



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

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

Relevant City 8/7/2014
Committees: Environment
Scrutiny Committee
Partnership 9/7/2014
Scrutiny Committee 10/7/14
SCDC
Cabinet

Wards affected: All

Proposed Single Shared Waste Service Key Decision

1. Executive summary

- 1.1 A review is being carried out on the potential to create a single waste service, based at Waterbeach, to serve both Cambridge City Council and South Cambridgeshire District Council. This report considers the outline business case for co-location of the two waste services at Waterbeach and the creation of a Single Shared Waste Service. This update shows initial financial saving benefits from a combined domestic waste service, with further benefits likely to be delivered from co-location, a single trade waste service and joint vehicle & equipment procurement. Based on this, it is recommended that Councillors agree to the preparation of a final business case proposal, for a report back to these Committees in October 2014 for a final decision. This is a joint report to be considered by both Councils.

2. Recommendation

The Executive Councillor and Cabinet Member are recommended:

1. To work with officers at the City Council and South Cambridgeshire District Council to prepare a final business case for co-location of current services and the creation of a Single Shared Waste Service based at Waterbeach and that this case is reported back to both authorities for a final decision in October 2014
2. That the final model be explored for the Single Shared Waste Service comprising of a single management structure employed by one Council, with staff on separate terms and conditions linked to either the City Council or South Cambridgeshire District Council, leading to a single organisation wholly run and managed by the two Councils.

3. Background

- 3.1 Both the City Council and the District Council have identified the potential to create a single shared waste service that reduces costs, increases income and leads to a continuing improvement in the waste services that are delivered. This philosophy is consistent with the agreed Charter and Principles of the Cambridgeshire & Peterborough RECAP Waste Partnership, of which both Cambridge City and South Cambridgeshire DC are long-standing members. In exploring the opportunities for co-location and a single shared waste service, the Greater Cambridge Strategic Waste Board has worked to the principles of RECAP Charter previously adopted by both Councils (Appendix 1).
- 3.2 A Greater Cambridge Joint Waste Strategic Board has been established to oversee a review of the potential for the co-location of current Cambridge City & South Cambridgeshire DC waste services at the existing South Cambridgeshire DC depot at Waterbeach (adjacent to the Amey Cespa waste treatment facility used by both Councils), and the opportunities arising from the creation of a single, shared waste service. The Board has met eight times since the beginning of 2014 and it comprises the Executive/Cabinet Members together with Directors and Heads of Service that are responsible for waste matters at both authorities. This report is made up of the findings of the Strategic Board. In undertaking this work and following an officer-workshop the Strategic Board agreed the Service Design Principles shown in Appendix 2.

4. Proposed Vision and Objectives of a Single Shared Waste Service

4.1 The Board has reviewed the existing structure and services of both the City Council and South Cambridgeshire District Council. In the case of the City, the service is based at Mill Road and District Council is based at Waterbeach (Appendix 3 - location plan of Waterbeach depot). A summary profile of each service is also appended to this report (Appendix 4).

4.2 The Board, following consultation with the Unions, has agreed that the vision and ambition is the creation of

'A Single Waste Service, wholly owned and run by the local authorities, with a single management structure and workforce, located on one site using a single pool of vehicles'

4.3 The shared Single Waste Service will include collections for both domestic and trade waste together with fleet management, maintenance and procurement. It is not intended to include street cleansing and grounds maintenance in the core shared service although this might be feasible in the future.

4.4 Bringing together two neighbouring operations of a similar scale into a single shared service, co-located on one site, offers clear advantages to both the District Council and the City Council, including:

- 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.

4.5 A vital part of the approach to deliver the advantages above, will be the ability for the Single Shared Waste Service to be democratically accountable to both Councils. It is therefore proposed to establish a

single Governance Board made up of the Executive and Cabinet Councillors from the District Council and the City Council. The Board will be responsible for setting the strategic vision of the service, agreeing the key operational performance targets and, crucially, ensuring the Service is accountable for the delivery of the performance targets. In turn there will be a mechanism to regularly report the work of the Board to members within each Council each quarter. It is further proposed to jointly appoint a single, Head of Service to run the single waste service, who will be responsible for operational decisions and operational delivery, accountable through line-management to the Board.

5. Key Strategic Issues

- 5.1 The Board has considered if a single Council should run the Shared Service and this proposal has been assessed against the design principles set out in Appendix 2. It is recommended that the Single Council option is not pursued because the model:
- will not feel or operate like a single service solution;
 - does not address the concerns expressed in consultation with the unions; and
 - does not provide the greatest scope to expand or scale up a shared service if the opportunity arises in line with the RECAP Charter.
- 5.2 It is considered that there are two organisational strategic operational models for a Single Shared Service :
- A single management structure employed by one Council with staff on separate terms and conditions linked to either Council;
 - A Not-for-Profit Organisation wholly run managed by the two Councils.
- 5.3 It is recommended that these two models are considered further with the possibility that the Single Service could be initially set up as a single management structure, ultimately becoming a separate organisation if this provides the greater benefit to both Councils and all residents.
- 5.4 The shared Waste Hub is proposed to be located at the new SCDC facility at Waterbeach, adjacent to the waste recycling and landfill facilities run by AmeyCespa. SCDC currently has a 25 year lease of this property. The proposal is to expand the existing parking area, mess room facilities and garage to accommodate the shared service. Options for providing these additional facilities include the shared service taking a lease of bare land and undertaking the works or

taking a lease of a completed site with the works undertaken by the landlord (who has indicated that they would do this if sufficient return on its capital).

5.5 Operational decisions will determine the extent of any additional land or buildings required. There is sufficient land available to accommodate the City Council's service but clearly the most efficient site layout is sought with as little additional leased in property as possible. There is no alternative to a leasehold strategy here as the landlord will not sell. The downside is the lack of ownership at the end of the lease with the risk that the landlord will not renew requiring relocation at that time. The shared service will also be tied to this site for the lease duration.

5.6 The simplest property solution is for the landlord to undertake all works necessary and rent the additional property to the shared service. The alternative of the shared service undertaking the works is possible but it may not get the benefit of the works at the end of the lease as the property reverts back to the landlord. The additional property requirements for the shared service are set out in Appendix 5. The key issues related to property are:

- Agree the operational property requirements.
- Determine the most cost effective option for expanding the existing facilities, i.e., shared service undertake works or landlord undertakes works and recovers cost through rent or a mix of both.
- Negotiate the terms of a new lease once the above issues are resolved.
- Agree the property budget for the shared service in relation to initial set up and moving costs and ongoing occupation costs.

5.7 It is proposed to develop the property aspects of the business case in parallel, on both the operational need to co-locate waste collection vehicles and also the operational needs in relation to fleet maintenance requirements.

6. Update of the work towards a Single Shared Waste Service

6.1 A summary of the costs, based on 2014/15 Budget, are shown in the table below:

£'000	SCDC	City Council	Total
Total Expenditure	5,123	6,536	11,659
Total Income	(1,722)	(3,791)	(5,513)
Net Cost	3,401	2,745	6,146

6.2 Initial work has focused on understanding and aligning budgets to ensure both Councils' are comparing like for like. This work is on-going.

Domestic Waste Service

6.3 The largest area of joint-spend is domestic collection and the initial detailed work has focused on identifying high-level potential benefits from a more joined-up approach to domestic collection. These benefits are financial savings, economies of scale and greater efficiency arising from:

- Joint collection of waste
- Single Management structure
- Single policy and support function

Trade Waste Operation

6.4 Initial work shows that Cambridge City's Trade Waste income is significantly higher than that received by South Cambridgeshire (see Table 1 above). Given the commercial sensitivity of this information, further work will be undertaken over the summer to develop a robust business case for Members to consider around a joint-trade waste operation.

7 Proposed Approach to Final Business Case

7.1 Work to develop a final business case will include further financial analysis, detailed modelling of waste rounds, consultation with Cambridge City and South Cambridgeshire staff, further discussions with Unions, all overseen by the Member-led Strategic Waste Board.

8 Risks

8.1 A detailed risk register with suggested mitigations will be developed during the final business case work. This risk register will be shared regularly with Members on the Strategic Board.

8.2 Key risks and issues already identified include:

- Ensuring financial analysis compares like for like to ensure financial assumptions are robust and there is high-confidence amongst Councillors in the information on which they are basing their decisions.
- Overall Costs of providing future vehicle maintenance facilities.
- FBC will include implementation costs and delivery timeline which will impact on the initial benefits set out in the OBC.

9 Implications

Financial Implications

9.1 The initial work suggests ongoing financial savings of around £170k p.a. in relation to a combined management, policy and support structure. It is considered that the net cost of the service can be reduced further by:

- Cross boundary optimisation of rounds an initial studies show a potential saving of a minimum of 2 rounds (it should be noted that the cost of each round is in the order of 150k)
- improved income on trade waste activity; and
- consolidating and reducing other support costs wherever practical.

9.2 This excludes one off implementation costs which will be identified during work, to develop a detailed full business case. Additional land and property costs will also be an important part of the final business case.

9.3 There is expected to be further savings and these will be explored further through work on the final business case.

Staffing Implications

9.4 Regular joint communications are arranged to keep staff informed in the areas affected by these proposals. Trade Union Liaison Meetings have also been scheduled.

9.5 A Single Shared Service is likely to have TUPE implications and any financial impacts would need to be built into the final business case.

Equality and Poverty Implications

- 9.6 An equality impact assessment will be included in the final business case should Councillors agree to proceed with this work. It is not expected that the shared service will change the specification of the service for residents and consequently the impact is expected to be neutral .

Environmental Implications

- 9.7 A full assessment of environmental implications will be included in the final business case should Councillors agree to proceed with this work. It is not expected that the shared service will change the specification of the service for residents and consequently the impact is expected to be neutral.

Legal Implications

- 9.8 The full legal implications of the detailed proposals will be reported to both Councils when the final business case has been prepared.

Consultation

- 9.9 A timetable for consultation with staff and unions will be built into the work programme for the final business case.

Community Safety

- 9.10 There are no community safety implications.

10. Background Papers

There are no background papers.

11 Appendices

- Appendix 1: RECAP Charter
- Appendix 2: Single Shared Service Design Principles
- Appendix 3: Summary profile of each service
- Appendix 4: Location plan of the Waterbeach depot
- Appendix 5: Land and Property Issues

12 Inspection of Papers

If you have a query on the report please contact:

Author's Name: Simon Payne
Author's Phone Number: 01223 458277
Author's Email: Simon.payne@cambridge.gov.uk

Author's Name: Mike Hill
Author's Phone Number: 01954 713229
Author's Email: mike.hill@southcambs.gov.uk

Appendix 1

Charter and Principles of RECAP.

RECAP 'Advanced Partnership Working' Charter

Version: 1.3

Date: December 2013

Circulation:

Purpose

This Partnership Charter was developed by the RECAP Board initially in October 2011 and encapsulates the RECAP approach to advanced partnership working. The Board had directed that the Partnership be more ambitious in its collaborative working and bolder in its decision-making, with the expectation of tangible delivery with pace and purpose. Developments had to respect individual Council positions and differences - avoiding an 'all or nothing' approach in the progression of opportunities. Subsequently, Schedules have been added to capture the collaborations taking place across the advanced partnership Whole Systems Approach work streams and within the spirit and principles of the Charter

RECAP Partners

Cambridge City Council
Cambridgeshire County Council
East Cambridgeshire District Council
Fenland District Council
Huntingdonshire District Council
Peterborough City Council
South Cambridgeshire District Council

RECAP Board Members

Cllr Peter Roberts
Cllr Roger Hickford
Cllr Kevin Ellis (Chair)
Cllr Pete Murphy
Cllr Darren Tysoe
Cllr Gavin Elsey
Cllr Mick Martin

Vision

In October 2011 RECAP agreed the following outline vision for advanced partnership working, now with the addition of Peterborough City Council:

'Working ever closer together to deliver the best most cost effective waste services for the benefit of all local communities in Cambridgeshire and Peterborough'.

Objectives

Advanced Partnership Working in RECAP will seek to deliver:

- **Increased best value for money.** Achieving sustained value for money, not at the expense of customer service and satisfaction.
- **Increased service improvement.** Improving services for local areas based on what local communities say and need.
- **Improved environmental performance.** Reducing the carbon impact of service delivery and waste management.
- **Leveling-up of services.** Achieving consistently high quality services across the partnership area.

Guiding Principles

Advanced Partnership Working guiding principles, underpinning the achievement of the Vision and Objectives are:

- **Strong leadership and clear governance**
- **Commitment to the partnership**
- **Good communications and continuous dialogue**
- **Build trust through openness, honesty and transparency**
- **Learn from each other**
- **Treat each other as equals with respect**
- **Willingness to compromise**
- **Seek a benefit to all partners to their mutual advantage**
- **Deal with issues promptly and effectively**
- **Deliver through clear and agreed project management methodology**
- **Contribute to joint ventures in a fair and equitable way**
- **Make decisions at the appropriate level**

Schedule 1
WHOLE SYSTEMS APPROACH

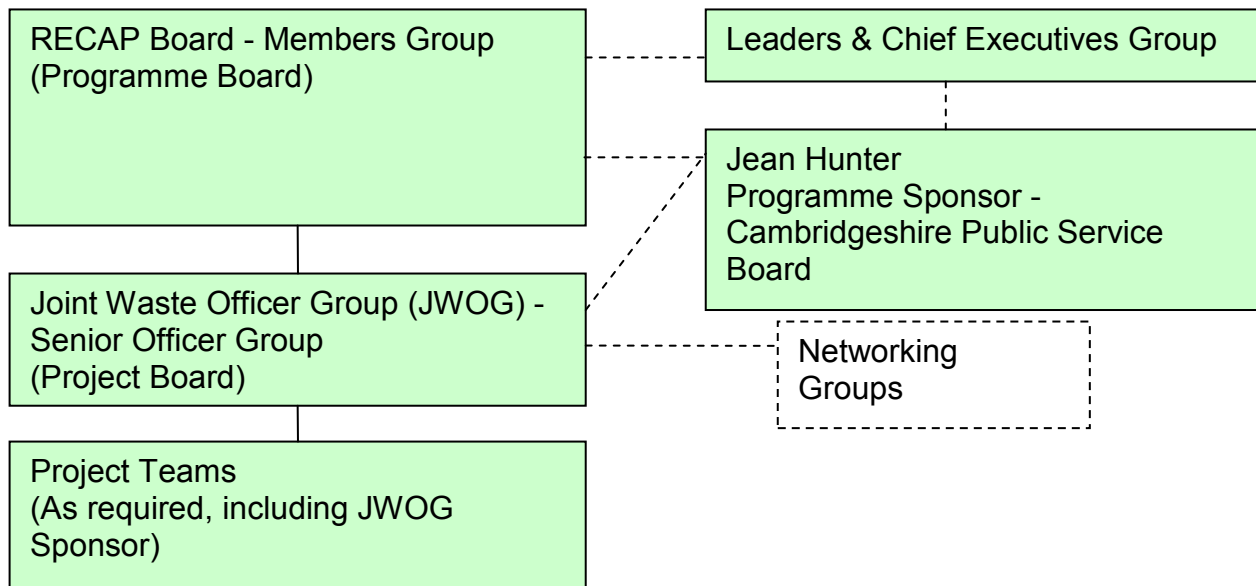
Scope of Activities

Advanced partnership working activities will extend to all waste related service delivery across the disposal and collection RECAP partners.

Governance

The following governance arrangements have been set up to oversee the RECAP advanced partnership working Whole Systems Approach development:

Organogram



Roles and responsibilities

Programme Sponsor

- Promotes visibility of work.
- Ensures clear communication and engagement with the Cambridgeshire Public Service Board.
- Provides briefings and ensures engagement with the Leaders' & Chief Executives' meeting.
- Oversees project deliverables.

Programme Board

- Oversees the development of a partnership work programme on behalf of their respective authorities.
- Approves and commissions all work on behalf of their respective authorities in accordance with internal decision-making processes.
- Sets all tolerances e.g. resources and timescales.

- Responsible for relevant communications to stakeholders as per communications plan.
- All papers for meetings of the Board will be made accessible to the public with an annual meeting of the Board to be held in public.

Project Board

- Facilitates decision-making by the Programme Board and respective authorities on the development of a partnership work programme.
- Accountable to the Programme Board for the delivery of the advanced partnership working programme.
- Appoints and directs resource to deliver work programme, providing a sponsor for each project from the Project Board to sit on the Project Team.
- Provides direction and Mentorship to Networking Groups

Project Teams

- Appointed as required Project Board as task and finish groups with roles and skills required by the project.
- Delivers project in accordance with direction from the Project Board.
- Includes an appointed Sponsor from the Project Board.

Ends

Appendix 2

Agreed Officer Workshop Design Principles for a Single Shared Waste Service

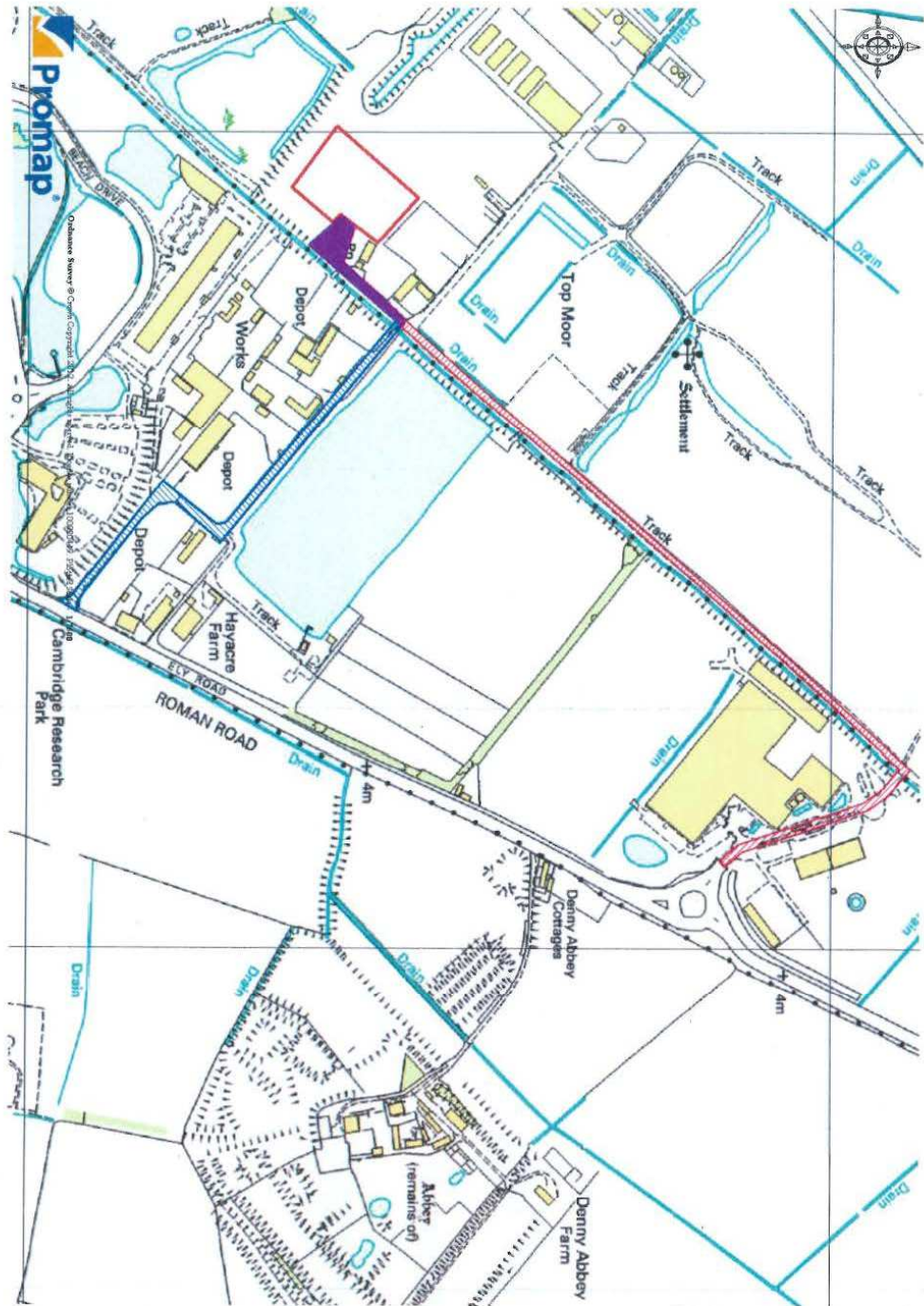
The proposed design principles are for a Service that:

1. Drives standardisation, simplification and sharing via standard operating procedures.
2. Achieves economies of scale (and recognise diseconomies of scale) and drive efficient use of resources, particularly leveraging shrinking assets / resources e.g. holding inventory etc.
3. Delivers a "public purse" and "whole system" approach.
4. Delivers fairness and equity of benefits and savings (to the public purse, customers and Councils).
5. Enables access to things that are not economically viable as separate entities.
6. Makes best use of existing resources and releases others for other purposes.
7. Delivers a better customer proposition – levels-up services
8. Manages growth in demand well and helps improve landfill-diversion & residents' recycling rates
9. Is sufficiently acceptable to stakeholders.
10. Delivers environmental performance benefits.
11. Improves the range of investment opportunities available.
12. Enables statutory compliance - quality accreditation; and is an exemplar
13. Reduces risk.
14. Gives freedom to operate.
15. Competes with the best, commission with the best, partner with the best (e.g. RECAP).
16. Has potential to grow and transfer ideas – it's scalable.

17. Doesn't exclude potential for others to join (particularly RECAP partners).
18. Innovates and is ahead of the curve where risk permits.
19. Is realistic and deliverable.
20. Is a simple model.

Appendix 3

Waterbeach Operations Centre Location Plan



Appendix 4

BRIEF OUTLINE OF EXISTING WASTE SERVICES

Cambridge City Council Waste Service

Operational staff 24 drivers, 37 loaders, 4 Leading hands, 2 team leaders, 1 Waste and Fleet manager, 7 fitters, 1 charge hand fitter, 1 Fleet coordinator, 1 Fleet manager (FTE equivalent) for whole of Waste & Fleet

8 waste policy staff (FTE equivalent)

23 Refuse vehicles

2 Link tip Vehicles + 33 Bodies

1 Bin delivery van and driver

Current Location: Depot, Mill Road

Gross revenue expenditure in 2013/14: £4.9m approx. excluding Fleet which has a gross expenditure of 1m approx

Total revenue income in 2013/14: £2.7 approx

Total capital expenditure in 2013/14: £143,000 approx

Key Elements of Current Service

Fortnightly Domestic Waste Collections (three rounds: black, blue and green) serving 50,710 dwellings across 4,100 hectares with 105 rounds per fortnight.

Trade Waste service serving approx. 2,500 businesses.

Garage Maintenance Facility for 90 light commercial, 32 heavy goods, 300 mixed plant & machinery City Council fleet vehicles

Other elements private work repairs plus approx. 1,100 MOT's and approx. 1,200 Taxi tests

South Cambridgeshire District Council Waste Service

Operational staff (FTE equivalent) for whole of Waste & Fleet – 82

Number of waste policy and any support staff (FTE equivalent) – 12 (not including HR/Payroll, Legal, Accountancy & Contact Centre)

Refuse vehicles – 28 + spares

Current Location: Depot, Mill Road - Waterbeach

Gross revenue expenditure in 2013/14 – £4.54M

Total revenue income in 2013/14: – £1.73M

Total capital expenditure in 2013/14: – £133k

Key Elements of Current Service

Fortnightly Domestic Waste Collections for black, blue and green serving
62,000 properties across 350 miles with 25 rounds
Trade Waste service serving 970 businesses
Garage Maintenance Facility - Onsite at Depot WFL Contractor plus
another

APPENDIX 5

The additional property requirements for the shared service

- Parking space for up to 28 refuse vehicles and 3 light commercial vehicles taking forecast growth into account
- Parking space for 60 staff cars
- Cycle parking
- Motorcycle parking
- Office accommodation for 10-15 staff on a 7/10 desk ratio in an open plan layout
- Welfare facilities for 70 refuse operatives
- Garage facilities to replace those as Mill Road Depot (subject to decisions to be made about the future extent and operation of this service)

There is some surplus capacity at present as shown below:

Description	Total Provision	SCDC	Spare
Refuse Vehicles	60	45	15
Light Commercial Vehicles			
Car Parking	60	60	0
Bin storage (sq. m)			
Desks	24	16	8
Senior Officer Offices	2	1	1
Welfare facilities – staff numbers	100	60	40

It may be possible with some reconfiguration to accommodate the City Council fleet within the existing site but further work is required on this. The additional staff car parking will require the car park to be extended and additional land leased and a new car park constructed. It is considered that on a flexible working basis, there is sufficient office and meeting space within the existing building. Additional welfare facilities will be required and there is space within the existing site to allow for this.

There are no garage facilities at present as SCDC currently outsources its vehicle maintenance. The landlord has garage facilities that it is due to vacate shortly and these could be available. Further work needs to be done to assess the shared waste service's requirements in respect of the garage but initial thoughts are that the existing landlord facilities would need to be improved and extended if to service both fleets. In addition, the garage facilities at Mill Road currently undertake taxi MOTs and private work and consideration needs to be given to if this will continue.