



To: Executive Councillor for Environment, Waste and Public Health – City Council
Cabinet – South Cambridgeshire DC

Report by: Simon Payne, Director of Environment – City Council
Mike Hill, Director, Health & Environmental Services- South Cambridgeshire DC

Relevant Committees: City Environment Scrutiny Committee 17/10/2014
South Cambridgeshire DC Cabinet 16/10/2014

Wards affected: All

Proposed Single Shared Waste Service – Business Case Update

Key Decision

1. Executive summary

1.1 This report sets out the work that has been done to assess the potential for a single shared waste service for South Cambridgeshire District Council and Cambridge City Council. The report concludes that there are significant savings that can be achieved by creating a shared service with a Governance Board representing both Councils. The report recommends the creation of a single shared waste service at Waterbeach and that arrangements are now made to consult with staff and unions on detailed proposals. A further report is requested on a range of matters including options for the appropriate long term delivery model for the single shared waste service, and business cases for a shared trade waste service and also the possible re-location of the Cambridge City garage facility.

2. Recommendations

The Executive Councillor and the Cabinet are recommended:

- 1. To agree the creation of a single shared waste service, wholly owned and run by the local authorities, with a single management structure and workforce, located at the Waterbeach Depot using a single pool of vehicles for Cambridge City & South Cambridgeshire DC.**
- 2. To agree the relocation of the Cambridge City Waste Service to share the Waterbeach Depot; and the creation of a shared Head of Service for Waste and a single management team to deliver the single shared waste service, and to undertake full consultation with the staff and unions to deliver these changes;**
- 3. To agree the creation of a Shared Waste Board to oversee the delivery of the Single Shared Waste Service, to oversee performance within the budget and policy framework set by both Councils, and to provide advice and recommendations on waste policy matters to both Councils, and to deliver the Councils' objectives.**
- 4. To delegate the implementation of the proposals set out in 1, 2 and 3 above to the Cambridge City Director of Environment and South Cambridgeshire DC Director of Health & Environmental Services, in consultation with the South Cambridgeshire DC Cabinet Member, and the Cambridge City Executive Member, Chair of Executive Scrutiny and Opposition Spokespersons.**
- 5. To develop further single shared waste service efficiency and cost-saving proposals as set out in the foregoing report.**
- 6. To develop options and proposals for alternative joint delivery models (beyond the Lead Authority model) to operate the single shared waste service and to report back to Councillors in July 2015.**
- 7. To instruct officers to prepare a detailed implementation plan with financial implications to be agreed with the Shared Waste Board to inform the future budget setting work of the two Councils.**

3. Background and Proposed Vision and Objectives

3.1 A report on a proposed Shared Waste Service was considered by both Environment Scrutiny Committee of Cambridge City Council (the City) on 8 July 2014 and Cabinet of South Cambridgeshire District Council (SCDC) on 9 July 2014. The report set out a proposal to create 'A Single Waste Service, wholly owned and run by the local authorities, with a single management structure and workforce, located at the Waterbeach Depot using a single pool of vehicles.'

3.2 The objectives of this proposal are as follows:

- lower operational costs, particularly in the areas of premises, management, administration, fleet and equipment costs;

- maintaining and improving service quality that residents can see and appreciate;
- increased opportunities to market and compete for additional business, for instance in relation to trade waste;
- new opportunities to reduce net costs in relation to fleet procurement and maintenance;
- achievement of service improvements, greater resilience and better performance, through shared knowledge and experience; and
- enhanced opportunities to work with other Cambridgeshire local authorities via the RECAP Waste Partnership to reduce waste collection and disposal costs, improve income and secure service improvements.

4 Progress to Date

- 4.1 A full analysis and comparison of domestic waste operations budgets for the two Councils has now been completed (**Appendix 1**). This shows the combined net direct cost (excluding support service costs, garage services and trade waste operations) of the domestic waste service to be:

South Cambridgeshire DC	£3.017m
Cambridge City	£2.238m
Total	£5.255m per annum

- 4.2 A full, detailed analysis of support service costs is being undertaken using the methodology of the City Council Support Service Review Project and the outcome of this work will be fed into the Single Shared Waste Service project, should Members agree to progress this proposal. However, initial analysis shows that current support service costs held against the waste operation are:

South Cambridgeshire DC	£211k
Cambridge City	£756k
Total	£967k per annum

5 Co-location of Waste Services at Waterbeach Depot

- 5.1 Subject to planning permission, outline agreement has been reached with SCDC's current landlord to extend the current crew accommodation and vehicle parking at Waterbeach to accommodate a single shared service. Negotiations are on-going to agree a rental cost, but it is anticipated that a saving on current costs will be achieved of at least £13k p.a. These negotiations do not include the relocation of the Cambridge City Garage facility which will be subject to future discussions and a separate business plan.
- 5.2 For clarity, the capital receipts arising from the sale of the City Mill Road Depot will not be subject to benefits-sharing as part of this project.

6 Staffing Implications

- 6.1 The proposals set out in this report will have implications for staff, there will be different impacts at different stages of the project. There are approximately 100 staff at South

Cambridgeshire District Council and 75 staff at Cambridge City Council who are within the scope of these proposals.

- 6.2 South Cambridgeshire District Council waste operations staff are already based at Waterbeach Depot. It is not anticipated that these staff's travel will be affected by this proposal. It is proposed to relocate all Cambridge City waste drivers and crews with their vehicles to the Waterbeach Depot along with relevant managers. For Cambridge City Council staff a move to Waterbeach during 2015 will have travel implications and this is already being discussed with staff and trade unions. The location of policy staff has yet to be decided however it is anticipated that these officers will be co-located.
- 6.3 In a first phase of change it is proposed to establish a single management team to lead the creation of a single shared waste service and then operate it. Initially officers in this team will be employed by South Cambridgeshire District Council as proposed Lead Authority and report to the Shared Waste Board. Consultation will be undertaken with affected staff and the trade unions on a proposed new management structure and any employment implications.
- 6.4 The creation of the single management team presents an early opportunity to deliver savings and efficiencies and to drive this project forward. Although further detailed work is yet to be undertaken on detailed structures, it is estimated that savings in the order of £170k p.a. can be made via this joint management team and by combining waste policy posts. Further work will need to be undertaken as part of any implementation plan, on the level of support staff required for the day-to-day running of the single shared service. It is proposed that the joint management team is employed by SCDC as the lead authority and TUPE issues will be fully considered.
- 6.5 In the first instance, all staff (other than the single management team employed by the Lead Authority) will continue to be employed by their existing Council and remain on their current pay, terms and conditions. However, following positive discussions with Unions, the ambition is to move to harmonised pay, terms and conditions in the future. Any future Joint Delivery Vehicle proposal presented to Councillors is likely to have TUPE implications for staff and developments of any proposals in this respect will involve consultation with staff and the trade unions. Discussions are already taking place with the Trade Unions about potential future harmonisation of pay and conditions. A decision to move forward with the single shared service proposal will require a detailed analysis of pay and terms and conditions to be undertaken as part of the implementation plan. Any future changes to pay and conditions will be subject to full consultation with staff and Trade Unions. Regular scheduled Trade Union Liaison Meetings are also taking place.
- 6.6 Regular joint engagement opportunities have been put in place with staff affected by these proposals and will continue with the aim of keeping staff informed and to gather their expert views to shape policy and operational matters. This has included a recent Informal Information Paper (**Appendix 2** attached) providing responses to questions raised by staff and inviting comments on the proposals for the shared service. Members will be updated at the meeting on any additional points that staff have raised as a consequence of the Paper.

7 Collection Round Optimisation

- 7.1 Cambridge City and South Cambridgeshire DC already undertake work for each other to collect bins in the most efficient, resident-focused way when administrative boundaries could potentially become operational and customer-service barriers.
- 7.2 Further modelling of all the current collection rounds across administrative boundaries shows that there is an opportunity to reduce the number of rounds initially by 1 with a saving of around £150k p.a., with potential to deliver further efficiencies in the future as rounds are re-modelled to respond to housing growth.
- 7.3 A fundamental principle for the redesign of the new collection rounds will be to involve the front line staff in the work to ensure best operational design is achieved.

8 Governance Arrangements

- 8.1 It is proposed that a Shared Waste Board be established to oversee delivery of the single shared waste service, its performance within the policy and budget framework set by the two Councils, and to provide advice and recommendations on waste policy for consideration by both Councils' decision-making bodies. It is envisaged that the Board will operate on a "consensus" basis. In the event that agreement cannot be reached within the Board then there will be formal arrangements to escalate the matter if required, to the Councils' relevant decision-making bodies.
- 8.2 Detailed Terms of Reference for the Shared Waste Board and a Memorandum of Understanding, with associated documents, will need to be drawn up and agreed by each Council. It is suggested that Membership of the Board will include:
- the SCDC Cabinet Member for Environmental Services,
 - City Executive Councillor for Environment, Waste and Public Health,
 - a Director from each Council and
 - the shared Head of Service for Waste.
- 8.3 The Head of Service and Management Team will be employed by South Cambridgeshire DC as Lead Authority, but will be accountable to the Shared Waste Board for service delivery in line with set performance targets. The Head of Service will also contribute to the development of policy, strategy and addressing national legal requirements and will advise the Board on these matters. The shared Waste Head of Service will have clear delegated powers from both Councils to make day-to-day operational decisions to deliver the service in line with agreed policy and budget parameters.
- 8.4 There will be quarterly reporting on all key targets to the Board. Each Council will retain its scrutiny functions in relation to waste and an annual report will be made by the Shared Waste Board to the relevant Committees of the two Councils setting out the performance of the Shared Service and the direction of the Service for the year ahead.

9 Exit Strategy

- 9.1 The Shared Service arrangements will require a long term commitment from the two Councils, and business planning will be based on that expectation. However, consideration will be given as to what might happen if one or both Councils decide in the future that they leave the single shared service. The two Councils are already considering an approach to termination and exit arrangements as part of the Cambridge North West shared waste service. In principle, in the case where one Council proposes to withdraw unilaterally, then that Council would be responsible for paying all of the costs associated with the withdrawal and benefits lost and costs incurred by the remaining Council. In a case where both Councils mutually agree to end the Single Shared Service, then any associated costs will be shared equally.

10 Service Delivery Operational Implications

- 10.1 There will be a range of detailed operational implications arising from the creation and delivery of a single shared waste service. Should Councillors agree these proposals, then the Shared Waste Board will be responsible for compiling and monitoring a risks & issues register to ensure changes and the operation are effectively managed.

11 Financial Implications

- 11.1 In line with the ambitions set for other shared service projects, it is expected that the Single Shared Waste Service will deliver potential annual savings, efficiencies and increased income at least 15% of current net waste costs, within the next 3 years, to help meet the Medium Term Financial Strategy commitments of both Councils.
- 11.2 From the initial financial analysis undertaken, potential annual savings opportunities of around £350k (excluding implementation costs) are being targeted within 3 years of the creation of a single shared waste service and is based on:
- Co-location of Services at Waterbeach Depot
 - Joint Management & Policy Team & a shared Head of Service
 - Initial collection round optimisation
- 11.3 In addition to these savings other opportunities to reduce costs will be considered to bring the gross savings target to £800k. These other opportunities will include rationalisation of support services (subject to the process described in Section 2 above) and optimising income opportunities.
- 11.4 In principle it is expected that these savings are shared equally between the two Councils where these benefits arise from working together.
- 11.5 There will be some extra on-going revenue expenditure in the order of £100k p.a. arising from the creation of the single shared service to cover such items as harmonisation of crews' pay, and rent, water, electricity and telephony bills. This extra spend will be funded from the joint financial savings and will therefore result in the total saving being £700k.

11.6 Further business cases will be developed to present to Members to consider a shared Trade Waste Service and the possible re-location of Cambridge City's Garage facility to Waterbeach.

12. Shared Service Models and Lead & Host Authority Arrangements.

12.1 It is proposed to explore the potential for an alternative joint delivery model (beyond the Lead Authority model) to operate the single shared waste service. There are a number of shared service models that can and have been adopted elsewhere in the country, each with advantages and disadvantages. It is believed that, in the first instance, the lead authority model would best suit the early establishment of a single management team.

12.2 In the context of the single shared waste, there may be future opportunities for other local authorities (particularly those of the RECAP Waste Partnership) to join the service, either as full partners or as clients. There is also the need to consider the best legal structure for the delivery of a single, shared commercial Trade Waste service. It is therefore proposed to develop options and a business case for alternative joint delivery models and to present these back to Members for consideration by July 2015.

13. Implementation Timescales & Costs

13.1 Should members agree to these proposals, a detailed project delivery plan will be drawn-up, including transition and implementation milestones and costs. Key outline milestones are shown in **Appendix 3**. Key implementation costs anticipated at this time include:

- i. Programme Manager - £70k p.a. (for 1 year). Provisions already made in current year's budgets to fund this post.
- ii. Cambridge City's accounts will continue to show a cost of £86k for the occupation of Mill Road Depot until the final disposal of that site.
- iii. Cambridge City Staff re-location travel costs
- iv. Redundancy costs. It is assumed that wherever possible, posts will be reduced via the careful management of vacancies due to natural staff turn-over and retirements. All efforts will be made to reduce compulsory redundancies.

14. Legal Considerations

14.1 Each Council will remain under a statutory duty to provide a waste service. Further detailed legal advice will be obtained to support the setting-up of a Lead Authority and the future presentation of any alternative delivery model options.

15. Risks

15.1 Section 8 above recognises that there will be a range of operational risks that will be managed.

15.2 South Cambridgeshire DC current collects paper separately from co-mingled recyclate and the contract for the processing and sale of this paper ends in October 2015. South

Cambridgeshire DC will test the market for the future value of separated paper during 2015, the results of which may see a changed income received from separated paper. No final, detailed business case for the single shared waste service can be produced until this market testing is completed.

- 15.3 Both Cambridge City and South Cambridgeshire DC have agreed to use the recently procured RECAP Materials Recycling Facility contract. The costs and income derived from this new contract will not be fully known until after Cambridge City enters the contract in November 2014 and South Cambridgeshire DC enters in October 2015.

16. Equality and Poverty Implications

- 16.1 An Equality Impact Assessment has been completed and at this stage of the proposals no anticipated impact has been identified. If members agree to support the proposal then the EQiA will be updated as work proceeds.

17 Environmental Implications

- 17.1 Environmental implications will be assessed at the Implementation Plan stage given that detailed round modelling work will inform the assessment work.

18 Consultation

- 18.1 As part of the process, it will be important to ensure full engagement and consultation with both staff and trade unions moving forward. The lead HR officers from both Councils are currently working together to ensure a co-ordinated approach.
- 18.2 Regular joint communications have been put in place with staff in the areas directly affected by the proposals and will continue with the aim of keeping staff informed and updated. This has included a recent Informal Information Paper (Appendix 2) where staff in both Councils have been provided with a question and answer response to recent questions raised by them. Staff have been invited to comment on the proposals within a time scale to enable their comments to be raised with Councillors at this meeting.
- 18.3 Officers from the recognised trade unions have attended workplace briefings as well as meetings with management to discuss the proposals.

19 Community Safety

- 19.1 There are no community safety implications.

20. Background Papers

- 20.1 There are no background papers.

21 Appendices

- Appendix 1: Current Costs Table
- Appendix 2: Informal Consultation Paper
- Appendix 3: Outline Implementation Milestones

22 Inspection of Papers

If you have a query on the report please contact:

Cambridge City Council:

Author's name: Simon Payne

Author's Phone Number: 01223 458277

Author's email: simon.payne@cambridge.gov.uk

South Cambridgeshire DC

Author's name: Mike Hill

Author's Phone Number: 01954 713229

Author's email: mike.hill@scambs.gov.uk

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