

TO: JOINT WASTE DISPOSAL BOARD
1st July 2010

JOINT WASTE DISPOSAL BOARD
REPORT ON SHARED SERVICES AND COLLECTION CONTRACT RE-LET
(Report by the Project Director)

1. INTRODUCTION

- 1.1 The purpose of this report is to provide further detail on the potential processes involved in the future consideration of a shared waste collection service for the re3 councils.

2. RECOMMENDATIONS

- 2.1 To note the contents of this report and request that Officers update the Members at a subsequent meeting of the Joint Waste Disposal Board.**

3. SUPPORTING INFORMATION

Background

- 3.1 The re3 councils are seeking ways to maximise service efficiencies and reduce costs. One way to do this might be to have one contract for the collection of waste. To do so would necessitate an EU procurement process and the earliest that this could be effected is from the 1 April 2019. This will be the first available break points in the individual contracts that Bracknell Forest and Wokingham will have in place.
- 3.2 The three councils already share a long term contract for the management of their waste. Whilst any future service could theoretically include other local authorities, it would be a complicating factor under the present performance management, licensing and legislative framework. There appears to be a scale, synergy and co-dependence between the re3 councils that could make sharing a success. At present, Bracknell Forest and Wokingham have externalised refuse and recycling collection services. Reading has an in-house collection service. Reading and Bracknell utilise wheeled bins for their collections and also operate alternate weekly collections. Wokingham utilises plastic sacks for its refuse collections, whilst providing boxes for the collection of kerbside recyclables. All three councils offer an opt-in green waste collection service although it is not yet Borough-wide in Wokingham.
- 3.3 None of the differences between the councils would prevent a new service from being developed, and potentially shared, between the councils. Additionally, none should be considered as more or less important as any other. However, the councils appreciate that the potential efficiency of such a service could be improved through common aspects of the collections and the way they are delivered.
- 3.4 One of the key aspects to explore in any new service would be the need for three operational hubs (a depot and client team in each Borough) alongside the two points of delivery as provided for by the existing shared waste PFI for waste management. It seems logical that the move to a smaller contingent of depot's and client teams could be assisted by a reduction in service differences between the three councils.

Programme

- 3.5 The services would need to go through two distinct phases before a new service could be created. The councils should consider whether these processes can start now or whether they are best left to a point in time nearer to 2019.

- 3.6 It is estimated that to affect a single contract would take four years. An indicative work plan is as shown below for information purposes. It shows the range of factors that need to be taken into account prior to April 2019. A key milestone would be April 2017 when a firm decision would be needed as to whether or not to seek a single tender and if so to what specification and what are the management/funding arrangements to be.
- 3.7 The first practical step would be to undertake an exercise in which the services are theoretically reconciled. This would involve the complete modelling of the existing services in such a way that the existing, individual units of service could be identified as common units across the three services. This would obviously be dependent on the way in which the individual services are built but would most probably be at the level of individual crews and would need to include factors such as productivity and the type and size of area they serve.
- 3.8 Following this the councils would need to agree on any changes to service that they feel would be required. This 'reconciliation' stage would involve change for each of the councils. This stage would need to be conducted at a removed or theoretical level. Once agreed, however, the conclusions from the exercise would be modelled to test their potential efficiencies against the prevailing services.
- 3.9 Step 2 would be to consolidate the services, again initially at a theoretical level. This would involve taking the reconciled service units and configuring them as one service. At this stage, it will be easier to finalise some of the outstanding issues which can't really be investigated until a single service is formed i.e. size of client team, location of depots.
- 3.10 The consolidated service can then be set alongside agreed comparators such as the existing cost of collection across the three services or any other appropriate comparison.
- 3.11 The diagram at Appendix 1, below, describes the way in which the broad process might be followed, with successively less theoretical (and thus increasingly more definite) stages moving towards a final decision point.

Financial

- 3.12 It is estimated that the cost of an investigation, as described above, would currently be in the region of £25,000-50,000.

BACKGROUND PAPERS

Report on Shared Services to JWDB on February 24th 2010.

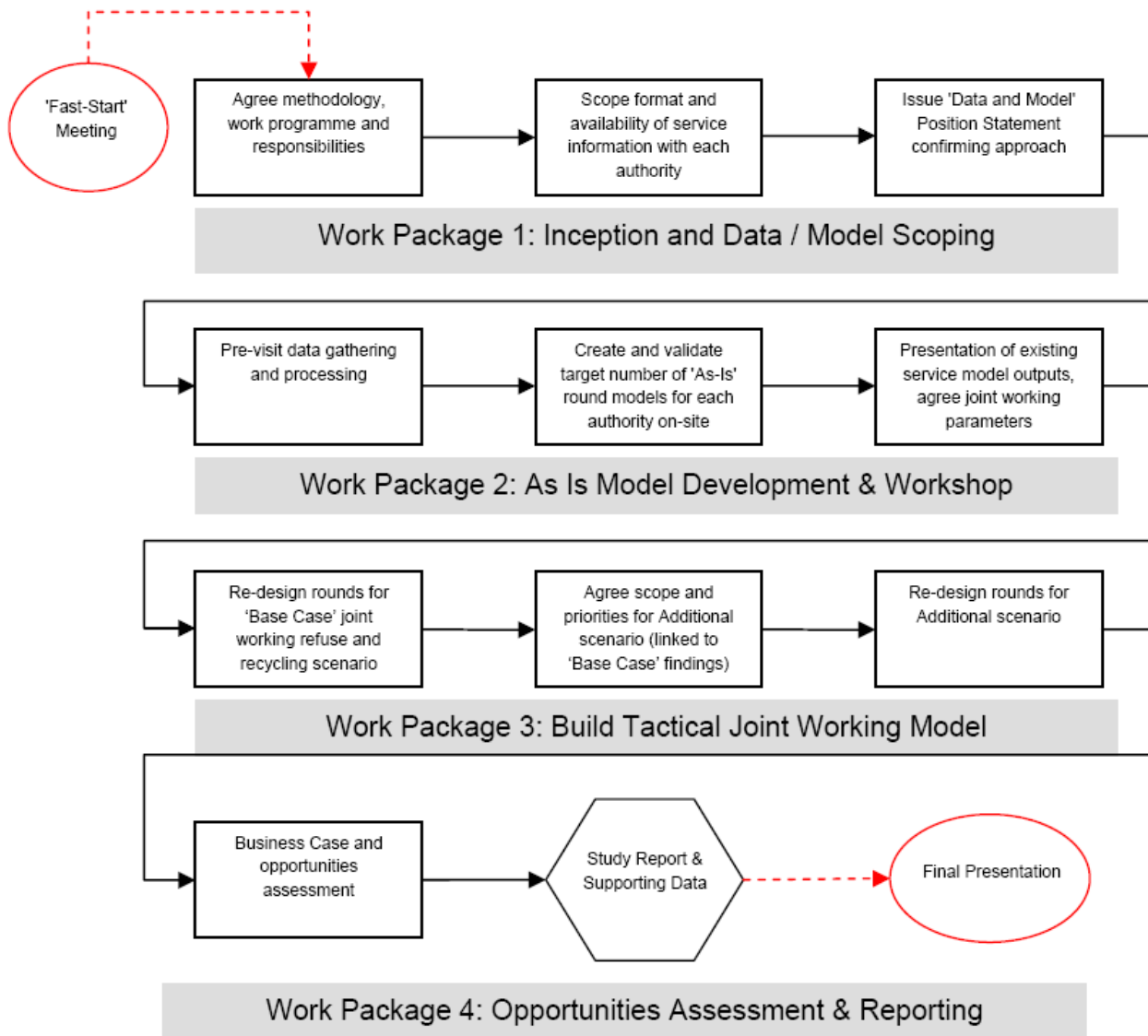
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Appendix 1. Example of Process for Assessing Potential Shared Refuse Collection Service

Figure 1.2 Project Structure



Appendix 2. Service Areas In Which Potential Savings Might Be Identified (via a Shared Refuse Collection Service).

The list below details some of the areas of potential saving that the councils may wish to investigate with regard to a consolidated or shared service:

1. Infrastructure Optimisation – Do the three councils need three, stand alone fleets of collection vehicles? Could they share services such as bulky and clinical collections?
2. Clienting costs – Do the councils need three separate, supported client teams all using different IT systems?
3. Vehicle and labour cover – potential, in a bigger fleet/workforce, for reductions in the cover that we all have to carry
4. Vehicle procurement – contractors may have more buying power and access to better prices than local authorities, but councils sometimes have access to cheaper borrowing. Can putting the two together realise savings?
5. Productivity – Could the collection rounds be optimised across the entire partnership area if, amongst other things, the Borough Boundaries were no longer a barrier?
6. Market response – Can we achieve savings or improvements by packaging a larger contract in such a way that there is market interest and serious competition?
7. Duplication – we already share waste education but could the councils save resources and be more effective by sharing their enforcement roles?
8. Workforce harmonisation – are there savings in the range of terms and conditions?
9. Premises – in conjunction with other changes, could the number of depot's and their costs be reduced?

