investigate the feasibility of shared collection services.

Proposal

- 3.12 A shared waste collection service between two, or all, of the re3 councils should be viewed as an option in its own right. If such a development has demonstrable potential, then it may be worthy of consideration alongside the existing and planned service specifications against which the market may be asked to bid. It is feasible that a shared service might include other parties although that would entail a far more complex arrangement.
- 3.13 Given the time available, it is proposed that the councils select a small number of pre-agreed sharing scenarios and engage consultants, experienced in shared services, to test them for savings potential and operational effectiveness.
- 3.14 The benefit of this approach is that it is less time consuming and allows the councils to agree, in advance, the level of sharing they wish to test.
- 3.15 The alternative would be to request consultants to look across all aspects of the three collection services for suitable savings. This approach would take longer and may not arrive at suggestions which are acceptable to the councils.
- 3.16 The purpose of this exercise should be to identify realisable savings within the existing services which can be unlocked through sharing.
- 3.17 There may be some reticence on the part of the service providers, both private and public, to engage in such a process. That should be resisted in order that any value is returned on the council side and not, in this case, to the contractor/service provider.
- 3.18 It is therefore proposed that officers be asked to agree a small number of proposals, perhaps no more than five, which could be tested. Officers would then also ensure that the all relevant information and assistance be afforded the appointed consultants in order that a full assessment of the scenarios is possible.
- 3.19 Below, are some broad proposals for the scenarios which officers feel it could be worthwhile testing:
- Adoption of a common service standard, opening the door to utilising the imminent procurement as the vehicle by which the partnership ultimately creates a shared service;

- Sharing discreet areas of service. This would involve identifying common areas of service e.g. bulky collections, clinical collections, elements of the wider refuse service such as those areas which need specific vehicles due to access restrictions, schools collections. Some of these elements could link well with other elements of our PFI such as the current project on charity waste (bulky collections) and education (schools collections);
- Shared Management. Alongside potential savings, there may be succession planning and business continuity advantages to pulling the management of the contracts together;
- Depot's. There may be advantages to basing our existing collection fleets at the shared points of disposal.

3.20 Officers advise that the first and second options be retained because it is important that BFBC, with the shortest time until procurement, is not in any way prevented from following that process through.

3.21 It is worth noting that, with the exception of the first bullet point above, the options do not necessarily require the adoption of one councils' service standard over another.

3.22 If the results of the investigation reveal that there could be significant savings from that particular option, then all parties have an opportunity to embrace it. Critically, however, BFBC can proceed as planned.

3.23 Officers have learned that the type of investigation described could be carried-out within a relatively short space of time. It may therefore be possible to report formally, outlining the pro's and con's of the scenarios and identifying the potential scale of savings, at either the Summer or Autumn meetings of the JWDB.

Financial

3.24 The cost of an investigation, as described above, could be delivered for approximately £25,000-50,000.

3.25 The investigation could, if agreed, be funded from within the PFI Management Budget for 2010/11.

BACKGROUND PAPERS

Report to JWDB on Joint Municipal Waste Management Strategy – 19th March 2008.

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